



Western Cape
Government

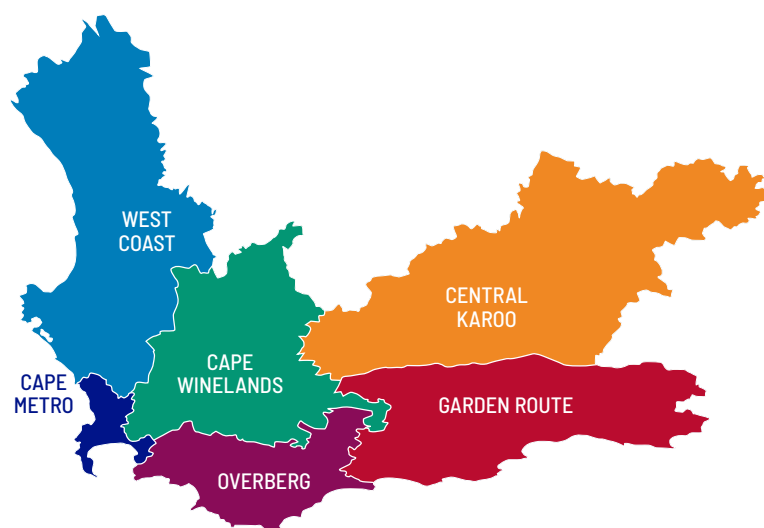
2021 **Municipal Economic Review and Outlook**





Western Cape
Government

2021 **Municipal Economic Review and Outlook**



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ABOUT THE MUNICIPAL ECONOMIC REVIEW AND OUTLOOK (MERO)

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

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

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

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

FOREWORD

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

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

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

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



Mr David Maynier

Minister of Finance and Economic Opportunities

6 December 2021

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ACRONYMS AND ABBREVIATIONS

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

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

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

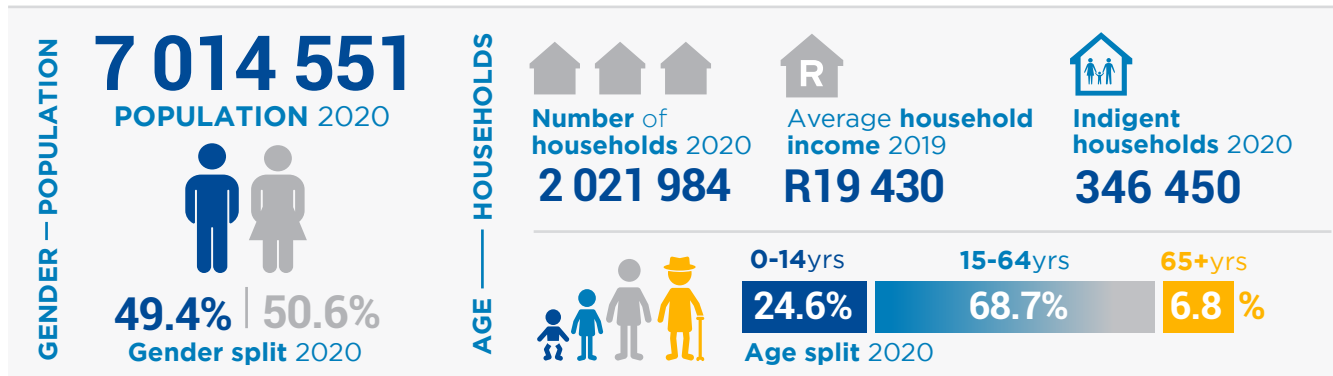
TERS	Temporary Employer/Employee Relief Scheme
TIPS	Trade & Industrial Policy Strategies
TVET	Technical Vocational Education and Training
UBPL	upper-bound poverty line
UIF	Unemployment Insurance Fund
UK	United Kingdom
UNAIDS	Joint United Nations Programme on HIV/AIDS
UNCTAD	United Nations Conference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



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

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

DEMOGRAPHICS



GROSS DOMESTIC PRODUCT



SERVICES



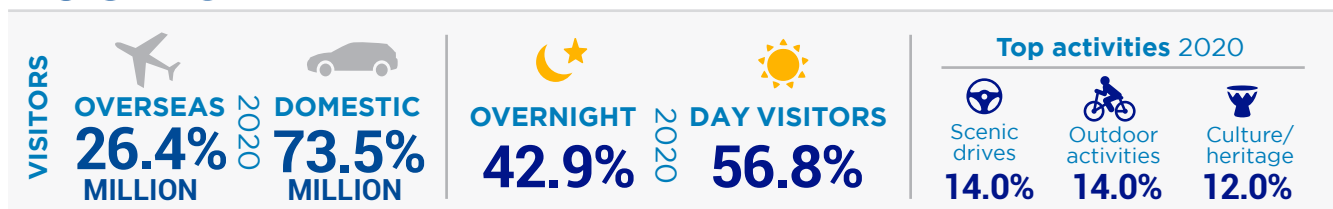
EMPLOYMENT



TRADE



TOURISM





GDPR

2019

2020

**GDPR
CONTRIBUTION**
**GDPR
GROWTH**


EMPLOYMENT

2019

2020

**EMPLOYMENT
CONTRIBUTION**
**EMPLOYMENT
GROWTH**

PRIMARY SECTOR

R 3.5%  **11.2%**
**AGRICULTURE,
FORESTRY & FISHING**
3.2%  **13.3%**
**MINING &
QUARRYING**
0.3%  **-19.4%**

SECONDARY SECTOR

23.6%  **-11.9%**
MANUFACTURING
15.3%  **-10.0%**
**ELECTRICITY,
GAS & WATER**
2.9%  **-6.8%**
CONSTRUCTION
5.3%  **-21.1%**

TERTIARY SECTOR

72.9%  **-6.2%**
**WHOLESALE &
RETAIL TRADE,
CATERING &
ACCOMMODATION**
17.7%  **-10.3%**
**TRANSPORT,
STORAGE &
COMMUNICATION**
10.9%  **-15.3%**
**FINANCE,
INSURANCE,
REAL ESTATE
& BUSINESS
SERVICES**
25.3%  **-4.4%**
**GENERAL
GOVERNMENT**
12.1%  **0.7%**
**COMMUNITY,
SOCIAL &
PERSONAL
SERVICES**
7.0%  **-2.2%**
R 10.0%  **-5.6%**
10.0%  **-5.6%**
0.1%  **-8.4%**
16.1%  **-9.3%**
9.9%  **-7.2%**
0.3%  **-3.2%**
5.8%  **-13.2%**
73.9%  **-5.6%**
23.9%  **-6.7%**
4.6%  **-5.1%**
19.1%  **-5.3%**
11.5%  **1.1%**
14.8%  **-9.4%**

SECTION A

BACKGROUND AND MACROECONOMIC CONTEXT



1. INTRODUCTION AND BACKGROUND

1.1 INTRODUCTION

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

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

1.2 OBJECTIVE OF THE RESEARCH

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

1.3 REPORT OUTLINE

The MERO 2021 publication is structured as follows:

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

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

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

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

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

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

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



2. MACROECONOMIC PERFORMANCE AND OUTLOOK

2.1 INTRODUCTION

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



2.2 GLOBAL ECONOMIC PERFORMANCE

2.2.1 Global economic outlook¹

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



¹ As released in October 2021.

Table 2.1

**GLOBAL ECONOMIC
OUTLOOK,
2021 – 2022**

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

Source: IMF, 2021



2.2.2 Performance outlook of advanced economies

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

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

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

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

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

² (Reuters, 2021).

³ (Destatis, 2021).

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

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

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



⁴ (Destatis, 2021).

2.2.3 Performance and outlook of emerging and developing economies

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

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

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

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

⁵ (Reuters, 2021).

⁶ (World Bank, 2021).

⁷ (Reuters, 2021).

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

2.2.4 Performance and outlook of sub-Saharan Africa

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



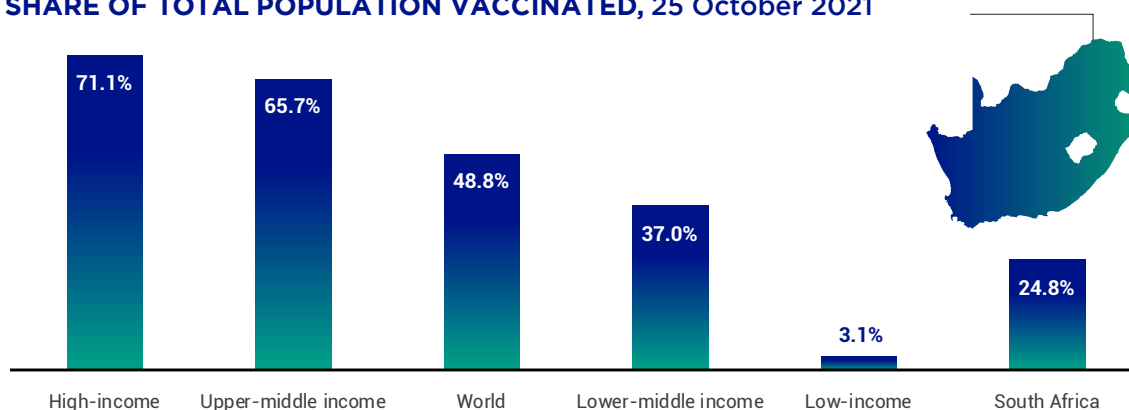


GLOBAL VACCINE ROLL-OUT

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

Figure 2.1

SHARE OF TOTAL POPULATION VACCINATED, 25 October 2021



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

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

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

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

Source: WHO, IMF, The Guardian, 2021

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

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



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

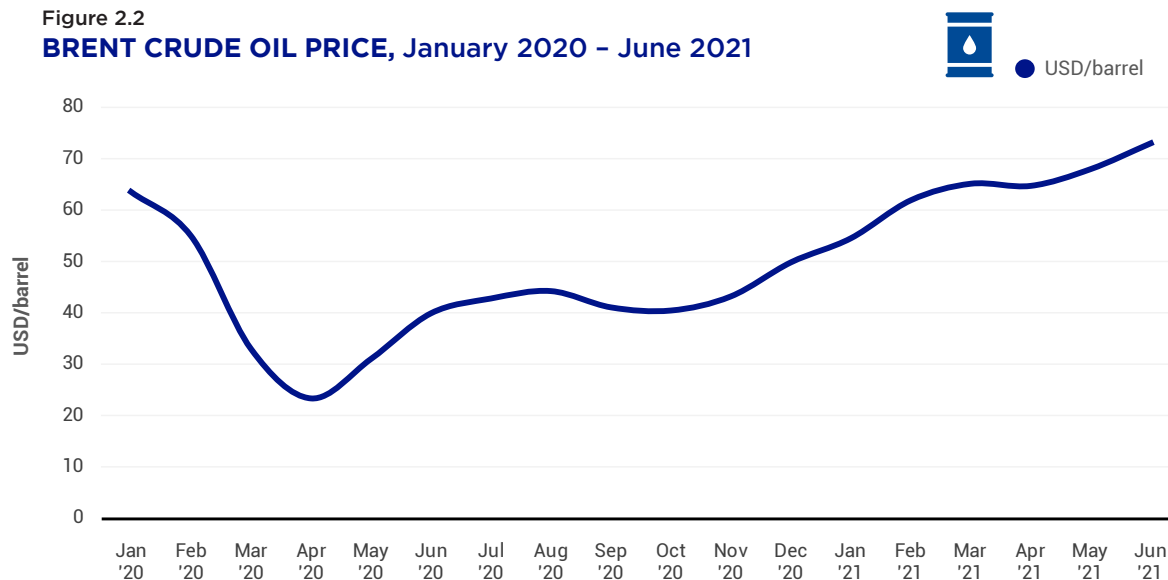
2.2.5 Global inflation outlook

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

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

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

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



Source: Quantec Research, 2021

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

2.3 DEVELOPMENTS IN THE SOUTH AFRICAN ECONOMY

2.3.1 Performance of the South African economy

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

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

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

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

⁹ Hereafter abbreviated to transport.

¹⁰ Hereafter abbreviated to community services.

¹¹ Hereafter abbreviated to trade.

¹² Hereafter abbreviated to agriculture.

¹³ Hereafter abbreviated to mining.

¹⁴ Hereafter abbreviated to finance.



BENCHMARKING AND REBASING GDP ESTIMATES

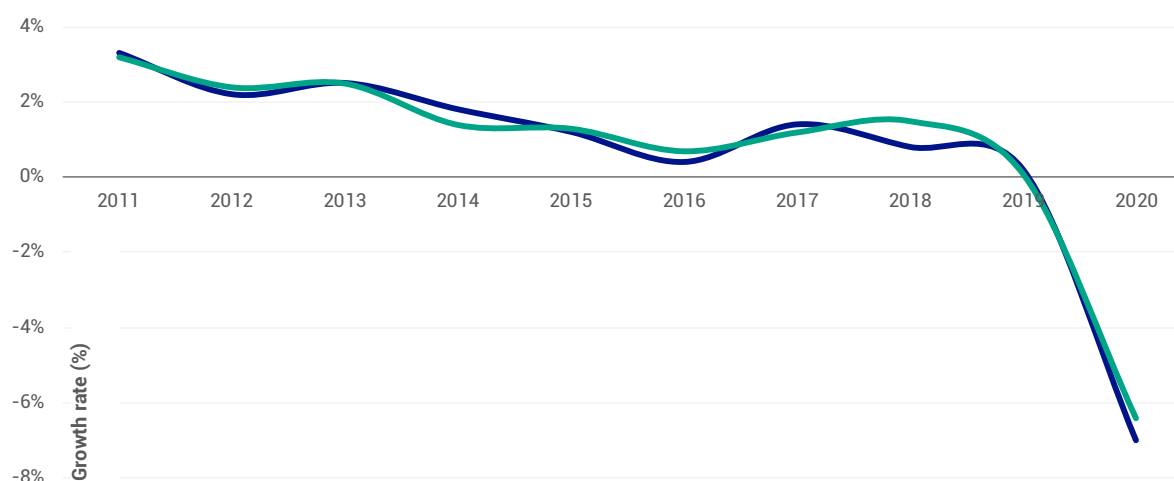
In August 2021, Stats SA published updated estimates of real GDP as a result of a comprehensive project to benchmark and rebase the statistics. This is aligned with international best practice to review and update the estimates of the size, structure and performance of the economy periodically. During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

Figure 2.3

REVISED SOUTH AFRICAN REAL GDP GROWTH, 2011 – 2020



- Previous (2010 prices)
- Revised (2015 prices)



Source: Stats SA, 2021

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

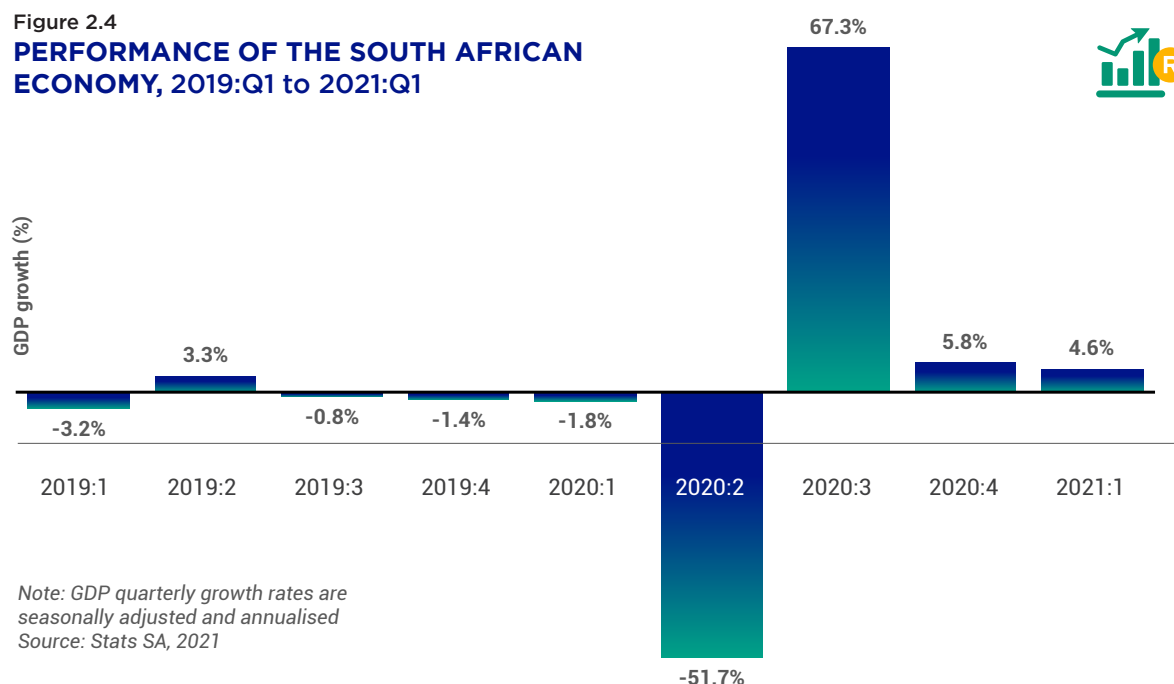
The revised estimate of GDP in 2020 increased by 11.0 per cent to R5 521 billion, compared with the previous estimate of R4 973 billion. Consequently, the annual contraction for 2020 was revised from -7.0 per cent to -6.4 per cent. Historically, benchmarking GDP has resulted in estimates that show an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



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

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

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



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



SOUTH AFRICA'S CREDIT RATINGS

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

Table 2.2

SOUTH AFRICAN CREDIT RATINGS, November 2020 – May 2021



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

Source: Reuters, 2021



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

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



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

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

2.3.2 Outlook for the South African economy

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

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



HEADLINE GDP ESTIMATES WILL NO LONGER BE ANNUALISED

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

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



Table 2.4

GDP GROWTH RATES



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

Source: Stats SA, 2021

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

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

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

Table 2.5

**SOUTH AFRICAN ECONOMIC OUTLOOK,
2021 - 2022**



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

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

¹⁵ (SARB, 2021).

2.3.3 Final household consumption expenditure

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

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

Figure 2.5
SOUTH AFRICAN HOUSEHOLD CREDIT EXTENSION,
2011 – 2021



Source: Quantec Research, 2021

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

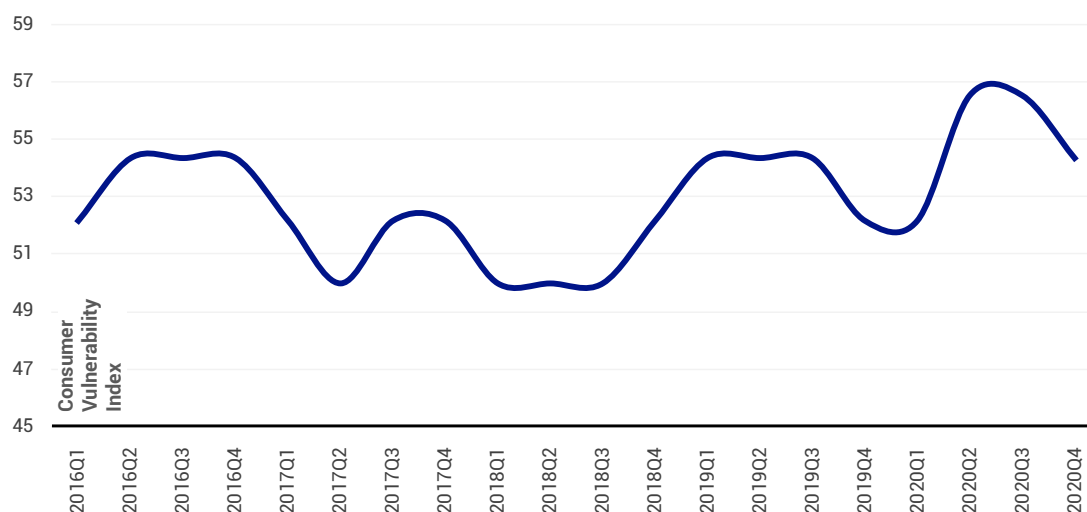
The ratio of household debt to disposable income decreased marginally from 75.4 per cent in the fourth quarter of 2020 to 75.3 per cent in the first quarter of 2021, as the quarter-to-quarter increase in nominal disposable income exceeded the increase in household debt. Household credit has remained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

Figure 2.6

SOUTH AFRICAN CONSUMER

VULNERABILITY INDEX, 2016:Q1 – 2020:Q4

● Consumer Vulnerability Index



Source: Quantec Research, 2021

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

2.3.4 Investment

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

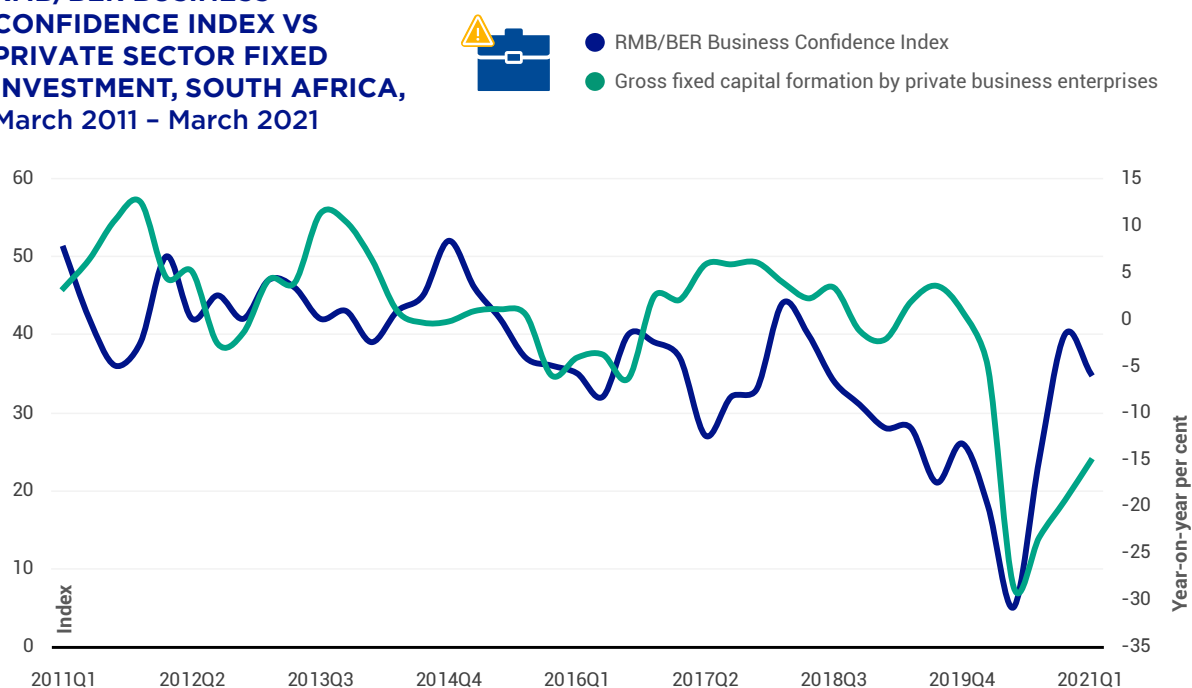
Fixed investment has grown on average by only 0.6 per cent per annum over the past 15 years. The growth was largely due to public-sector investment – indeed, private-sector fixed investment grew by a fraction of this rate, at only 0.1 per cent per annum.

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

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

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

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



Source: Quantec Research, 2021

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



TEMPORARY EMPLOYER/EMPLOYEE RELIEF SCHEME

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

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

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

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



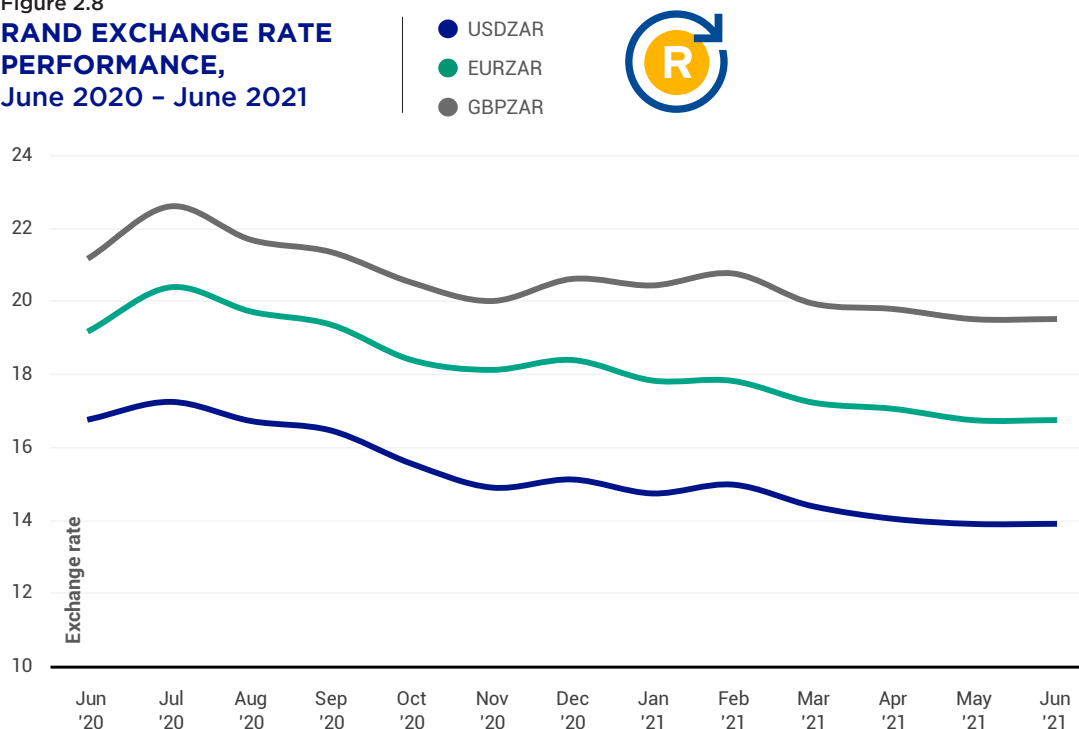
2.3.5 Exchange rate outlook

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

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

Figure 2.8

RAND EXCHANGE RATE PERFORMANCE, June 2020 – June 2021



Source: Quantec Research, 2021

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

2.3.6 Balance of payments

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

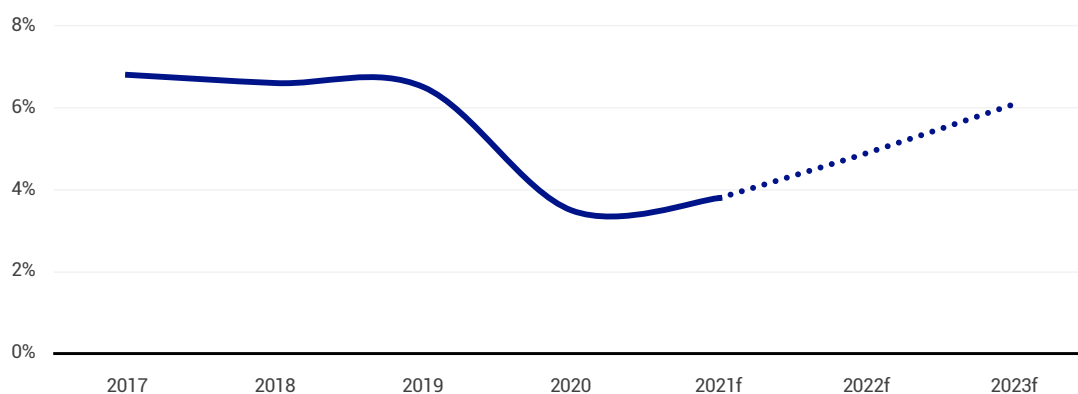
The current account surplus was in part due to a significant trade surplus, which increased from R425.0 billion in the fourth quarter of 2020 to R430.0 billion in the first quarter of 2021, with the largest surplus resulting from the value of merchandise exports. The trade surplus can be ascribed to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

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

2.3.7 Inflation and interest rate outlook

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

Figure 2.9
SOUTH AFRICA REPO RATE OUTLOOK, 2017 - 2023

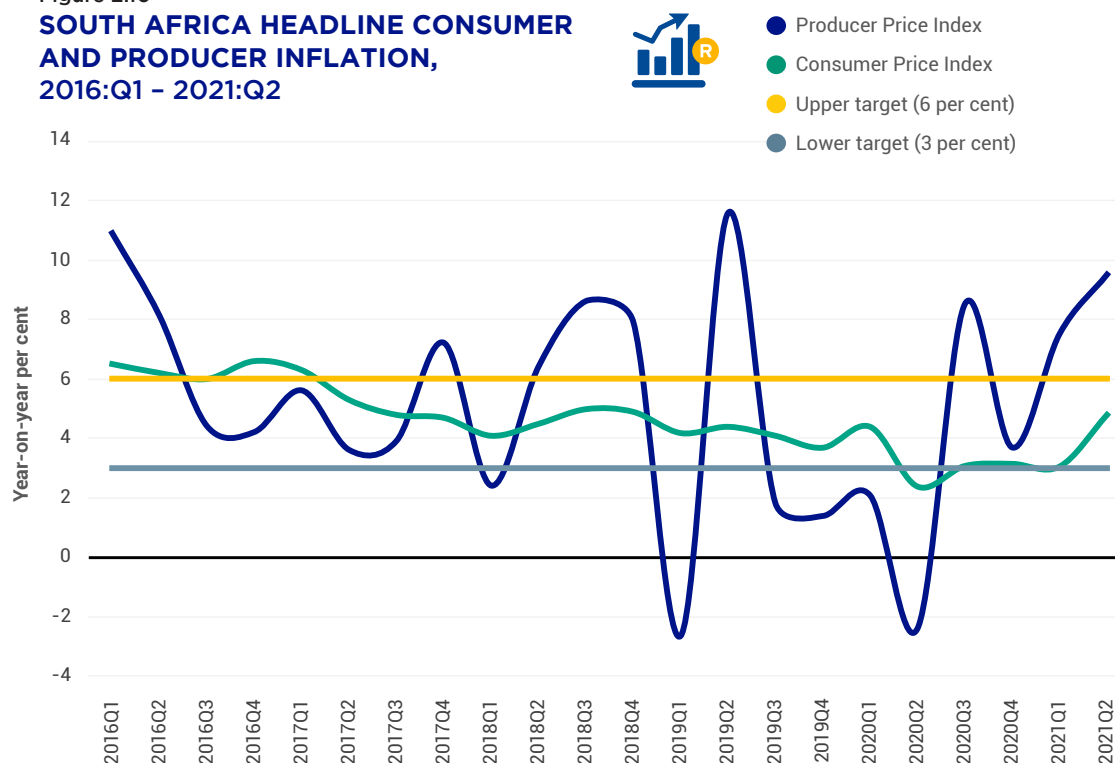


Notes: Values are average of quarterly values; f denotes forecast. Source: Quantec Research, 2021

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

Figure 2.10

SOUTH AFRICA HEADLINE CONSUMER AND PRODUCER INFLATION, 2016:Q1 – 2021:Q2



Source: Quantec Research, SARB, 2021

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

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

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

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



COVID-19 VACCINE HESITANCY IN SOUTH AFRICA

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

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

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

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

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

¹⁸ (Solis, 2021).



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

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

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

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

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

2.3.8 Main risks to the national outlook

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

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



2.4 DEVELOPMENTS IN THE WESTERN CAPE ECONOMY

2.4.1 Western Cape economic performance

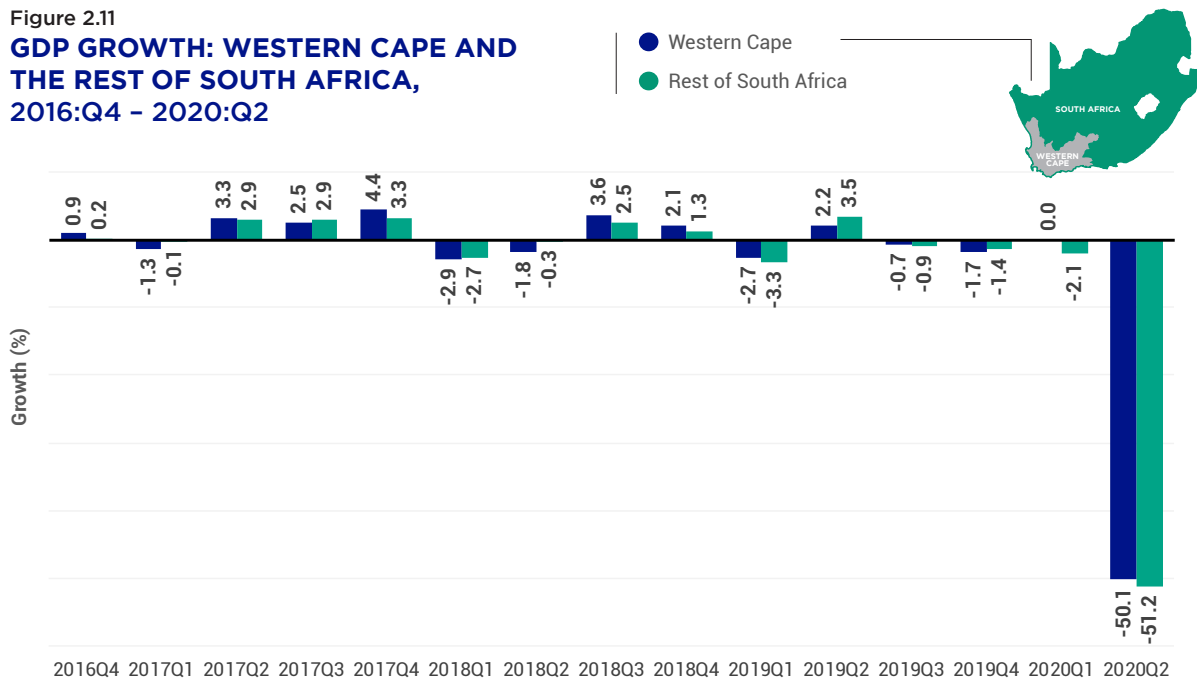
Over the past decade, growth in the Western Cape has been steadily declining from 3.8 per cent in 2011 to a contraction of 6.7 per cent in 2020, mirroring the economic decline in the rest of South Africa. Between 2011 and 2020, Provincial economic growth is estimated to have averaged 1.0 per cent. In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

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

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

Figure 2.11

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

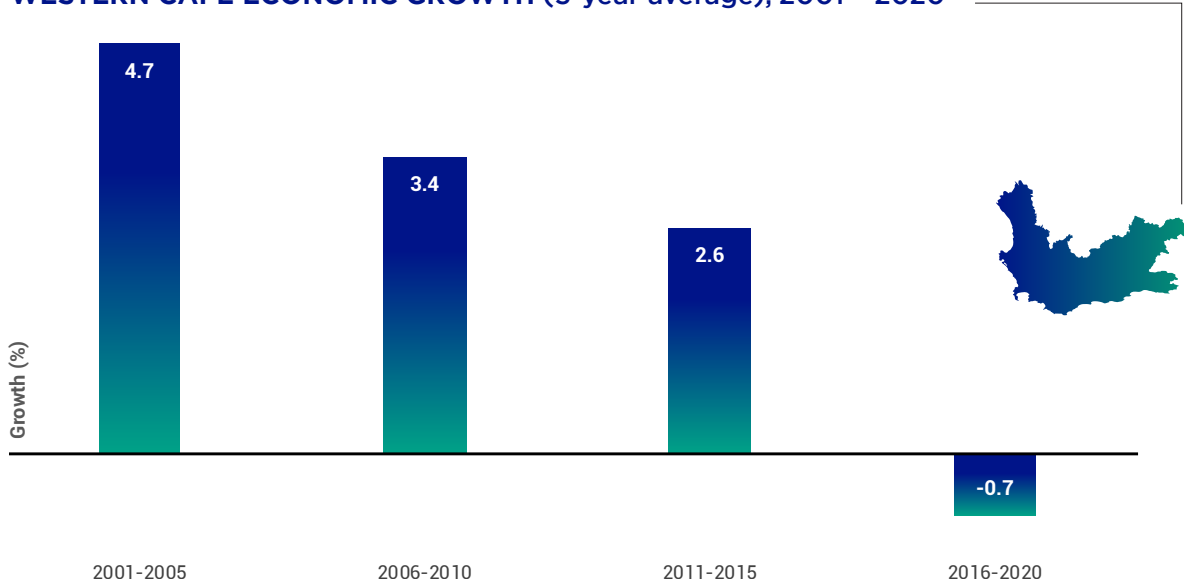


Note: The Western Cape growth rate for 2020 is an estimate. Source: Quantec Research, 2021

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

Figure 2.12

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



Source: Quantec Research & HS Business Solutions, 2021

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

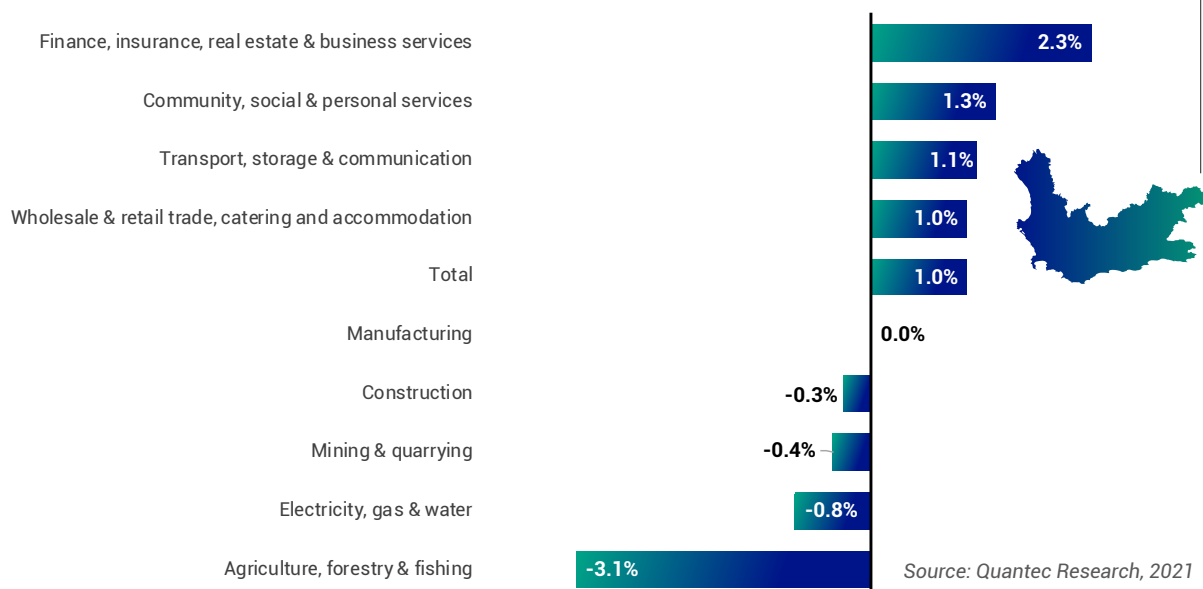


²⁰ (Department of Economic Development and Tourism, 2020).

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

Figure 2.13

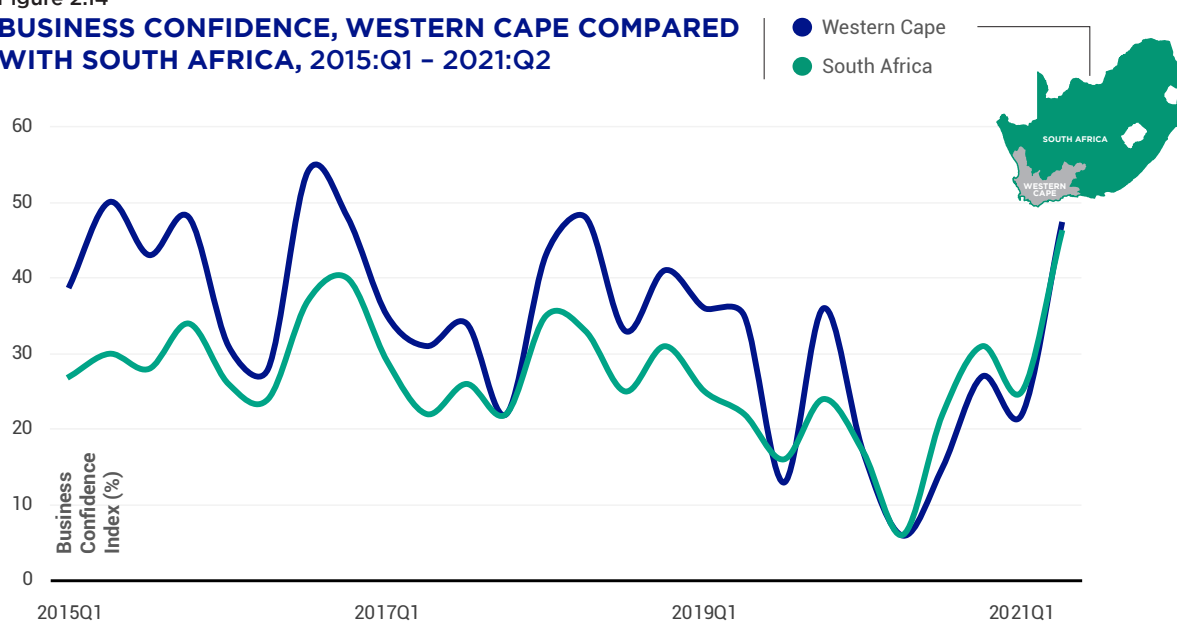
WESTERN CAPE AVERAGE GROWTH RATE PER SECTOR, (5-year average), 2015 – 2019



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

Figure 2.14

BUSINESS CONFIDENCE, WESTERN CAPE COMPARED WITH SOUTH AFRICA, 2015:Q1 – 2021:Q2



Source: Quantec Research, 2021

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

2.4.2 Outlook for the Western Cape economy

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

Table 2.6

WESTERN CAPE ECONOMIC OUTLOOK, 2019 – 2022



Forecast
average

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

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

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

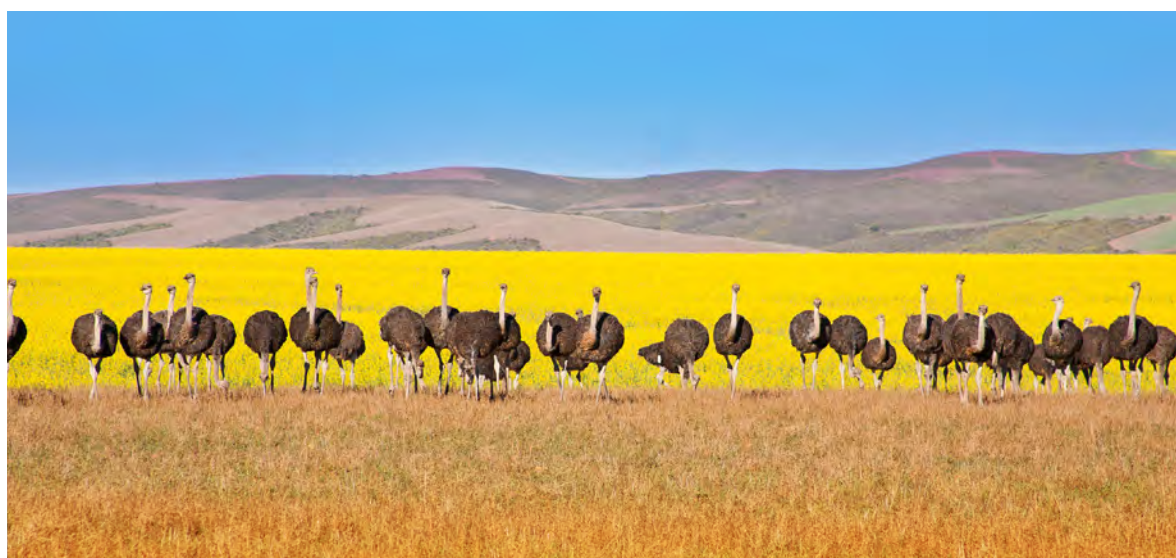
In the primary sector, agriculture was the only sector to enjoy strong growth in 2020 after a bumper crop, favourable commodity prices and limited interruption in operations during the lockdown period, but the forecast for 2022 is a marginal contraction of 0.5 per cent, as commodity prices are expected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

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

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

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

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



²¹ (Stats SA, 2021).

2.4.3 Risks to the Provincial outlook

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

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



3. REGIONAL CONTEXT

3.1 INTRODUCTION

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

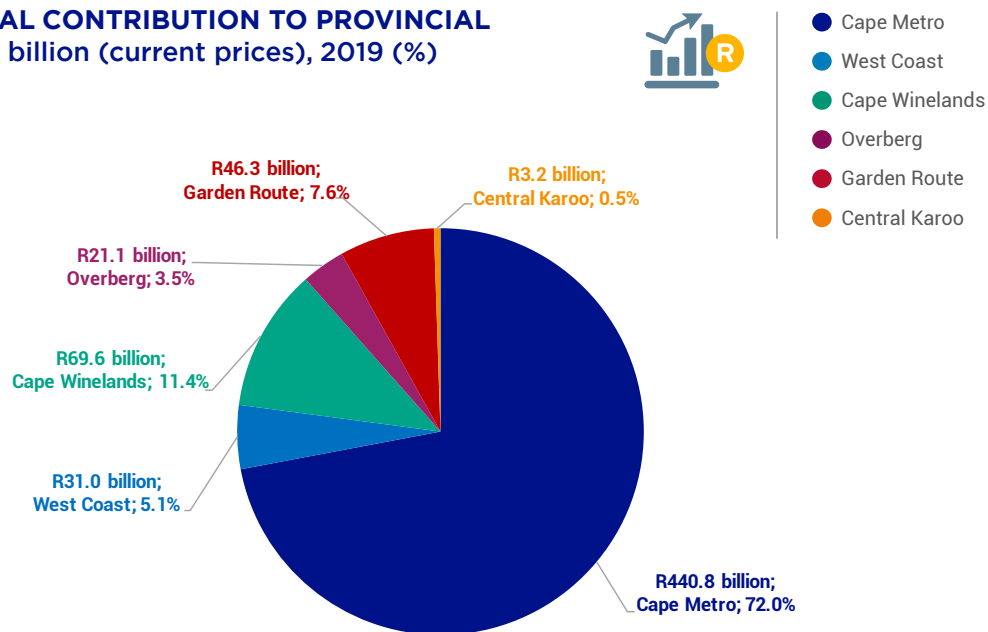
3.2 DISTRICT ECONOMIC OVERVIEW

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

3.2.1 GDP contribution

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

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

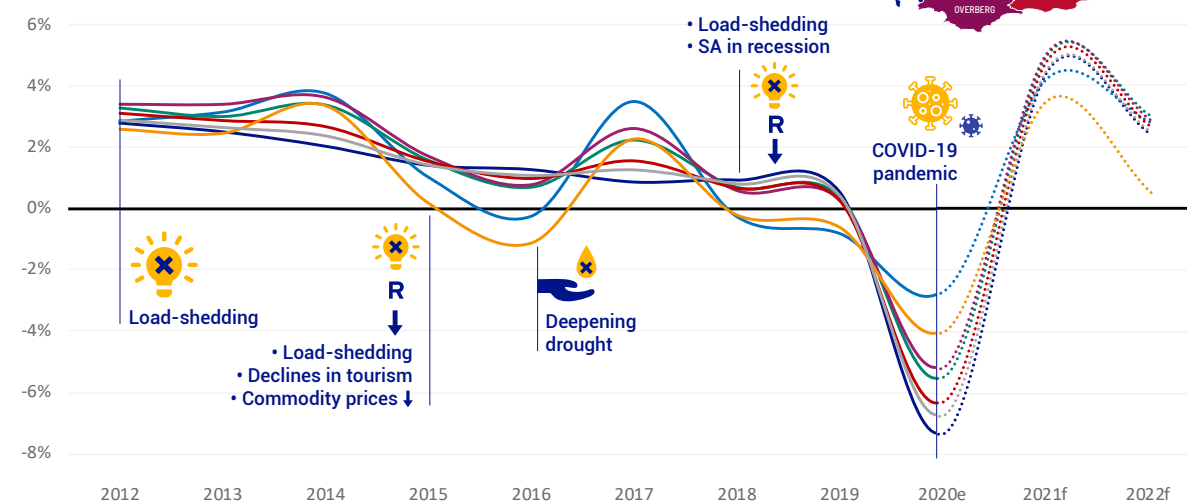


Source: Quantec Research, 2021

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

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

Figure 3.2
GDPR GROWTH RATE PER REGION, 2012 – 2022



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

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

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

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

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

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

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

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

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

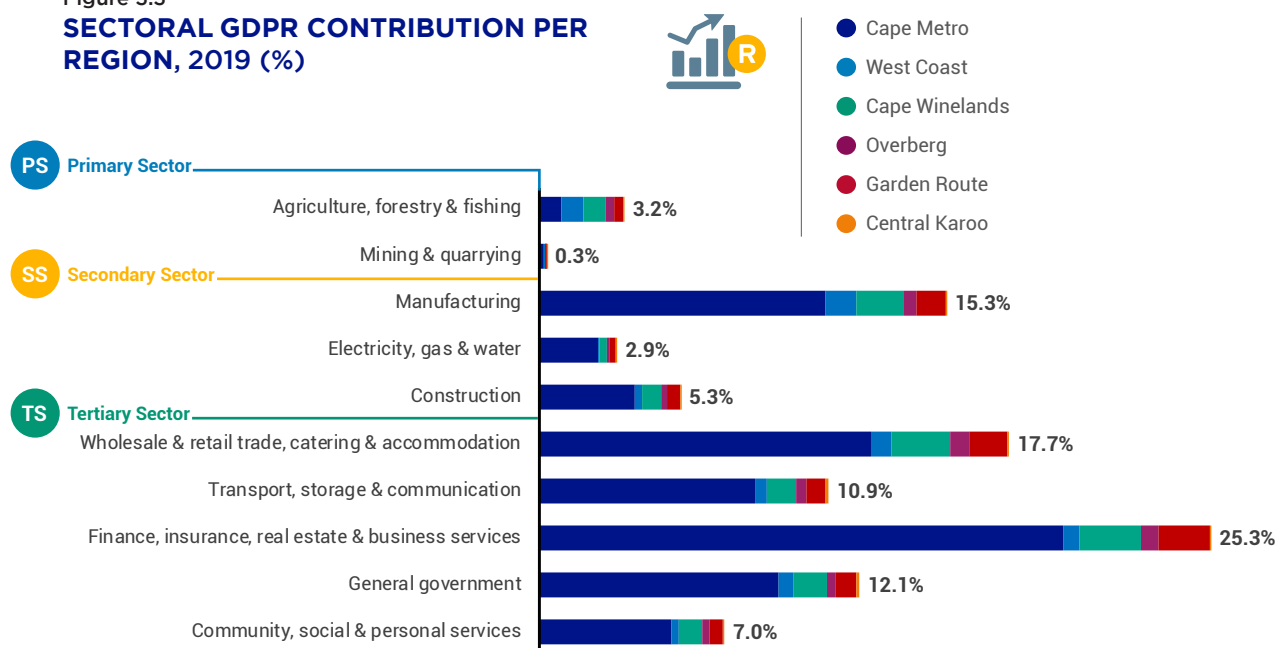
Estimates for 2020 indicate that growth in the Province declined further, with the Provincial economy registering a contraction of 6.7 per cent during the year. The Cape Metro, being the economic hub of the Western Cape, recorded the largest contraction at 7.3 per cent in 2020. However, it should be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

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

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

Figure 3.3

SECTORAL GDPR CONTRIBUTION PER REGION, 2019 (%)



Source: Quantec Research, 2021

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

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

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

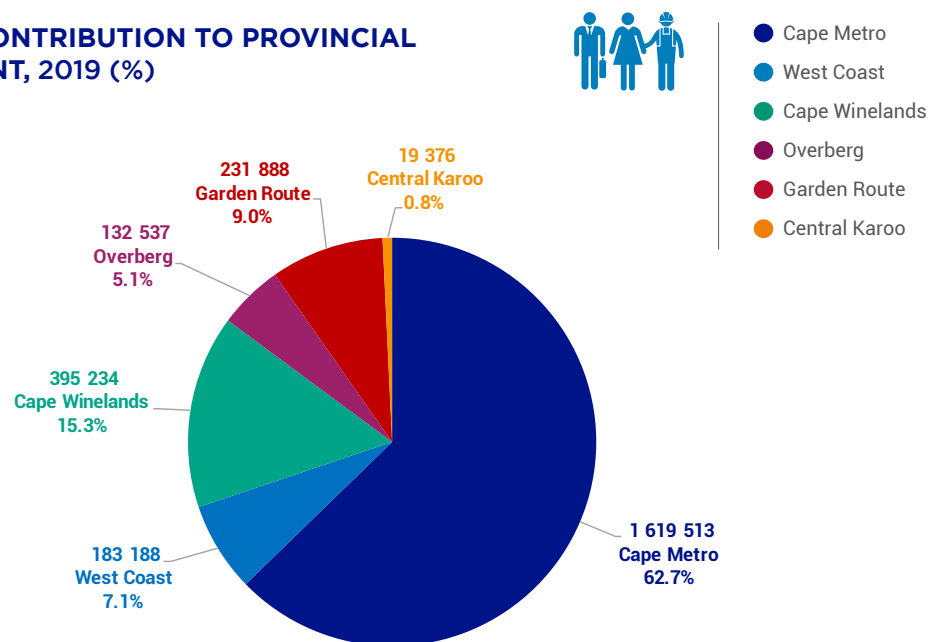


3.2.2 Labour trend analysis

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

Figure 3.4

DISTRICT CONTRIBUTION TO PROVINCIAL EMPLOYMENT, 2019 (%)



Source: Quantec Research, 2021

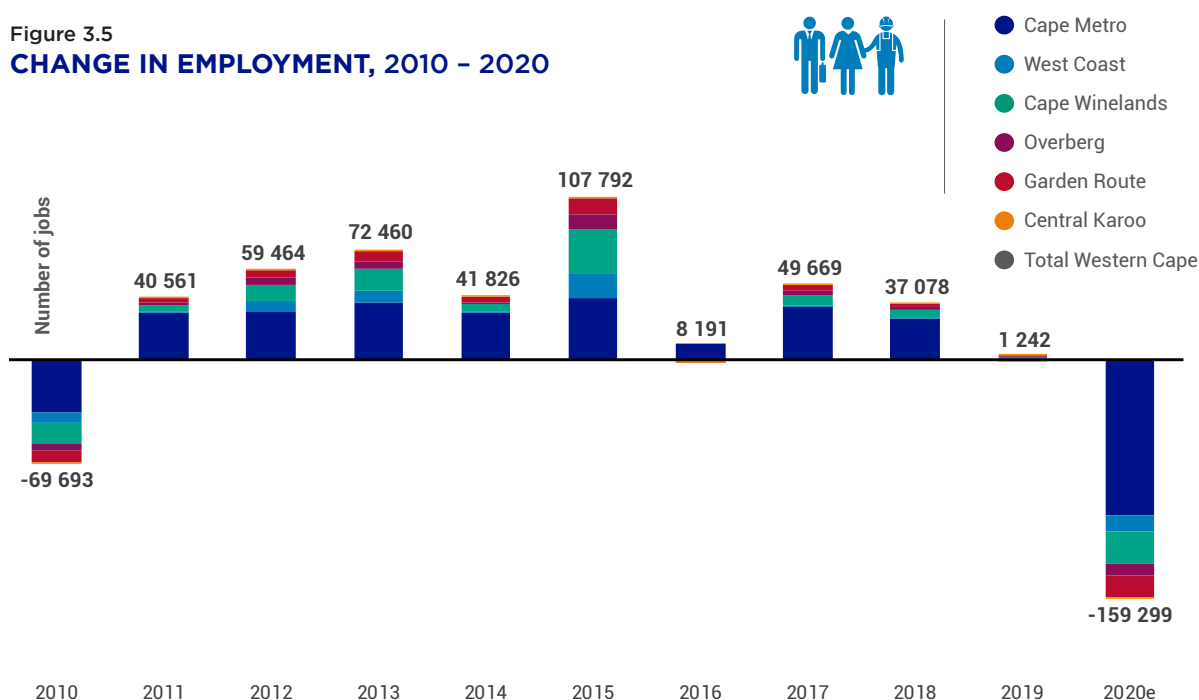
Employment contributions by the Districts and Cape Metro area broadly mirror that of GDP contributions. The Cape Metro area was the leading contributor to employment in the Province in 2019, with a contribution of 62.7 per cent. The CWD and GRD were the second- and third-largest contributors to employment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



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

Figure 3.5

CHANGE IN EMPLOYMENT, 2010 – 2020



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

Source: Quantec Research, 2021 (e denotes estimate)

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

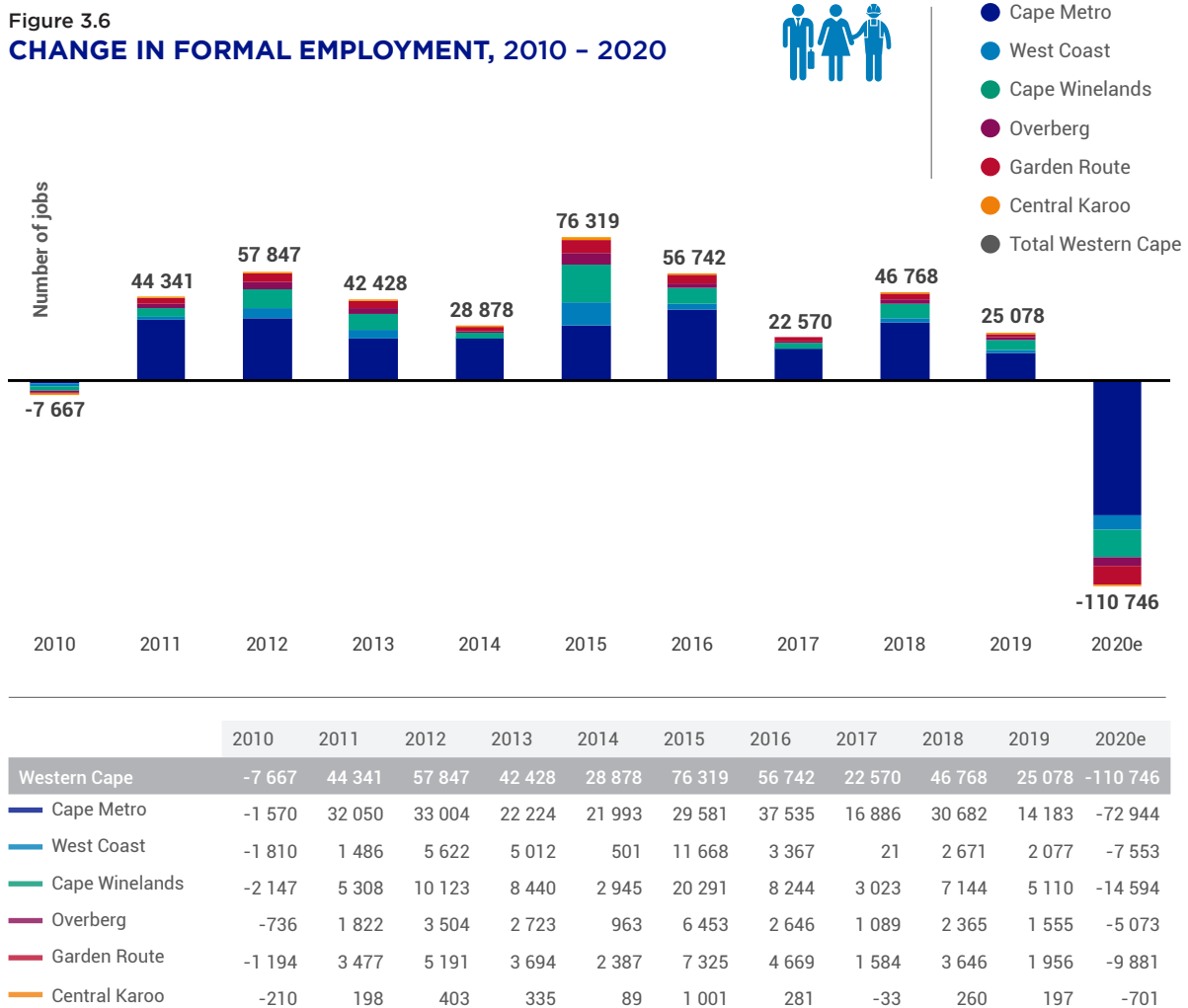
Between 2011 and 2013, a year-on-year increase in the number of employment opportunities was experienced in the Province. Despite a slowdown in the number of new employment opportunities in the Province in 2014, a substantial recovery was registered in 2015,²² with 107 792 jobs created during the year.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

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

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

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

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



Source: Quantec Research, 2021 (e denotes estimate)

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

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

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

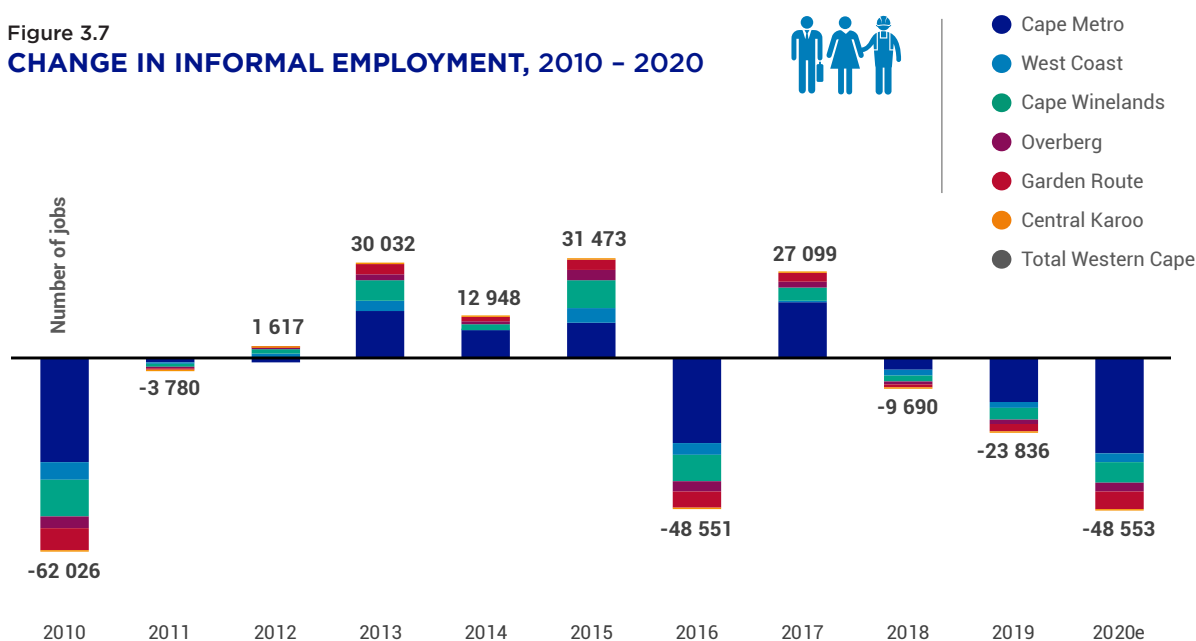
The Cape Metro area, CWD and WCD cumulatively contributed 80.6 per cent to the increase in formal job opportunities in the Province during the year. However, new formal job opportunities exhibited an overall downward trend between 2016 and 2019, despite a year-on-year recovery between 2017 and 2018.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

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

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

Figure 3.7

CHANGE IN INFORMAL EMPLOYMENT, 2010 – 2020



	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020e
Western Cape	-62 026	-3 780	1 617	30 032	12 948	31 473	-48 551	27 099	-9 690	-23 836	-48 553
Cape Metro	-33 565	-1 486	-1 752	14 821	8 861	11 000	-27 379	17 517	-3 924	-14 429	-30 458
West Coast	-5 692	-766	1 229	3 355	102	4 632	-3 917	762	-1 752	-1 769	-2 725
Cape Winelands	-11 346	-830	1 361	6 357	1 690	9 269	-8 439	4 253	-2 145	-3 486	-6 956
Overberg	-3 959	-172	565	2 177	767	2 965	-3 019	1 556	-599	-1 357	-2 626
Garden Route	-6 898	-449	190	3 118	1 524	3 238	-5 382	2 851	-1 126	-2 634	-5 423
Central Karoo	-566	-77	24	204	4	369	-415	160	-144	-161	-365

Source: Quantec Research, 2021 (e denotes estimate)

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

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

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

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

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



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

²⁵ (Stats SA, 2021).

Table 3.1

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



● 2019/20
● 2020/21
● 2021/22

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

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



Type of programmes implemented:

Infrastructure sector:

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

Social sector:

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

Environment and culture sector:

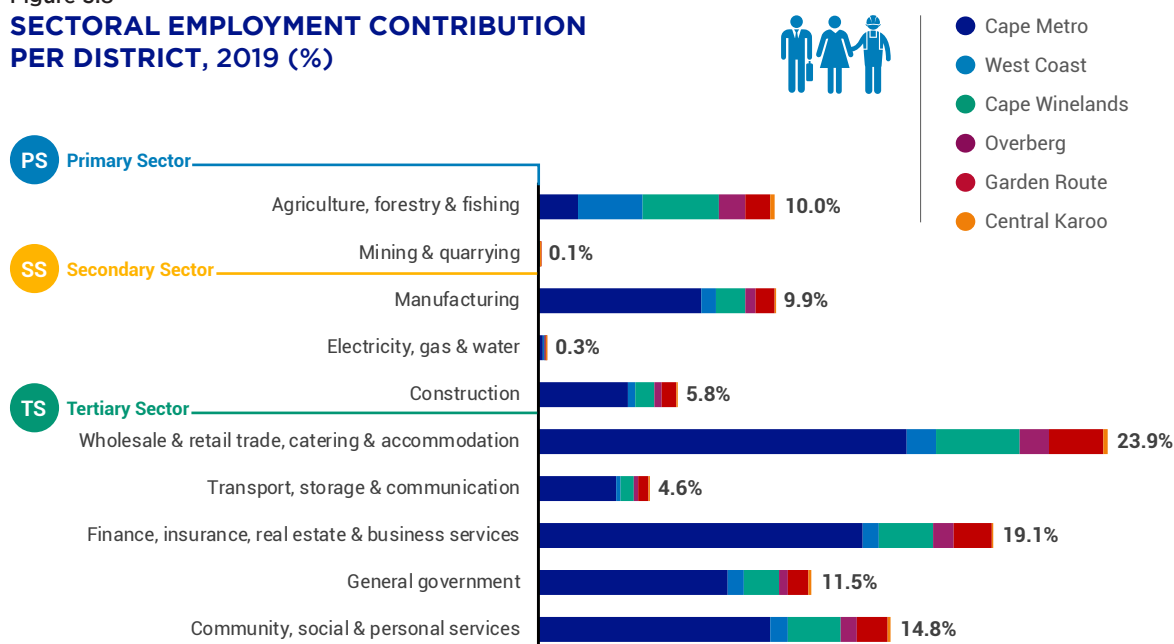
- Coastal management
- Parks and beautifications
- Sustainable energy
- Waste management
- Tourism and creative industries
- Sustainable land-based livelihoods

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

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

Figure 3.8

SECTORAL EMPLOYMENT CONTRIBUTION PER DISTRICT, 2019 (%)



Source: Quantec Research, 2021

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

Employment in the trade sector was mainly concentrated in the Cape Metro area and the CWD, which contributed 15.5 per cent and 3.5 per cent respectively to the sector's total employment contribution of 23.9 per cent. These two regions were also the leading contributors to employment in the finance sector and the community services sector. With regard to the finance sector, the Cape Metro area contributed 13.6 per cent to the sector's total employment contribution of 19.1 per cent, while the CWD contributed 2.3 per cent. In terms of the community services sector, the Cape Metro area and the CWD contributed 9.7 per cent and 2.2 per cent respectively to total employment in the sector.

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



4. ECONOMIC RECOVERY

4.1 INTRODUCTION

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

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

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

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

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

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

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

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



4.2 COVID-19 RECOVERY

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

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

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

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

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

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

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

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

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

²⁶ (Pak, et al., 2020).

²⁷ (Western Cape Government, 2021).

²⁸ (Unicef, 2021).

²⁹ (Kollamparambil & Oyenubi, 2021).

³⁰ (Kollamparambil & Oyenubi, 2021).

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

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

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

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

4.2.3 Scaling up health platform capacity to manage COVID-19

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

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



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

³² (World Bank, 2021).

4.2.4 Employee health and wellness

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

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

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

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

4.2.5 Vaccine roll-out

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

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

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

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

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

³³ (Gorgenyi-Hegyes, et al., 2021).

³⁴ (National Treasury, 2021).

4.3 JOBS

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

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

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

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

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



³⁵ (ILO, 2020).

4.3.1 Implement immediate interventions

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

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

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

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

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



4.3.2 Accelerate the ease of doing business

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

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

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

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

4.3.3 Boost investment, exports and infrastructure

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

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

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

³⁶ (South African Government, 2020).

³⁷ (South African Government, 2020).

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

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

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

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

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



³⁸ (Stupak, 2018).

4.3.4 Increase employment opportunities and skills for people without jobs

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

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

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

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

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

4.3.5 Focus on economic resilience

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

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

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

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

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

4.4 SAFETY

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

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

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

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

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

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

⁴¹ (Western Cape Government, 2021).

4.4.1 Immediate interventions

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

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

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



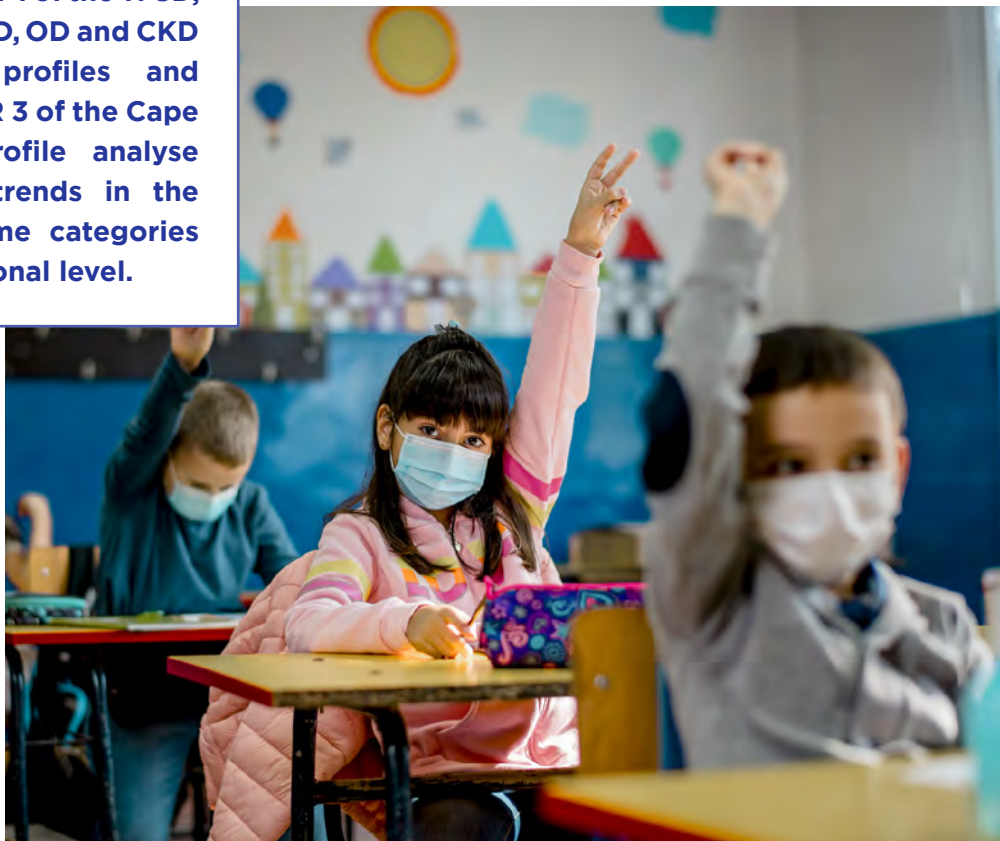
4.4.2 Focus areas in 2021 and beyond

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

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

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

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



4.5 WELLBEING

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

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

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

4.5.1 Immediate interventions

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

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

4.5.2 Focus areas in 2021 and beyond

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

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

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

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



5. CONCLUDING REMARKS

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

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

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

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

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

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



CAPE METRO

2 446.4KM²



CAPE METRO

CAPE POINT, SOMERSET WEST, ATLANTIS, ROBBEN ISLAND

INFOGRAPHIC SUMMARY

1 Regional economic review and outlook

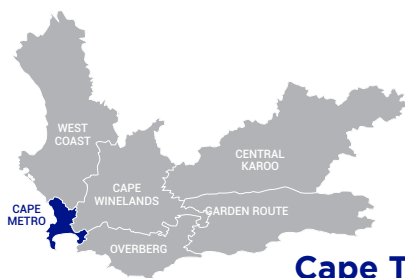
- Introduction
- Growth in GDP performance
- Labour trend analysis
- Skills analysis
- Concluding remarks

2 Trade, tourism and investment

- Introduction
- International trade
- Tourism profile
- Comparative advantage and employment potential
- Investments
- Concluding remarks

3 Municipal socio-economic analysis

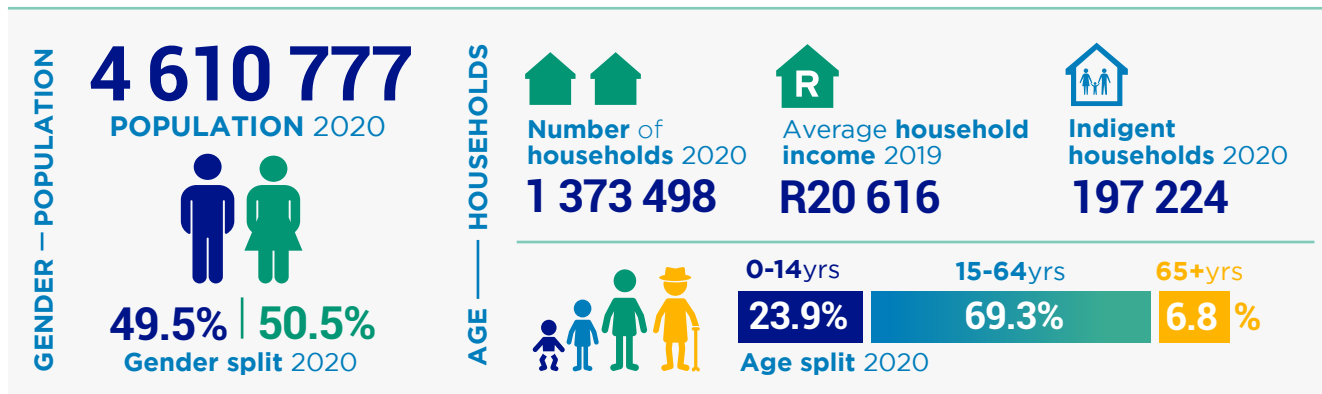
- Introduction
- Population profile
- Human development
- Housing and access to basic services
- Crime
- Concluding remarks



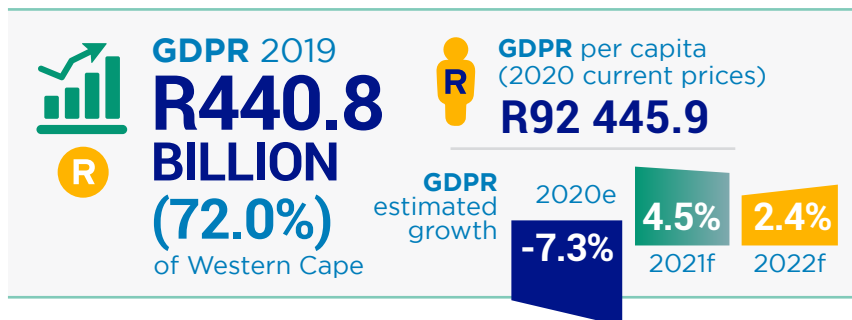
SEAT **Cape Town** | AREA **2 446.4KM²** | DENSITY **1844/KM²**

CAPE POINT, SOMERSET WEST, ATLANTIS, ROBBER ISLAND

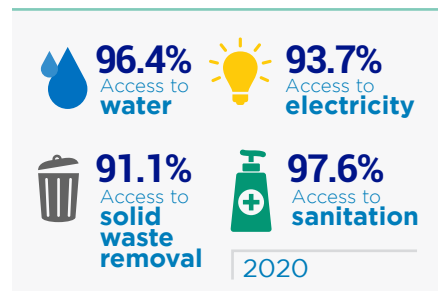
DEMOGRAPHICS



GROSS DOMESTIC PRODUCT



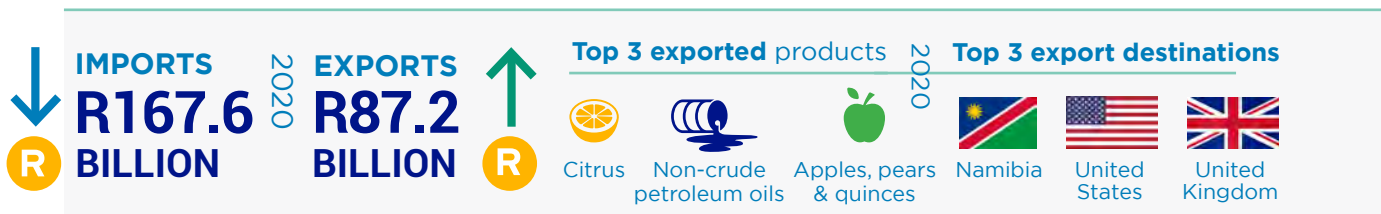
SERVICES



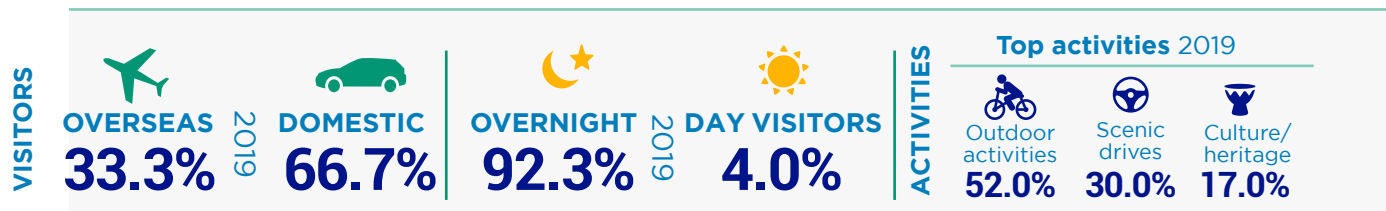
EMPLOYMENT



TRADE



TOURISM





GDPR

2019

2020

**GDPR
CONTRIBUTION**
**GDPR
GROWTH**


EMPLOYMENT

2019

2020

**EMPLOYMENT
CONTRIBUTION**
**EMPLOYMENT
GROWTH**

PRIMARY SECTOR

1.4%  **10.5%**
**AGRICULTURE,
FORESTRY & FISHING**
1.2%  **15.7%**
**MINING &
QUARRYING**
0.2%  **-18.5%**

SECONDARY SECTOR

23.1%  **-12.2%**
MANUFACTURING
15.0%  **-10.4%**
**ELECTRICITY,
GAS & WATER**
3.1%  **-6.8%**
CONSTRUCTION
5.0%  **-21.3%**

TERTIARY SECTOR

75.5%  **-6.4%**
**WHOLESALE &
RETAIL TRADE,
CATERING &
ACCOMMODATION**
17.3%  **-10.5%**
**TRANSPORT,
STORAGE &
COMMUNICATION**
11.3%  **-15.4%**
**FINANCE,
INSURANCE,
REAL ESTATE
& BUSINESS
SERVICES**
27.4%  **-4.8%**
**GENERAL
GOVERNMENT**
12.6%  **0.8%**
**COMMUNITY,
SOCIAL &
PERSONAL
SERVICES**
6.9%  **-2.3%**
2.8%  **-7.9%**
2.7%  **-7.8%**
0.1%  **-8.5%**
17.4%  **-9.5%**
10.9%  **-7.7%**
0.4%  **-3.4%**
6.1%  **-13.2%**
79.8%  **-5.7%**
24.6%  **-6.7%**
5.2%  **-5.5%**
21.8%  **-5.7%**
12.7%  **1.1%**
15.5%  **-9.5%**



1 REGIONAL ECONOMIC REVIEW AND OUTLOOK

1.1 INTRODUCTION

The Cape Metro is a vibrant metro area that dominates the economy of the Western Cape. The Cape Metro area spans approximately 2 446.4km² and is bordered by the WCD, CWD and OD. The metro area is the commercial and industrial hub of the Province as well as a valuable national port and tourist destination.

This chapter provides a macroeconomic outlook of the Cape Metro by focusing on GDP performance and employment trends. It should be noted that the period under review for MERO 2021 is between 2015 and 2019, with 2020¹ figures being estimated.

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

1.2 GROWTH IN GDPR PERFORMANCE

This section provides an overview of the size of the Cape Metro's economy by discussing the average GDPR contribution and growth rates achieved by the metro area between 2015 and 2019, with 2020 figures being estimated.

1.2.1 GDPR performance

The Cape Metro area's GDPR contribution and growth rates in relation to the Western Cape and South Africa are illustrated in Table 1.1.



Table 1.1

GDPR CONTRIBUTION AND AVERAGE GROWTH RATES, Cape Metro, 2019

MUNICIPALITY	R million value 2019	Trend 2015 – 2019 (%)	Real GDPR growth 2020e (%)
Cape Metro	R440 763.9 (9.7%)	1.0%	-7.3%
Western Cape	R611 928.2 (13.5%)	1.0%	-6.7%
South Africa	R4 523 573.1 (100%)	0.8%	-6.8%

Source: Quantec Research, 2021 (e denotes estimate)

FORECAST

GDPR
estimated
growth



4.5%
2021f

2.4%
2022f

2020e

-7.3%

In 2019, the economy of the Cape Metro area was valued at R440.8 billion (in current prices), contributing 72.0 per cent to the Provincial economy during the same year. The Cape Metro is thus the most valuable source of economic activity in the Province and contributed 9.7 per cent to the national economy in 2019.

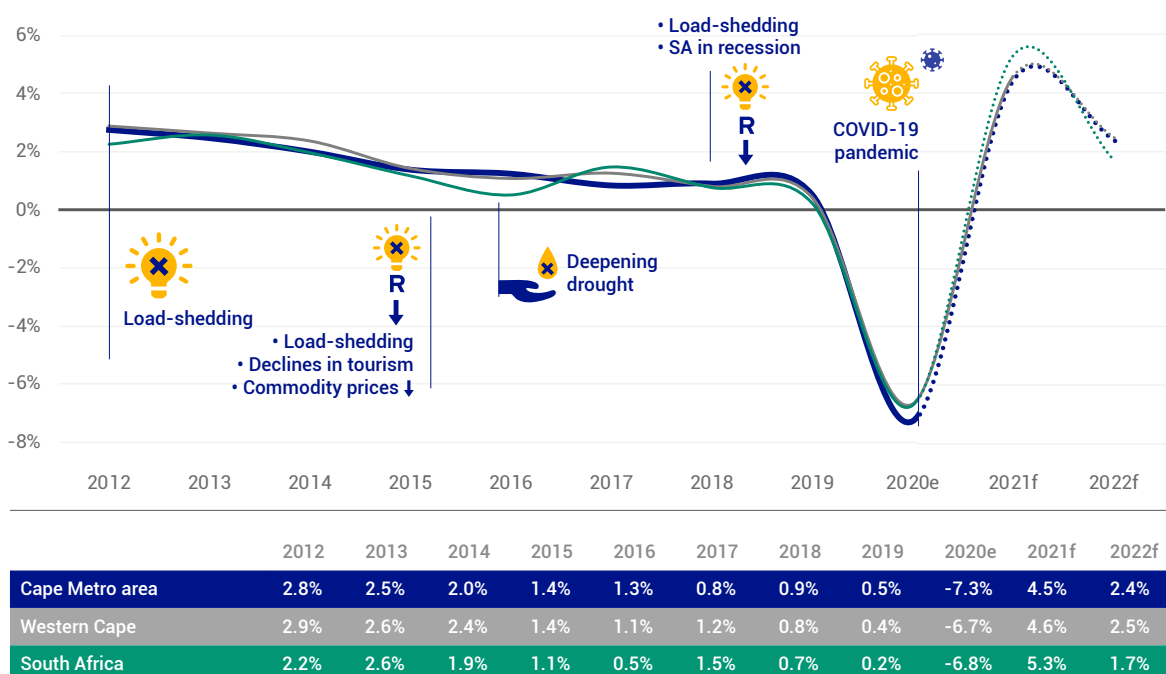
Between 2015 and 2019, the Cape Metro area experienced an average annual growth rate of 1.0 per cent – the same as that of the Province. This indicates that the economic performance of the Provincial economy is closely correlated with that of the metro area. The average annual growth rates of the Cape Metro and Provincial economies over the five-year period were slightly higher than that of the national economy (0.8 per cent) over the same period.

Estimates for 2020 indicate that growth prospects in the Cape Metro deteriorated significantly. The GDP of the Cape Metro contracted by 7.3 per cent in 2020, which is higher than the contractions expected in both the Provincial and national economy at 6.7 per cent and 6.8 per cent respectively. The contraction in the Cape Metro, in addition to the contractions in the Provincial and national economy, may be ascribed to the health, social and economic impacts of the COVID-19 pandemic and lockdown measures to contain its spread.

The Cape Metro is considered the most significant single destination for tourism spend in South Africa.² As a result, the implementation of lockdown measures resulted in a significant impact on economic activity in the metropolitan area, contributing further to its poor performance in 2020. The other regions of the Province recorded a smaller decline in GDP growth owing to the strong performance of the agriculture sector, which makes a smaller contribution to the Cape Metro area. The national economy was boosted by the strong recovery of the mining sector, especially in the third quarter of 2020. The improved performance of the mining sector owing to higher production levels of PGMs, iron ore, gold, manganese and diamonds was one of the main sources of economic growth nationally.³

The economic dynamics of the Cape Metro area, and its dependence on endogenous and exogenous factors within the Province and country, can be determined by analysing historical growth rates. Figure 1.1 depicts the historical growth rates of the Cape Metro, the Western Cape and South Africa between 2012 and 2022. Estimates for 2020 are provided, while the figures for 2021 and 2022 are provided as forecasts.

Figure 1.1
GDP GROWTH, Cape Metro, 2012 – 2022



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

² (Rogerson, 2020).

³ (Stats SA, 2020).

Barring a slight increase in 2018, the GDPR growth in the Cape Metro area was on an overall downward trend between 2012 and 2019, which mirrors that of the Provincial economy over the same period. In 2012, the Cape Metro area registered a growth rate of 2.8 per cent, before easing to 2.5 per cent and 2.0 per cent in 2013 and 2014 respectively. Over the eight-year period, GDPR growth in the Cape Metro area registered the largest decline between 2014 and 2015, with growth declining by 0.6 percentage points. This decline may be ascribed to declines in tourism and commodity prices, and electricity supply constraints in South Africa, which also influenced the local economy. The decline in the performance of national tourism in 2015 was brought about by the introduction of new visa regulations, economic crises in several source countries and acts of terror across the African continent.⁴

Post-2015, GDPR growth in the Cape Metro area continued to deteriorate. In 2016, growth in the metropolitan area stood at 1.3 per cent, before declining further to 0.8 per cent in 2017. Despite a marginal increase in 2018 (0.9 per cent), GDPR growth slowed to 0.5 per cent in 2019. Intermittent load-shedding across South Africa and consecutive periods of drought in the Province contributed to the poor performance of the Cape Metro area over the period. Furthermore, the economic performance of the Cape Metro area is likely to have been worsened by the poor performance of the national economy, as South Africa entered two technical recessions throughout 2018 and 2019.

In 2021, GDPR growth in the Cape Metro area is expected to increase to 4.5 per cent, similar to that of the Province (4.6 per cent) but below that of South Africa (5.3 per cent). It is anticipated that the mining sector will boost the South African economy in 2021. Higher commodity prices and growing global demand, particularly for PGMs, is anticipated to boost the sector substantially. However, this sector is less prominent in the Western Cape and Cape Metro area. The Provincial economy will nevertheless benefit from the anticipated strong performance of the agriculture sector, resulting from high global commodity prices and record exports in 2020.⁵ These high growth rates should not be considered as an improved economic outlook, as growth in 2021 originates from a constrained economic base. This effect is evident in the 2022 forecast period, with GDPR growth in the Cape Metro area slowing to 2.4 per cent during the year, marginally lower than the 2.5 per cent anticipated in the Provincial economy.



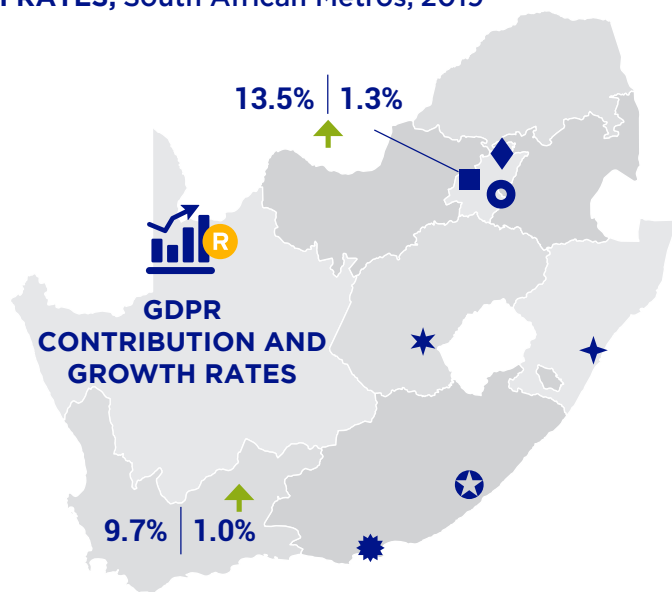
⁴ (Department of Tourism, 2016).

⁵ (BFAP, 2021).

Diagram 1.1

GDPR CONTRIBUTION AND GROWTH RATES, South African Metros, 2019

	% of national GDPR	2015 – 2019 GDPR growth
■ Johannesburg Metro	13.5%	1.3%
● Cape Metro	9.7%	1.0%
◆ Tshwane Metro	9.0%	1.3%
✦ eThekweni	8.8%	0.8%
● Ekurhuleni	8.0%	0.7%
☼ Nelson Mandela Bay	2.9%	0.4%
✦ Mangaung	1.7%	0.9%
✦ Buffalo City	1.5%	0.1%



Source: Quantec research, 2021

Of the eight metro economies in South Africa, the Johannesburg Metro is the leading contributor to the South African economy. This is followed by the Cape and Tshwane Metros. Between 2015 and 2019, the Cape Metro economy was the third-fastest-growing metro economy in South Africa, after the Tshwane and Johannesburg Metros.




1.2.2 Sectoral GDPR performance

Table 1.2 provides an overview of the sectoral GDPR contribution in the Cape Metro area in 2019. Average annual growth rates for the respective economic sectors are provided for the five-year period between 2015 and 2019, as well as estimates for 2020 and forecasts for 2021 and 2022.

Table 1.2

GDPR CONTRIBUTION PER SECTOR, Cape Metro, 2019 – 2022 (%)

SECTOR		R million value 2019	Trend 2015 – 2019	Real GDPR growth		
				2020e	2021f	2022f
PS Primary Sector		R6 191.5 (1.4%)	-2.1%	10.5%	9.5%	0.4%
Agriculture, forestry & fishing		R5 120.5 (1.2%)	-2.4%	15.7%	9.5%	0.5%
Mining & quarrying		R1 071.0 (0.2%)	0.1%	-18.5%	9.2%	-1.0%
SS Secondary Sector		R101 677.2 (23.1%)	-0.2%	-12.2%	1.7%	6.8%
Manufacturing		R66 053.5 (15.0%)	0.0%	-10.4%	2.7%	7.1%
Electricity, gas & water		R13 489.9 (3.1%)	-0.8%	-6.8%	-1.5%	3.6%
Construction		R22 133.8 (5.0%)	-0.5%	-21.3%	-1.2%	7.3%
TS Tertiary Sector		R332 895.1 (75.5%)	1.4%	-6.4%	5.1%	1.4%
Wholesale & retail trade, catering & accommodation		R76 357.4 (17.3%)	0.7%	-10.5%	8.3%	3.0%
Transport, storage & communication		R49 926.8 (11.3%)	0.8%	-15.4%	9.4%	-3.7%
Finance, insurance, real estate & business services		R120 902.6 (27.4%)	2.1%	-4.8%	4.8%	3.4%
General government		R55 340.7 (12.6%)	1.0%	0.8%	-1.5%	0.2%
Community, social & personal services		R30 367.6 (6.9%)	1.0%	-2.3%	4.7%	-2.9%
Total Cape Metro		R440 763.9 (100%)	1.0%	-7.3%	4.5%	2.4%

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

Valued at R332.9 billion in 2019, the tertiary sector was the largest contributor (75.5 per cent) to GDPR in the Cape Metro area during the year. Between 2015 and 2019, the tertiary sector experienced an average annual growth rate of 1.4 per cent. This rate is 0.4 percentage points higher than that of the Cape Metro area over the same period, highlighting the tertiary sector's importance as a source of economic growth in the Cape Metro area.

The main drivers of economic activity in the tertiary sector were the finance (27.4 per cent), trade (17.3 per cent) and general government (12.6 per cent) sectors. Between 2015 and 2019, the finance sector realised an average annual growth rate of 2.1 per cent, while the general government sector grew at an average annual rate of 1.0 per cent. The trade sector grew at an average annual rate of 0.7 per cent over the same period.

The tertiary sector is expected to contract by 6.4 per cent in 2020 owing to contractions in the two largest sectors, namely the finance (4.8 per cent) and trade (10.5 per cent) sectors.

Other notable contributors to the poor performance of the tertiary sector include the transport sector, with an estimated contraction of 15.4 per cent during the year. The general government sector is the only sector within the tertiary sector with a positive estimated growth rate in 2020 owing to the expansion of fiscal expenditure amid the COVID-19 pandemic.

In 2019, the secondary sector was the second-largest contributor (23.1 per cent) to GDP in the Cape Metro economy. However, this sector contracted at an average annual rate of 0.2 per cent between 2015 and 2019. Within the secondary sector, the manufacturing sector was the largest contributor to the metropolitan area's GDP in 2019 at 15.0 per cent, but it remained near stagnant between 2015 and 2019. In addition, the construction sector contributed 5.0 per cent to the Cape Metro economy in 2019.

Estimates for 2020 indicate that the secondary sector contracted by 12.2 per cent, with all individual sectors experiencing contractions during the year. The construction and manufacturing sectors experienced the largest contractions in 2020, at 21.3 per cent and 10.4 per cent respectively. However, the overall poor performance of the secondary sector in 2020 was primarily driven by the expected contraction in the manufacturing sector, given its GDP contribution. The lockdown level five restrictions halted the manufacturing of all non-essential goods, while unstable and intermittent energy supply and supply chain disruptions severely constrained the sector.

The primary sector registered an average annual contraction of 2.1 per cent between 2015 and 2019. The agriculture sector contributed 1.2 per cent to the Cape Metro's GDP in 2019 and realised an average annual contraction of 2.4 per cent over the five-year period. It is estimated that the primary sector grew by 10.5 per cent in 2020 as a result of the strong performance of the agriculture sector during the year.

With a contribution of 0.2 per cent to the Cape Metro's GDP in 2019, the mining sector remained near stagnant between 2015 and 2019, with an average annual growth rate of 0.1 per cent. Despite an estimated decline of 18.5 per cent in the mining sector, the impact is not realised within the broader primary sector, owing to the minimal contribution of mining activities to the Cape Metro's GDP.

Forecasts for 2021 and 2022 point to a recovery across most economic sectors in the Cape Metro area. The tertiary sector is forecast to expand by 5.1 per cent in 2021, driven by strong growth in the transport sector and the trade sector. Furthermore, the secondary and primary sectors are expected to recover by 1.7 per cent and 9.5 per cent respectively in 2021.

Growth across most individual sectors is forecast to slow significantly in 2022, mainly as a result of the stabilising economy. The construction sector is expected to show substantial growth in 2022 (7.3 per cent), which can be attributed to increased infrastructure investment from the public sector. The tertiary and primary sectors are forecast to register growth rates of 1.4 per cent and 0.4 per cent respectively in 2022.

1.3 LABOUR TREND ANALYSIS

This subsection provides an overview of key employment trends in the Cape Metro area in relation to the Western Cape. Employment dynamics will be discussed by evaluating the employment growth, unemployment rate, labour absorption rate, labour participation rate and the “not economically active” population as a proportion of the working-age population. It also discusses sectoral employment by identifying which sectors employ the most persons and highlighting which sectors have contributed more to creating new job opportunities (or have experienced job losses) in the metropolitan area.

1.3.1 Employment growth

Table 1.3 indicates the trend in employment growth in the Cape Metro area in relation to the Western Cape and South Africa. More specifically, it depicts the status of employment in 2019, the number of jobs created over a five-year period and the estimated employment change for 2020.

Table 1.3
EMPLOYMENT CONTRIBUTION, Cape Metro, 2019

MUNICIPALITY	Number of jobs 2019	Average annual change 2015 – 2019	Net change 2020e
Cape Metro	1 619 513 (10.0%)	22 330	-103 402
Western Cape	2 581 736 (15.9%)	40 794	-159 299
South Africa	16 251 213 (100%)	196 446	-989 155

Source: Quantec Research, 2021 (e denotes estimate)

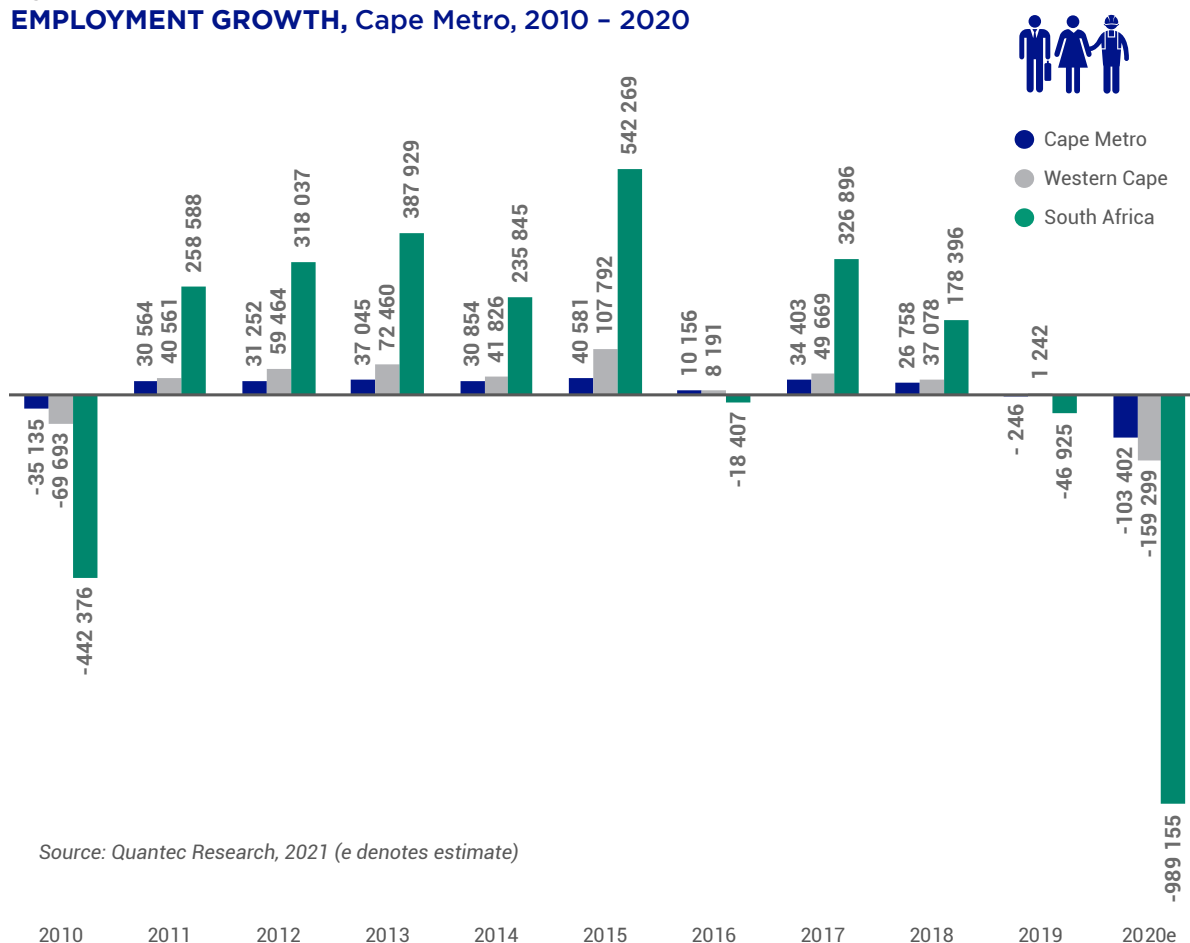
The Cape Metro area employed 1.6 million workers in 2019 and contributed 62.7 per cent to Provincial employment during the year. Nationally, the metropolitan area accounted for 10.0 per cent of total employment in 2019. Between 2015 and 2019, employment in the Cape Metro area increased by an average of 22 330 jobs per annum. However, in 2020 it is estimated that the Cape Metro area experienced job-shedding amounting to 103 402 jobs. This accounts for 64.9 per cent and 10.5 per cent of the jobs lost in the Province and nationally, respectively, during the same year.



Figure 1.2 provides an overview of the historical employment trends in the Cape Metro area in relation to the Western Cape and South Africa between 2010 and 2020.

Figure 1.2

EMPLOYMENT GROWTH, Cape Metro, 2010 – 2020



Source: Quantec Research, 2021 (e denotes estimate)

A total of 35 135 jobs were lost in the Cape Metro area in 2010 owing to the delayed recovery in employment creation following the global financial crisis of 2008 and 2009. In addition, job-shedding in the metropolitan area may also be ascribed to industrial strike action during the year.

Between 2011 and 2013, a sustained recovery in employment creation was evident in the Cape Metro, Western Cape and South Africa. This trend remained relatively consistent until 2015, with employment creation peaking at 40 581 jobs during the same year.⁶ However, employment creation in the Cape Metro slowed to 10 156 jobs in 2016. This is likely owing to the influence of persistent drought conditions on economic activity in the metropolitan area. However, it should be noted that employment creation in the Cape Metro area outweighed that of the Province in 2016, while the national economy shed 18 407 jobs during the same year.

Employment creation in the Cape Metro area recovered in 2017, with a total of 34 403 jobs created during the year. However, a downward trend is observed in the two-year period thereafter, with employment opportunities declining by 246 jobs in 2019. A similar trend is evident in the national economy, with 46 925 jobs lost across the country during the same year. This trend is likely a result of drought conditions across the Province, which negatively impacted the performance of the metropolitan economy and is likely to have been compounded by the poor performance of the national economy in 2018 and 2019.

⁶ In 2015 a new master sample was implemented in the Quarterly Labour Force Survey (QLFS), which may have impacted the data owing to variations in its design (Stats SA, 2015).

Labour market conditions in the Cape Metro area worsened significantly in 2020, with an estimated 103 402 jobs lost. Declines in employment are also recorded in the Provincial and national economy in the same year owing to the COVID-19 pandemic and restraints on economic activity brought about by the national lockdown.

Diagram 1.2 summarises the employment dynamics in the Cape Metro area in relation to the Western Cape and South Africa by illustrating the unemployment rates, labour absorption rates and labour participation rates in 2019. Furthermore, the “not economically active” population as a proportion of the working-age population is also provided.

Diagram 1.2





UNEMPLOYMENT PROFILE, Cape Metro, 2019 (%)

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

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

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

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

MUNICIPALITY	 Unemployment rate (%) 2019	2020e	 Labour force participation rate (%) 2019	2020e	 Labour absorption rate (employment-to-population ratio) 2019	2020e	 Not economically active 2019 (% of working-age population)	2020e
Cape Metro	23.2%	↓	67.3%	↓	51.7%	↓	32.7%	↑
Western Cape	19.6%	↓	67.9%	↓	54.6%	↓	32.1%	↑
South Africa	28.8%	↓	59.5%	↓	42.4%	↓	40.5%	↑

Source: Quantec Research, 2021 (e denotes estimate)

The unemployment rate in the Cape Metro area stood at 23.2 per cent in 2019, lower than the national unemployment rate of 28.8 per cent. In contrast, the Cape Metro's unemployment rate was 3.6 percentage points higher than that of the Western Cape in 2019.

Of the Cape Metro's population aged between 15 and 64 years, 67.3 per cent formed part of the metropolitan area's labour force in 2019. This rate is expected to decline in 2020, owing to an increase in the number of “not economically active” individuals.⁷

The labour absorption rate can be used as an indicator for the economy's ability to create jobs. The Cape Metro's labour absorption rate (51.7 per cent) is 9.3 percentage points higher

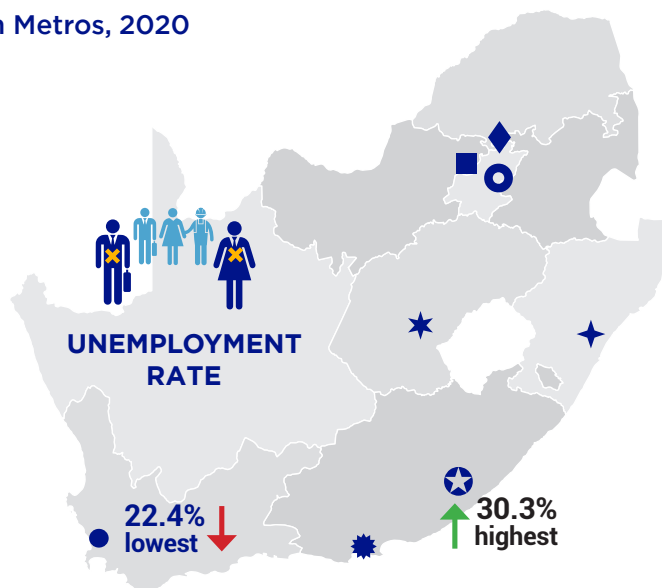
⁷ (Stats SA, 2020).

compared with South Africa's (42.4 per cent). The decline in the labour force participation and labour absorption rates between 2019 and 2020 indicate a deterioration in labour market conditions in the Cape Metro area. The anticipated decline in the unemployment rate between 2019 and 2020 should not be considered an improvement in employment in the metropolitan area, as workers were not able to seek employment owing to the national lockdown or gave up on seeking employment because of the limited number of jobs. Increased dependence of individuals on the public sector for income support is likely to strain public finances further.

Diagram 1.3

UNEMPLOYMENT RATE, South African Metros, 2020

	Unemployment rate 2020
● Cape Metro	22.4%
★ Mangaung	24.0%
◆ Tshwane Metro	25.2%
■ Johannesburg Metro	27.0%
✦ eThekweni	26.8%
SOUTH AFRICA	27.1%
● Ekurhuleni	28.5%
✱ Nelson Mandela Bay	27.8%
✪ Buffalo City	30.3%



Source: Quantec Research, 2021

The Cape Metro area had the lowest unemployment rate in 2019 out of all the metropolitan areas in South Africa. This was followed by the Mangaung (24.0 per cent) and Tshwane (25.2 per cent) Metros. The Buffalo City Metro had the highest unemployment rate, at 30.3 per cent.




1.3.2 Sectoral employment

Table 1.4 depicts the sectoral spread of employment in the Cape Metro area in 2019, along with the average annual changes in employment between 2015 and 2019 and an estimate for 2020.

Table 1.4

EMPLOYMENT PER SECTOR, Cape Metro, 2019

		Number of jobs 2019	Average annual change 2015 – 2019	Net change 2020e
PS	Primary Sector	44 923 (2.8%)	1 050	-3 528
	Agriculture, forestry & fishing	44 071 (2.7%)	1 063	-3 456
	Mining & quarrying	852 (0.1%)	-12	-72
SS	Secondary Sector	281 580 (17.4%)	363	-26 711
	Manufacturing	177 306 (10.9%)	438	-13 567
	Electricity, gas & water	6 046 (0.4%)	52	-203
	Construction	98 228 (6.1%)	-128	-12 941
TS	Tertiary Sector	1 293 010 (79.8%)	20 917	-73 163
	Wholesale & retail trade, catering & accommodation	399 121 (24.6%)	9 943	-26 895
	Transport, storage & communication	84 113 (5.2%)	1 208	-4 663
	Finance, insurance, real estate & business services	352 317 (21.8%)	6 473	-20 083
	General government	206 129 (12.7%)	181	2 340
	Community, social & personal services	251 330 (15.5%)	3 113	-23 862
	Total Cape Metro	1 619 513 (100.0%)	22 330	-103 402

Source: Quantec Research, 2021 (e denotes estimate)

The tertiary sector was the leading contributor to employment in the Cape Metro area, accounting for 79.8 per cent of the metropolitan area's total employment in 2019. The tertiary sector showed the strongest average annual increase in the number of jobs (20 917 jobs) between 2015 and 2019, which highlights its importance to the Cape Metro economy. The trade sector contributed 24.6 per cent to employment in the Cape Metro area in 2019. Furthermore, between 2015 and 2019, this sector created an average of 9 943 jobs per annum. Other notable contributors during the year include the finance (21.8 per cent) and community services (15.5 per cent) sectors. Estimates for 2020 indicate that a total of 73 163 jobs were lost in the tertiary sector, with the general government sector being the only sector registering a net increase in employment during the year.

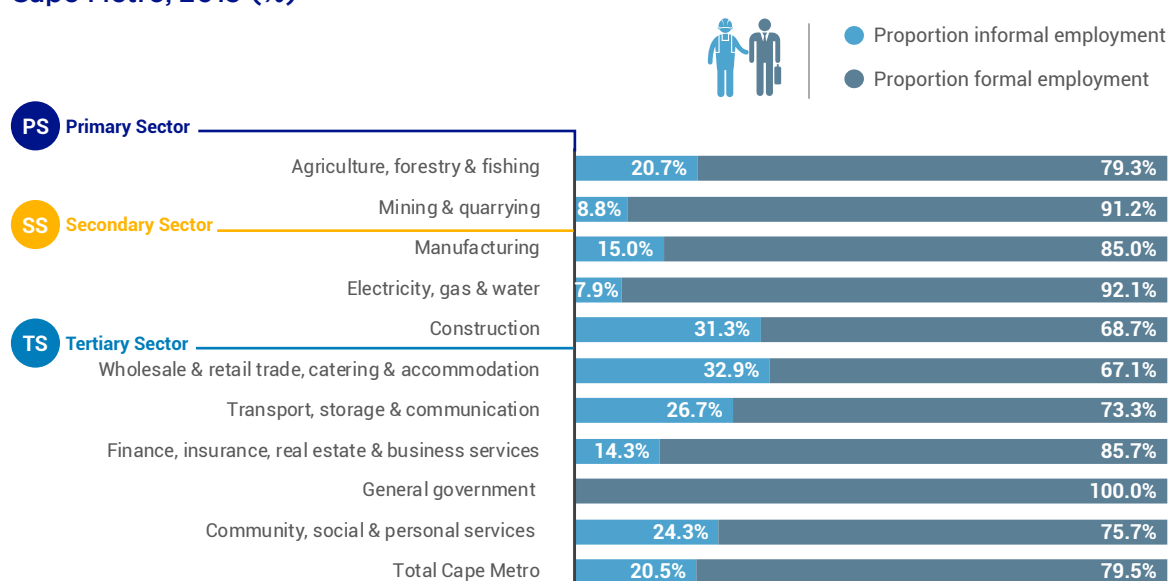
A total of 17.4 per cent of employment in the Cape Metro area was concentrated in the secondary sector in 2019. This sector exhibited the smallest average annual increase in employment over the review period, at 363 jobs per annum. The net increase in employment in the secondary sector between 2015 and 2019 was driven by the manufacturing sector (438 jobs), while the construction sector lost an average of 128 jobs over the same period. In total, the secondary sector lost an estimated 26 711 jobs in 2020.

The primary sector was the smallest contributor to total employment in the Cape Metro area in 2019, accounting for 2.8 per cent of total employment in the metropolitan area during the year. The agriculture sector was the leading source of employment within the primary sector, contributing 2.7 per cent to total employment in the Cape Metro area. A total of 3 528 jobs are expected to have been lost in the primary sector in 2020, with the agriculture sector contributing the largest share to this decline.⁸ Despite being able to continue with production during level five of the lockdown period, challenges such as rising minimum wage and mechanisation remain a constraint to agriculture sector employment.

Figure 1.3 shows the formal and informal employment⁹ distribution per economic sector in the Cape Metro area in 2019.

Figure 1.3

FORMAL AND INFORMAL EMPLOYMENT DISTRIBUTION, Cape Metro, 2019 (%)



Source: Quantec Research, 2021

Across all economic sectors, formal employment accounted for the largest share of employment in the Cape Metro, at 79.5 per cent in 2019. The sectors with a high proportion of formal employment were the electricity, gas and water (92.1 per cent), mining (91.2 per cent) and finance (85.7 per cent) sectors.

Informal employment accounted for 20.5 per cent of total employment in the Cape Metro in 2019. Sectors of note include the trade (32.9 per cent) and construction (31.3 per cent) sectors. The construction and trade sectors are typically categorised as dominant sectors for informal employment in South Africa.¹⁰ Challenges faced by informal businesses in the Cape Metro area generally include financial and skills constraints, while informal traders often struggle with access to markets. Non-accommodative town planning is also considered a constraint for the informal economy.¹¹

⁸ Employment estimates are based on the Stats SA Quarterly Labour Force Survey (QLFS). As a result of COVID-19, interviews in 2020 for the survey were conducted telephonically, which may have affected data collection, particularly for farm workers in rural areas with limited connectivity (BFAP, 2021).

⁹ The number of informal sector workers is determined by using labour data from the Quarterly Employment Statistics (QES) and the Quarterly Labour Force Survey (QLFS). Quantec uses the QES formal figure, to which it adds formal agricultural and domestic workers. Using the total employment from the QLFS, informal employment is calculated as a residual. This residual is higher than the figure given in the QLFS owing to the inclusion of small, medium and micro enterprises, which are not accounted for in the QES.

¹⁰ (Etim & Daramola, 2020).

¹¹ (City of Cape Town, 2021).

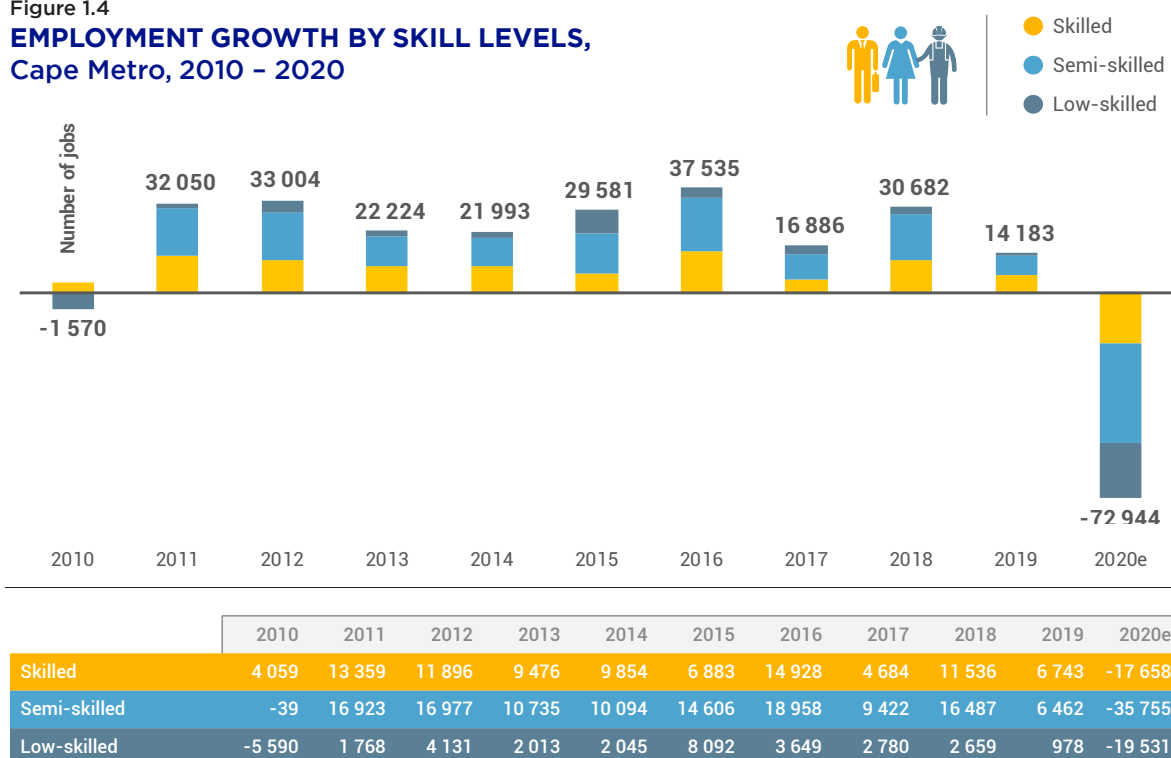
In 2020, additional support for informal businesses and SMMEs by the City of Cape Town included issuing 8 953 informal food trading permits so that vendors could operate during lockdown level five and distributing COVID-19 toolkits, which included safety information, information on relief funding and support opportunities, hand sanitiser and face masks. In collaboration with Productivity SA, the City of Cape Town launched a Business Support Programme to assist small businesses.¹²

1.4 SKILLS ANALYSIS

Figure 1.4 illustrates the change in employment by skill levels between 2010 and 2020 in the Cape Metro area.

Figure 1.4

EMPLOYMENT GROWTH BY SKILL LEVELS, Cape Metro, 2010 – 2020



Source: Quantec Research, 2021 (e denotes estimate)

Owing to the global financial crisis and domestic electricity supply constraints, formal job losses across semi-skilled and low-skilled jobs were experienced in the Cape Metro area in 2010. However, skilled jobs registered an increase of 4 059 jobs during the same year.

Between 2011 and 2019, a recovery in formal employment creation in the metropolitan area across all skill levels was evident, peaking at 37 535 jobs in 2016. Furthermore, over the nine-year period, it is observed that labour demand in the Cape Metro area was driven by a need for both semi-skilled and skilled workers. Demand for low-skilled workers peaked in 2015¹³ at 8 092 workers and declined in the following years. Technological progress brought about by the Fourth Industrial Revolution has resulted in a higher demand for skilled workers relative to the demand for lower-skilled workers. Furthermore, growth in the BPO industry in South Africa further contributes to the demand for skilled labour in South Africa, with Cape Town being one of the top 100 global outsourcing destinations.¹⁴

¹² (City of Cape Town, 2021).

¹³ In 2015 a new master sample was implemented in the Quarterly Labour Force Survey (QLFS), which may have impacted the data owing to variations in its design (Stats SA, 2015).

¹⁴ (Deloitte, 2016).



INDUSTRY PERFORMANCE

The Western Cape's BPO or Global Business Service (GBS) sector created 5 644 new job opportunities in 2020,¹⁵ cementing its role as a key growth area for the Provincial economy. Over a thousand of these job opportunities were facilitated through the Department of Economic Development and Tourism's Work and Skills Programme, which assists with experiential learning and placement for young persons.¹⁶ CapeBPO is the regional industry body supported by the Department of Trade, Industry and Competition (DTIC), the Provincial Government of the Western Cape and the City of Cape Town.¹⁷ In 2020, the Province's first-ever Call Centre Academy was launched, recognising the industry's historic ascent and future potential. The Call Centre Academy is run through an accredited Technical Vocational Education and Training (TVET)¹⁸ and has strong links with the industry to ensure close alignment of skills demand and supply.

The Province accounts for almost two-thirds of all industry employment and is well poised for future expansion.¹⁹ The industry's future looks positive, with large corporates such as Amazon,²⁰ Capita²¹ and Ascensos²² having announced their intention to expand their operations within Cape Town.

While South Africa has been voted as being in the top-two ranked countries for offshore BPO delivery every year since 2018,²³ international competition remains fierce.²⁴ The technological backbone that underpins most of the industry's work was improved in 2021 by the opening of the new Teraco data centre in Cape Town,²⁵ and is set to be further bolstered by the Google Equiano undersea cable, which is currently being constructed.²⁶



To read more on job creation in the BPO sector in South Africa:



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¹⁵ (Business Process Enabling South Africa, 2021).

¹⁶ (Western Cape Government, 2021).

¹⁷ (CapeBPO, 2021).

¹⁸ (College of Cape Town, 2021).

¹⁹ (Department of Economic Development and Tourism, 2021).

²⁰ (CHRO South Africa, 2020).

²¹ (Trade & Industrial Policy Strategies, 2021).

²² (The Scotsman, 2021).

²³ (Ryan Strategic Advisory, 2021).

²⁴ (McKinsey & Company, 2020).

²⁵ (Teraco, 2021).

²⁶ (Presidency, 2020).

In 2020, job losses were recorded for workers of all skill levels. Semi-skilled and low-skilled workers, however, contributed the largest shares to overall job losses. Many skilled workers across the tertiary sector were more likely to work from home, resulting in more stable employment, for these workers.

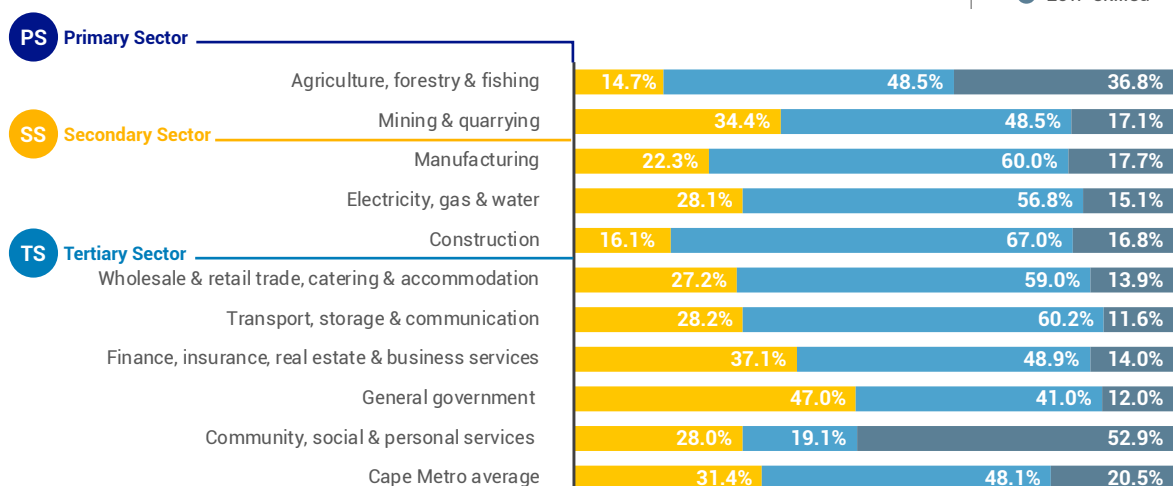
Figure 1.5 illustrates the skill levels by economic sector in the Cape Metro area in 2019.

Figure 1.5

SKILL LEVELS PER SECTOR, Cape Metro, 2019 (%)



● Skilled
● Semi-skilled
● Low-skilled



Source: Quantec Research, 2021

In 2019, semi-skilled workers constituted the largest share of formal workers across all economic sectors in the Cape Metro area, apart from the community services sector. During the year, semi-skilled workers constituted 48.1 per cent of formally employed workers in the metropolitan area and skilled workers accounted for 31.4 per cent. There is a growing demand for skilled workers, but upskilling workers is very costly. Skills mismatches also hinder employment in the Cape Metro area.²⁷

The sector with the largest proportion of low-skilled workers in 2019 was the community services sector (52.9 per cent). This sector generally does not require highly skilled workers, as it is not considered to be technologically advanced, and lends itself to volunteer work.



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²⁷ (City of Cape Town, 2021).

1.5 CONCLUDING REMARKS

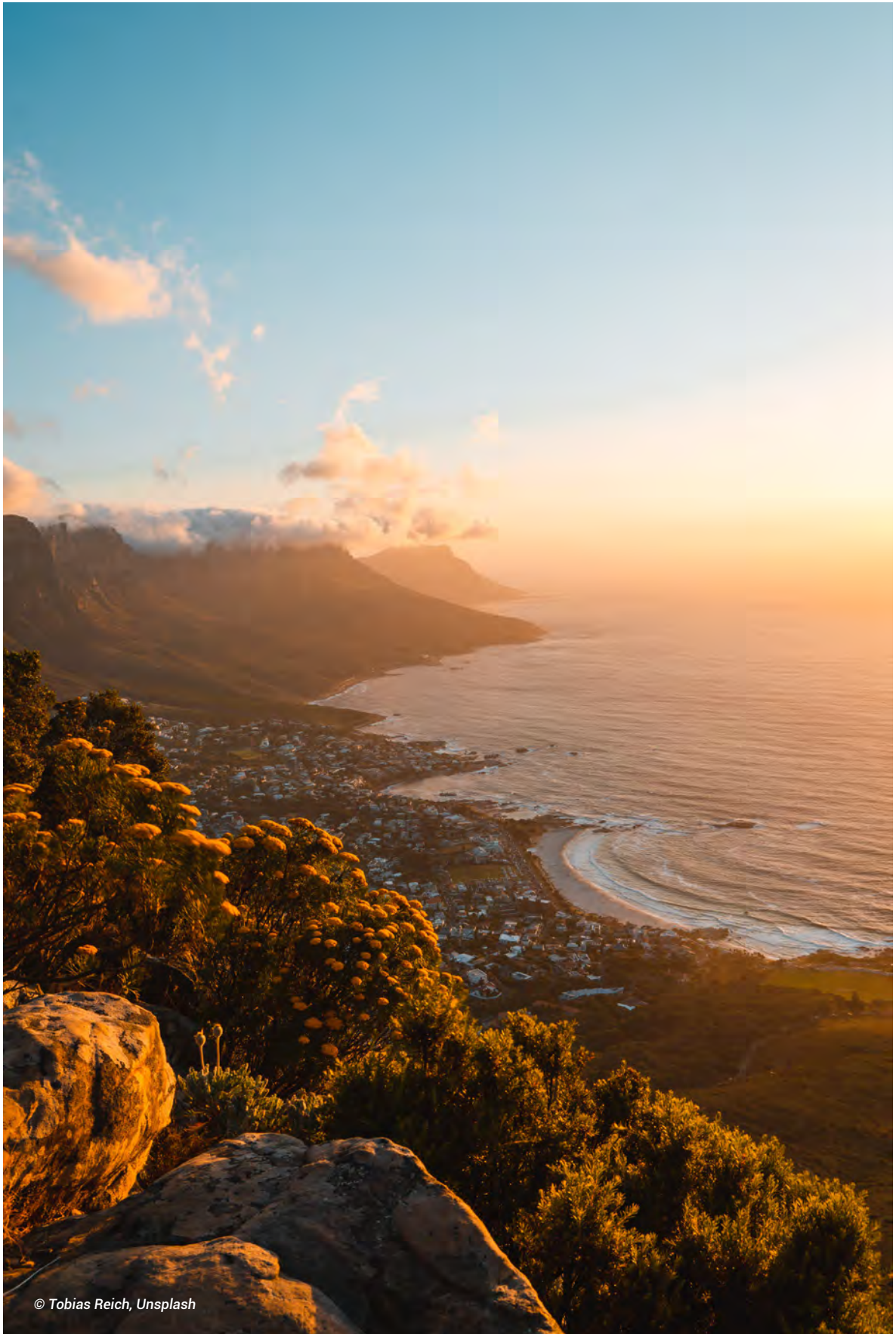
The Western Cape economy is dominated by the Cape Metro area, which accounted for 72.0 per cent of the Western Cape's GDP in 2019. Growth in the metropolitan area averaged 1.0 per cent between 2015 and 2019, which was the same as that of the Provincial economy. Estimates for 2020 indicate that the Cape Metro economy contracted by 7.3 per cent, which is higher than the estimated contraction of 6.7 per cent for the Provincial economy.

In terms of sectoral contributions to the Cape Metro's GDP in 2019, the tertiary sector was the main driver of economic activity, contributing 75.5 per cent during the year. The finance sector was the single largest contributor in 2019 at 27.4 per cent, followed by the trade sector (17.3 per cent). The manufacturing sector also contributed significantly to the Cape Metro economy in 2019 (15.0 per cent). A similar trend is evident in terms of employment contributions by the respective sectors. The tertiary sector constituted the vast majority of employment in 2019 at 79.8 per cent, followed by the secondary and primary sectors at 17.4 per cent and 2.8 per cent respectively.

The unemployment rate across the Cape Metro area is expected to have declined in 2020, despite a sharp contraction in economic activity during the year. This decrease in the unemployment rate was driven by an increase in the proportion of the discouraged/"not economically active" population, rather than an improvement in labour market conditions. In 2019, the total number of jobs in the Cape Metro area amounted to 1.6 million, with estimates indicating that 103 402 jobs were lost in 2020, mainly from the tertiary and secondary sectors.

Since 2011, there has been a greater proportion of workers who are semi-skilled and skilled relative to those who are low-skilled. As most sectors comprise workers who are skilled and semi-skilled, it is concluded that low-skilled workers are more susceptible to becoming unemployed in the Cape Metro area. Despite this, an estimated total of 72 944 jobs across all skill levels in formal employment across the metropolitan area were lost in 2020. Semi-skilled and low-skilled workers contributed the most to this decline, as labour-intensive jobs were likely to have been more adversely affected by the national lockdown.





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2

TRADE, TOURISM AND INVESTMENT

2.1 INTRODUCTION

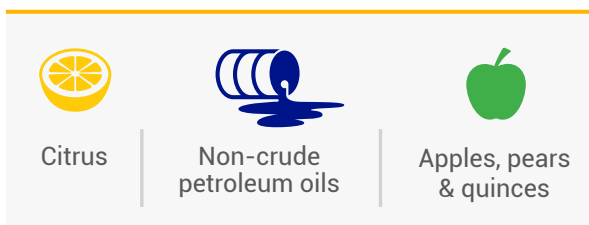
The Cape Metro's economy is influenced not only by the spending of local households but also by several economic activities within the region. These economic activities include local and international cross-border trade of goods and services, domestic and international tourists visiting towns and attractions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

CAPE METRO TRADE AND TOURISM

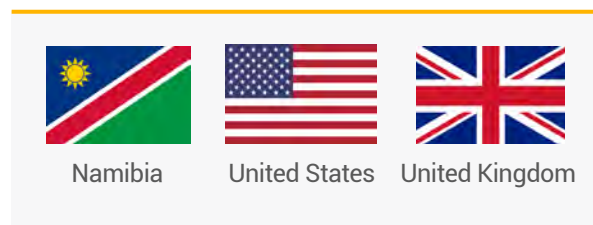
This chapter explores trade, tourism and investment dynamics, and analyses the comparative advantages of the various economic sectors in the Cape Metro area to identify growth opportunities in the metropolitan area.



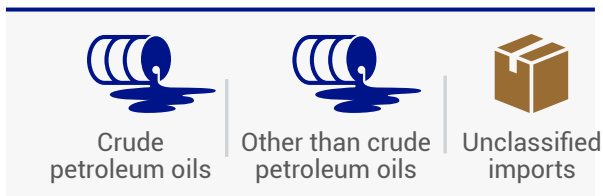
TOP 3 EXPORTED PRODUCTS



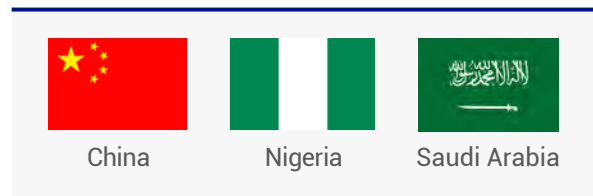
TOP 3 EXPORT DESTINATIONS



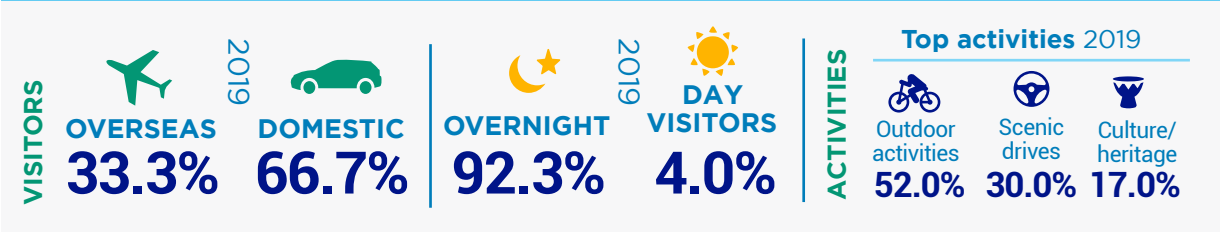
TOP 3 IMPORTED PRODUCTS



TOP 3 IMPORT DESTINATIONS



TOURISM



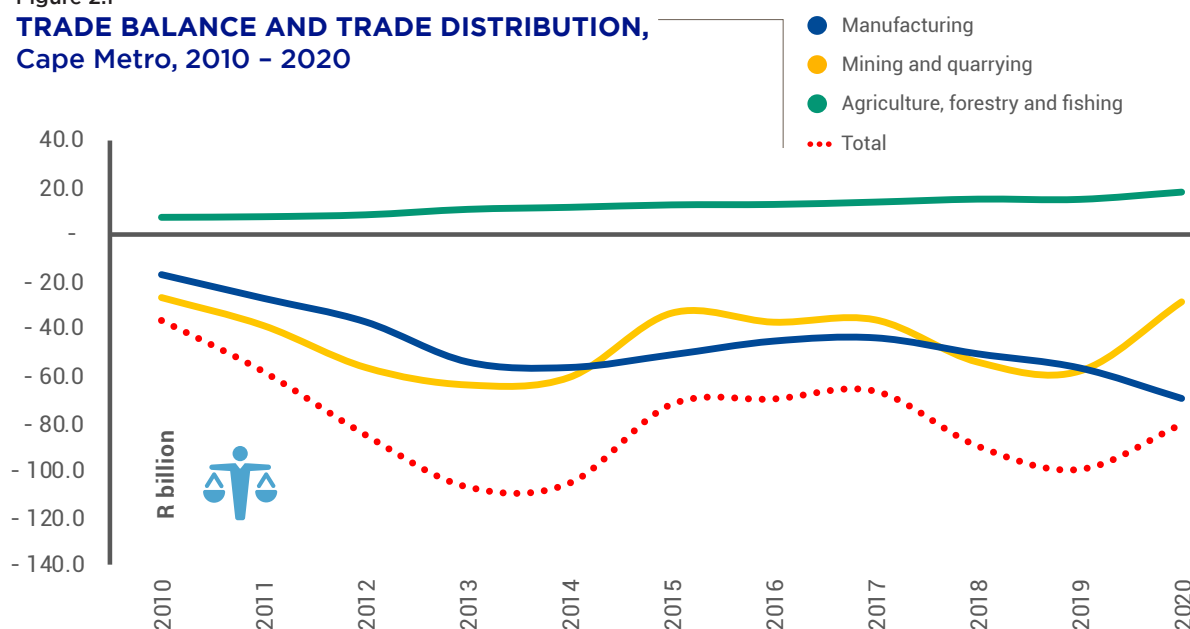
2.2 INTERNATIONAL TRADE

It is important to emphasise that the Cape Town harbour and international airport are recognised as major trade hubs in the national economy. As such, the Cape Metro area should not be interpreted as the destination of imported goods per se, as the goods will mostly be redistributed to other provinces or regions. Similarly, goods produced by other regions in the country will be exported through the Cape Metro area. Despite its importance to facilitate international trade, congestion and delays in 2020 hampered trade prospects. The port is challenged by ageing infrastructure and equipment, while cases of COVID-19 resulted in staff shortages in 2020. In the Container Port Performance Index of 2020, the Cape Town harbour was ranked 347th out of 351 ports that were included in the index.²⁸

Figure 2.1 illustrates the trade balance for the Cape Metro area between 2010 and 2020.

Figure 2.1

TRADE BALANCE AND TRADE DISTRIBUTION, Cape Metro, 2010 – 2020



Source: Quantec Research, 2021

The Cape Metro experienced a trade deficit for the entire period under review, which reflects the fact that the Cape Metro area contains a national port. From 2011 to 2013, the Cape Metro area's trade deficit increased from R36.2 billion in 2010 to R107.2 billion in 2013. Thereafter, it steadily improved from a R105.5 billion deficit in 2014 to a deficit of R99.7 billion in 2019 and R80.3 billion in 2020. The trade deficit during the period of review was largely due to imported manufactured goods and mining products. The agriculture sector experienced a trade surplus throughout the period of review, increasing from R7.4 billion in 2010 to R18.1 billion in 2020.

The Western Cape is a major agricultural export hub and exported agro-processed and agricultural products worth more than R77.0 billion in 2020, accounting for more than half of the country's agricultural exports. Furthermore, the Western Cape contributed the most to gross farm income and agriculture employment in the country.²⁹

²⁸ (The World Bank & IHS Markit, 2021).

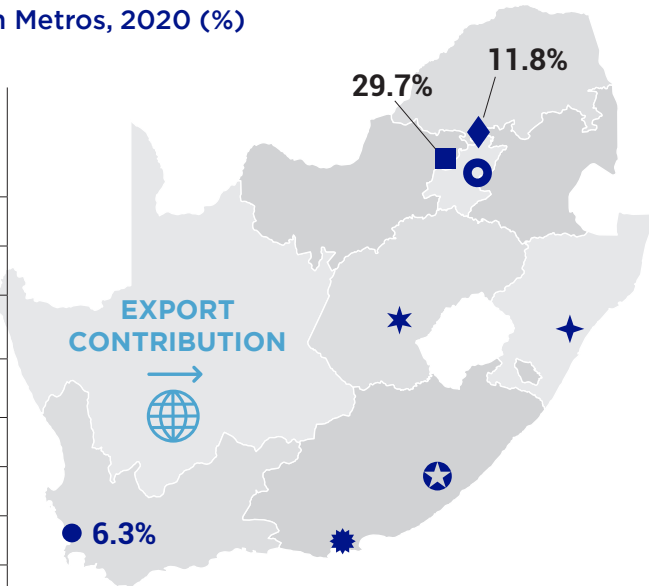
²⁹ (Western Cape Department of Agriculture, 2020).

There are about 340 agro-processing facilities distributed across the Cape Metro, making the food value chain in this area rather extensive. The Cape Metro also offers a highly diverse food- and beverage-manufacturing industry, playing a key role in the Western Cape's agricultural industry. The Cape Agriculture Export Week provides a virtual platform that enables local exhibitors to showcase quality agriculture and agro-processed products. This initiative is considered a catalyst for boosting exports and is also important for growth and investment opportunities.³⁰

Diagram 2.1

EXPORT CONTRIBUTION, South African Metros, 2020 (%)

	% of South African exports	Main export product
■ Johannesburg Metro	29.7%	🚚
◆ Tshwane Metro	11.8%	🐷
● Cape Metro	6.3%	🍊
⦿ Ekurhuleni	6.0%	🍷
✦ eThekweni	5.5%	🚚
⚙ Nelson Mandela Bay	3.7%	🚗
★ Buffalo City	2.4%	🚗
★ Mangaung	0.2%	🐔



The metropolitan economies that contributed the most to South African exports in 2020 were the Johannesburg Metro (29.7 per cent), the Tshwane Metro (11.8 per cent) and the Cape Metro (6.3 per cent).

Source: Quantec Research, 2021



³⁰ (Wesgro, 2021).

2.2.1 IMPORTS



Figure 2.2 illustrates the Cape Metro's top 10 import partners in 2020.

Table 2.1 provides a detailed breakdown of the top 10 imported products in the Cape Metro area.

Table 2.1
**MAIN IMPORT PRODUCTS,
Cape Metro, 2020**

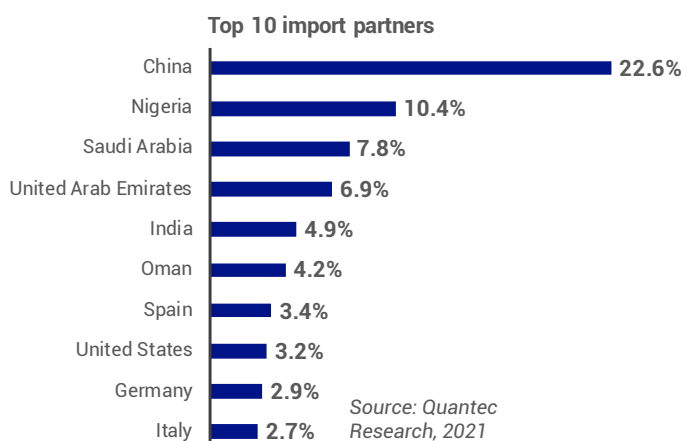
PRODUCT	R billion 2020	% share	Main trading partners
Petroleum oils and oils obtained from bituminous minerals, crude	33.5	20.0%	Nigeria, Saudi Arabia, United Arab Emirates
Petroleum oils and oils obtained from bituminous minerals, other than crude	29.7	17.7%	United Arab Emirates, Oman, India
Unclassified	5.1	3.1%	China
Electric generating sets and rotary converters	4.2	2.5%	Spain, India, China
Telephone sets, including telephones for cellular networks or for other wireless networks	2.1	1.2%	China, Hong Kong
Medicaments consisting of mixed or unmixed products for therapeutic or prophylactic uses	2.0	1.2%	India, Uganda, Slovenia
Men's or boys' suits, ensembles, jackets, blazers, trousers, bib and brace overalls, breeches and shorts (other than swimwear)	2.0	1.2%	Mauritius, China
Other footwear with outer soles and uppers of rubber or plastics	1.7	1.0%	China
Women's or girls' suits, ensembles, jackets, blazers, dresses, skirts, divided skirts, trousers, bib-and-brace overalls, breeches and shorts (other than swimwear)	1.6	1.0%	China, Swaziland
T-shirts, singlets and other vests, knitted or crocheted	1.5	0.9%	China, Madagascar, Mauritius
Total imports	167.6		

Source: Quantec Research, 2021

China was the Cape Metro's largest import partner in 2020, with imports valued at R37.9 billion and accounting for 22.6 per cent of the metro's total imports. Imports included a variety of goods, mainly from the manufacturing sector, such as clothing, footwear and electronics. Improving local production capabilities, such as supporting the local clothing and textile manufacturing sector, can reduce imports and promote local job creation.

In 2020, petroleum products contributed the largest share of the Cape Metro's imports (20.0 per cent), with a value of R33.5 billion. The main commodities of petroleum oils and oils obtained from bituminous minerals were mainly imported from Nigeria, Saudi Arabia, the United Arab Emirates, Oman and India. With the onset of the COVID-19 pandemic and the associated restrictions on movement, the demand for petroleum and petroleum products decreased and there was an oversupply of these products, resulting in the subsequent drop in prices.

Figure 2.2
**TOP 10 IMPORT PARTNERS,
Cape Metro, 2020**



2.2.2 EXPORTS

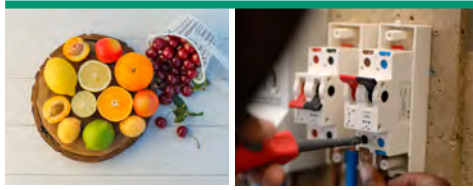


Figure 2.3 illustrates the Cape Metro's top 10 export partners in 2020. The Metro area's exports are distributed across various trading partners.

Table 2.2 shows the value and main trading partners associated with the top 10 product categories that were exported from the Cape Metro area in 2020.

Figure 2.3
**TOP 10 EXPORT PARTNERS,
Cape Metro, 2020**

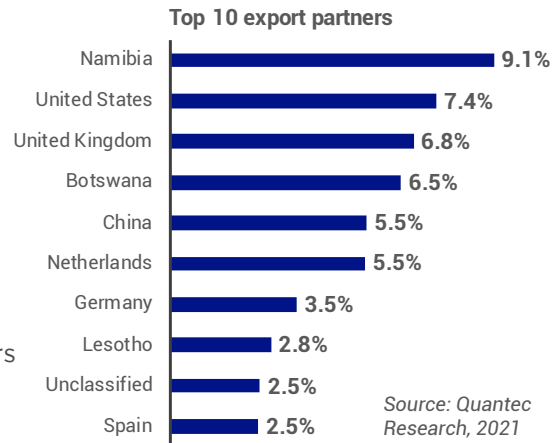



Table 2.2
**MAIN EXPORT PRODUCTS,
Cape Metro, 2020**



PRODUCT	R billion 2020	% share	Main trading partners
Citrus fruit, fresh or dried	8.5	9.7%	Netherlands, United Kingdom, Russian Federation
Petroleum oils and oils obtained from bituminous minerals, other than crude	7.9	9.0%	Botswana, ship or aircraft, Namibia
Apples, pears and quinces, fresh	4.7	5.4%	United Kingdom, Russian Federation, Netherlands
Grapes, fresh or dried	3.2	3.7%	Netherlands, United Kingdom
Antiques of an age exceeding one hundred years	2.3	2.7%	Unclassified
Beauty or makeup preparations and preparations for the care of the skin (other than medicaments)	2.1	2.4%	United States, United Kingdom, Japan
Frozen fish	2.0	2.3%	Spain, Portugal, Mozambique
Fish fillets and other fish meat (whether or not minced), fresh, chilled or frozen	1.9	2.2%	Spain, Italy, Australia
Yachts and other vessels for pleasure or sports; rowing boats and canoes	1.9	2.1%	United States, British Virgin Islands, Australia
Articles of jewellery and parts thereof, of precious metal or of metal clad with precious metal	1.7	1.9%	United States
Total exports	87.2		

Source: Quantec Research, 2021

Namibia was the Cape Metro's largest export partner in 2020, with exports to Namibia valued at R7.9 billion and accounting for 9.1 per cent of the metro area's total exports.

Valued at R8.5 billion, citrus fruit contributed the largest share (9.7 per cent) of commodities exported from the Cape Metro. Export citrus is sourced from areas such as the Citrusdal area in the WCD. The main export partners for citrus fruit were the Netherlands, United Kingdom and the Russian Federation. With the onset of the COVID-19 pandemic in 2020, the demand for citrus increased as consumers were driven to boost their immune system.³¹ This could have also contributed to the major export volumes in 2020. Furthermore, production could continue during the level five lockdown period, as food production was considered an essential service.

³¹ (BFAP, 2020).

The Cape Metro's export of non-crude petroleum oils and oils obtained from bituminous minerals was valued at R7.9 billion and accounted for 9.0 per cent of the metro area's total exports in 2020. Botswana and Namibia were the main export markets for these products. The petrochemical industry in the Cape Metro area therefore imports crude- and non-crude petroleum oils and oils obtained from bituminous minerals in order to manufacture a variety of products, including petrol, diesel and jet fuel for South Africa, as well as for exports.

2.3 TOURISM PROFILE³²

Known as the most cosmopolitan city in South Africa, Cape Town is a popular international tourism destination. Visitors are attracted to the Cape Metro area because of its natural beauty, urban landscape, sandy beaches, Mediterranean climate and well-developed infrastructure. Some of its iconic attractions include Table Mountain, the V&A Waterfront, Cape Point, Kirstenbosch National Botanical Garden and Robben Island. The metropolitan area is not only known for its natural and historical attractions, it is also one of Africa's top business tourism (meetings, conferencing and exhibitions) destinations.³³

Nature continues to be one of the key drawcards, and a range of nature-based adventure tourism and leisure activities has developed around the Cape Metro's natural resources, including rock climbing, hiking, mountain biking, hang-gliding, abseiling, shark-cage diving, horse riding on the beach, birding, fishing, surfing, kitesurfing, kayaking and sunbathing, as well as other activities such as golf, running and road cycling.

The tourism sector is not a stand-alone economic sector, as tourists demand goods and services from a variety of sectors, such as travel and transport services, accommodation, restaurant services, general shopping and fuel. However, the catering and accommodation sector is often used to determine at least a portion of the size of the tourism industry in an area. The catering and accommodation services industry was valued at R4.2 billion in 2019 and employed 62 027 people, with informal employment accounting for 37.0 per cent of the sector's total employment. Estimates for 2020 indicate that the sector was valued at R3.9 billion and shed 10 056 jobs as a result of the impact of the COVID-19 pandemic.



2.3.1 The impact of COVID-19 on the tourism sector

Each district in the Western Cape offers a unique product that attracts many international and domestic tourists annually. The Cape Metro is a popular destination for the international and domestic markets, which enjoy exploring all the city has to offer.

The tourism sector is one of the sectors that was hit the hardest by COVID-19. Many tourism businesses suffered big losses in revenue and many jobs were lost. The future of tourism is uncertain owing to COVID-19's current travel and movement restrictions, which frequently change. However, it is important for the sector, along with the relevant management authorities, to improve the "readiness" of tourism destinations to receive visitors and prioritise their wellbeing through the implementation of COVID-19 health and safety protocols.

³² The tourism profile for the Cape Metro area does not contain the same indicators as the tourism profile for the other regions as 2020 data for these indicators are not available for the Cape Metro area. Therefore, the tourism statistics in the infographic on page 25 are based on the 2019 Cape Town Visitor Trends published by Wesgro.

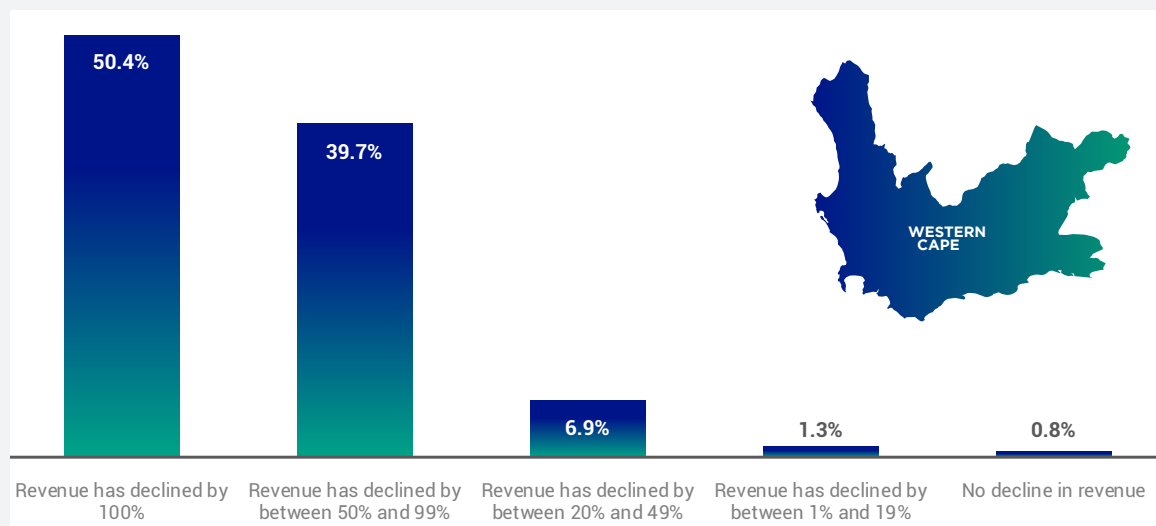
³³ (ICCA, 2018).

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

Figure 2.4 indicates the overall impact of COVID-19 on the Western Cape's tourism businesses.

Figure 2.4

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



Source: Wesgro, 2020

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

Other COVID-19 impacts on the Western Cape tourism sector include:³⁴

- Approximately 43.2 per cent of the respondents did not lose any workers. However, nearly half of the sector lost between one and 10 workers, and a further 7.5 per cent lost between 11 and 50 workers.
- Approximately 70.0 per cent of respondents had between one and 10 workers before COVID-19 and just under 50.0 per cent lost at least one worker.
- Approximately 20.8 per cent of respondents had between 11 and 50 workers before the pandemic and 52.6 per cent lost between one and 10 workers.
- Approximately 30.8 per cent of respondents that employed 51 to 250 workers before COVID-19 lost between one and 10 workers, and 26.9 per cent of respondents lost between 11 and 50 workers.



³⁴ (Wesgro, 2021).

- Approximately 46.7 per cent of the respondents had to reduce employee salaries.
- Temporary closure and increased marketing efforts were among the most widely used methods to reduce the impact of the pandemic on the sector. Other methods implemented to reduce the impact included applying for payment holidays and adding more specials to secure future bookings. Many respondents also had to access their savings to cope during the pandemic.
- More than half of the respondents did not receive financial support from the government. However, 54.3 per cent of respondents who did not receive funding did not apply for it at all.
- Approximately 23.2 per cent of the respondents received funding and 9.1 per cent of respondents who received funding did not receive sufficient funding for their operational needs.
- Approximately 55.0 per cent of the respondents applied for funding from UIF TERS, 30.1 per cent applied to the Department of Tourism's Tourism Relief Fund and 18.4 per cent applied to the SMME Debt Relief Finance Fund.
- The national government implemented a risk-adjusted strategy that allowed certain activities to open under lockdown levels three and four. Approximately 40.0 per cent of the respondents indicated that occupancy levels or revenue marginally increased because of this relief measure.
- The easing of restrictions also had a huge impact on close to 10.0 per cent of respondents, who experienced a moderate to significant increase in revenue. However, almost 50.0 per cent of respondents did not experience any change in occupancy or revenue.

In mid-December 2020 stricter lockdown regulations were introduced as South Africa entered a second wave. During the 2020/21 festive season, 96.9 per cent of tourism businesses in the Cape Metro experienced a significant decline in revenue, while 1.7 per cent experienced a slight decline when compared with the previous year. The decline in revenue was because of occupancy levels being low. In December 2020, 61.0 per cent of accommodation establishments had an occupancy level below 30.0 per cent, while 20.4 per cent had an occupancy level between 30.0 and 60.0 per cent. A total of 15.3 per cent of accommodation establishments had an occupancy level above 60.0 per cent, indicating that some travellers did travel to the Cape Metro during the festive season.

Approximately 83.1 per cent of tourism businesses said that they lost revenue owing to the beach closures, and 84.7 per cent of tourism businesses lost revenue owing to the ban on alcohol sales. In terms of rand value, 18.6 per cent of establishments recorded an estimated loss of more than R1 million owing to cancellations and a further 15.3 per cent experienced an overall loss of between R0 and R10 000, R50 001 and R100 000, and R300 001 and R500 000 respectively. Since the beaches were closed, visitors had to find alternative activities to enjoy in Cape Town. Visitors mainly enjoyed Cape Town's top attractions such as Table Mountain, Cape Point and Kirstenbosch National Botanical Garden. Other popular activities included hiking, going on self-drives, visiting shopping malls, walking, taking part in adventure activities and exploring cycle routes. The Cape Metro area is also considered a gateway to the rest of the Province. The losses observed in the Cape Metro area are therefore likely to have been replicated in the other regions of the Province.

The top three major concerns among establishments were no income/cash flow, getting international tourists back to Cape Town and the current lack of tourists. Uncertainty about the future, unemployment, retrenchments, booking cancellations and a negative destination image were additional concerns raised.

2.3.2 Arrivals at Cape Town International Airport

Cape Town International Airport is an award-winning airport, having won the most awards in Africa, including the following awards at the annual Skytrax World Airport Awards 2021: Best Airport in Africa (for the sixth consecutive year), Best Airport Staff in Africa and Cleanest Airport in Africa. As Africa's third-largest airport, it records passenger movement of more than 10 million annually. The last decade has seen growth in passenger traffic as passenger movement (arrivals and departures) reached the 10 million mark in 2016 and continued to grow, with 10.8 million in 2018 and 11 million in 2019.

Figure 2.5 shows more details about international arrivals at Cape Town International Airport.

Figure 2.5

INTERNATIONAL PASSENGERS THROUGH CAPE TOWN INTERNATIONAL AIRPORT, 2018 - 2020



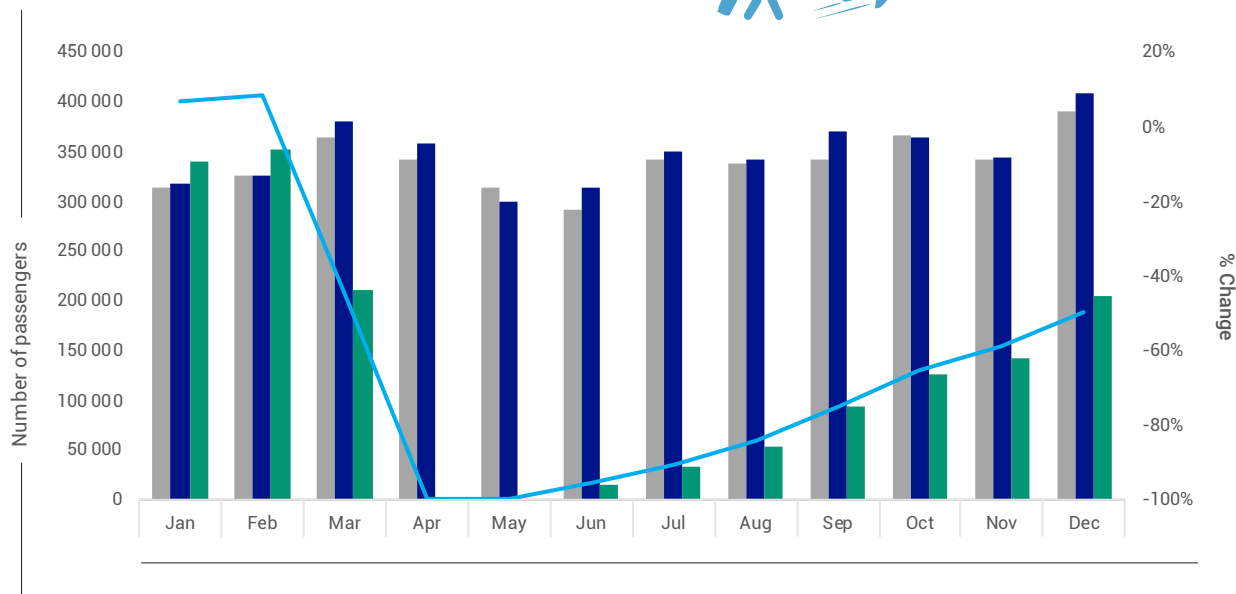
Source: Wesgro, 2021

International arrivals through Cape Town International Airport decreased by 68.6 per cent in 2020, reaching a total of 374 555 passengers compared with about 1.2 million over the same period in 2019. Owing to travel restrictions, there were no international arrivals from April to September 2020. On 1 October 2020, South Africa opened its borders for international travellers, which resulted in 9 049 arrivals at Cape Town International Airport in October. Arrivals increased to 30 376 by December 2020.

Figure 2.6 depicts domestic passengers through Cape Town International Airport from 2018 to 2020.

Figure 2.6

DOMESTIC PASSENGERS THROUGH CAPE TOWN INTERNATIONAL AIRPORT, 2018 - 2020



Source: Wesgro, 2021

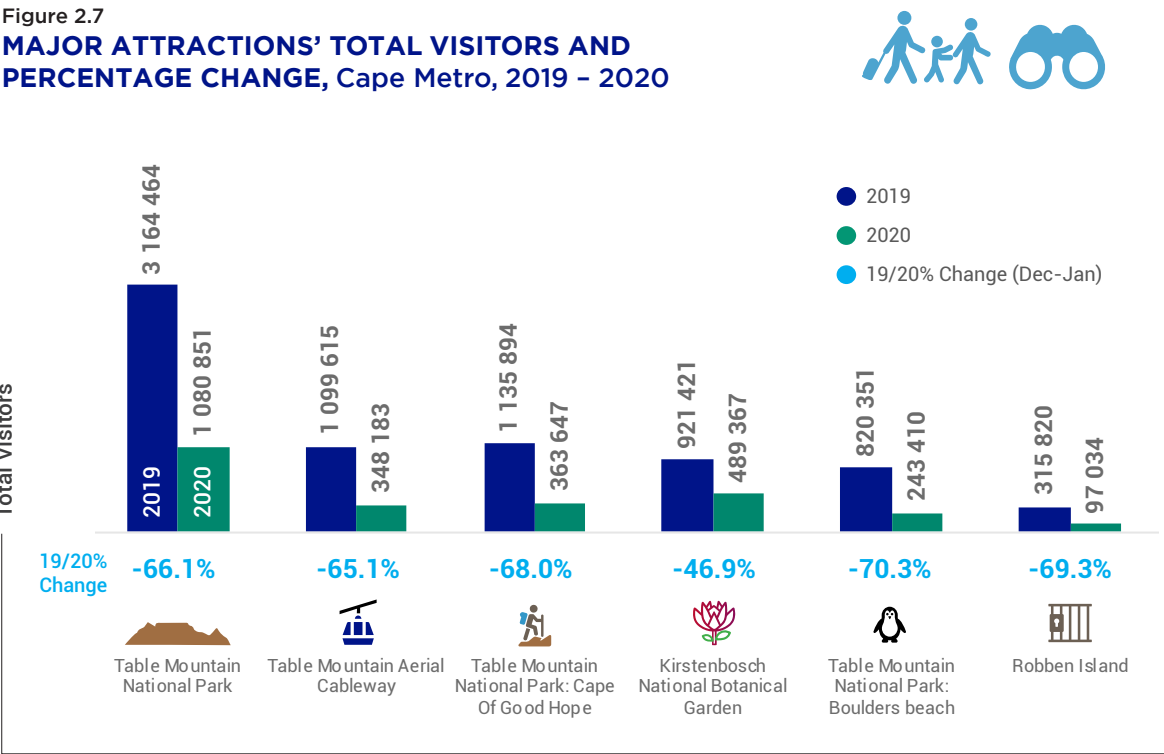
In 2020, the domestic market showed growth of 7.0 per cent in January and 8.3 per cent in February, followed by a 44.8 per cent decrease in March. Domestic arrivals declined by 62.4 per cent year-on-year in 2020 compared with 2019. Limited domestic air travel was phased in at lockdown level three, which came into effect on 1 June 2020. Between June and December domestic arrivals increased monthly, reaching 204 671 in December 2020, which was 50.0 per cent lower compared with the same period in 2019. The closing of the beaches is likely to have influenced December arrivals in 2020.



2.3.3 Performance of Cape Metro attractions

The top attractions in the Cape Metro area collectively recorded 7.5 million visitors in 2019, which declined to 2.6 million in 2020.

Figure 2.7 indicates the total visitors and percentage change for the Cape Metro attractions in 2020.



Source: Wesgro, 2020 and 2021

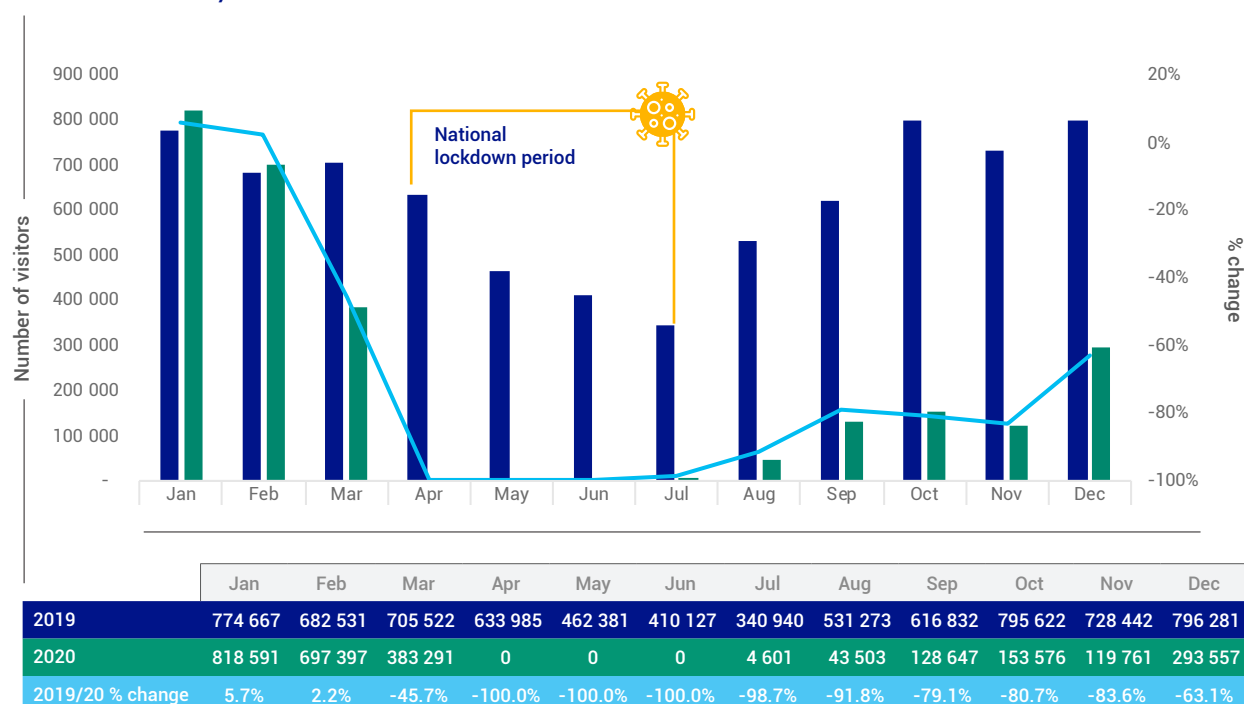
All the attractions were negatively affected by the pandemic in 2020. The Boulders Beach portion of Table Mountain National Park experienced the biggest decline in visitors (70.3 per cent), followed by Robben Island (69.3 per cent). The attraction least affected by the pandemic was Kirstenbosch National Botanical Garden, which had a 46.9 per cent decline in visitors. The overall declining trend was due to the nationwide lockdown imposed on 26 March 2020.



Figure 2.8 provides more detailed information about the aggregated monthly performance of the Cape Metro's main attractions.

Figure 2.8

TOTAL NUMBER OF VISITORS, Cape Metro area, Jan – Dec 2019/20



Source: Wesgro, 2021

The total visitor count for the main attractions in the Cape Metro area reflected a positive year-on-year increase in visitors between January 2020 and February 2020. However, the Table Mountain Aerial Cableway increased in January (9.3 per cent) but decreased in February (5.2 per cent). The Kirstenbosch National Botanical Garden had a 1.8 per cent decrease in visitors during January but recovered with an 11.0 per cent increase in visitors during February. Despite the sudden impact of COVID-19, visitor numbers across January and February resulted in a successful close to the 2019/2020 tourism peak season.

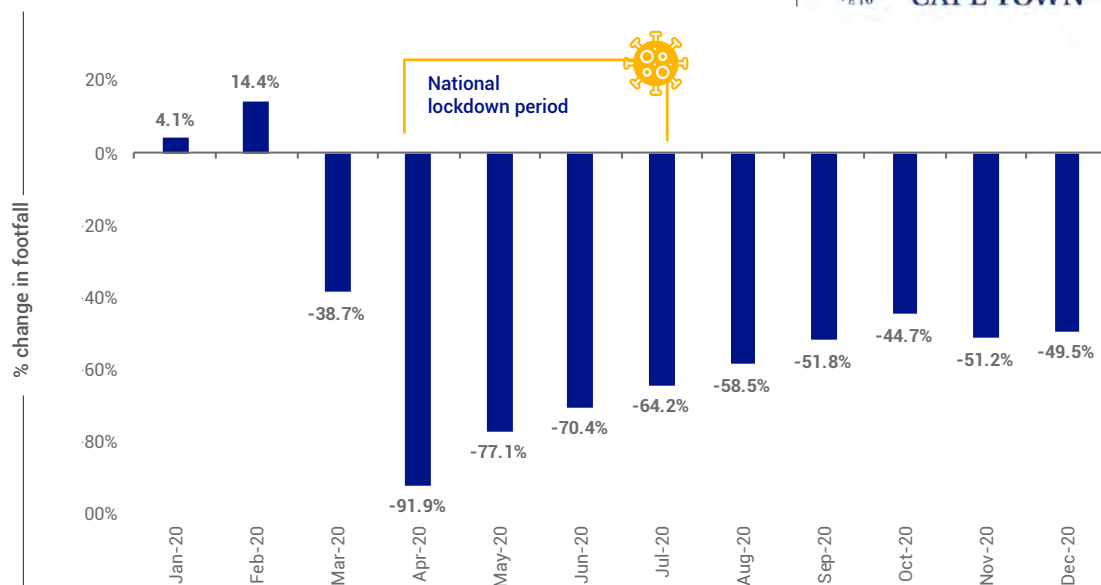


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Figure 2.9 indicates the percentage change in footfall to the V&A Waterfront for January to December 2020.

Figure 2.9

PERCENTAGE CHANGE IN FOOTFALL, V&A Waterfront Jan – Dec 2019/20



Source: Wesgro, 2021

In 2019, the V&A Waterfront had nearly 1.3 million visitors. However, in 2020 it experienced an 80.0 per cent decline, to only 255 096 visitors. The V&A Waterfront is on a steady recovery path and was the top attraction in the Western Cape in 2020, followed by Cape Town City Central, with 230 894 visitors. All the main attractions in the Cape Metro recorded visitor declines of between 76.0 per cent and 81.0 per cent between 2019 and 2020.³⁵



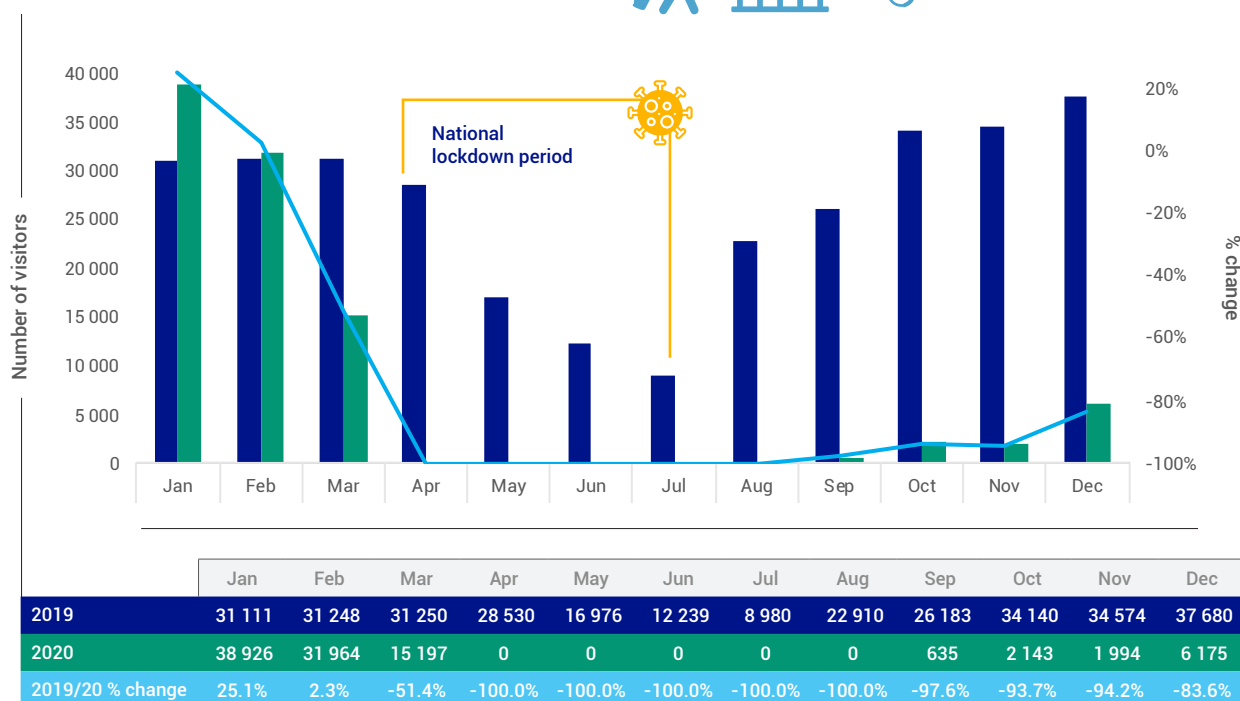
© Jean van der Meulen, Pixabay

³⁵ (South African Tourism, 2020).

Figure 2.10 takes a closer look at monthly visitors to Robben Island in 2020.

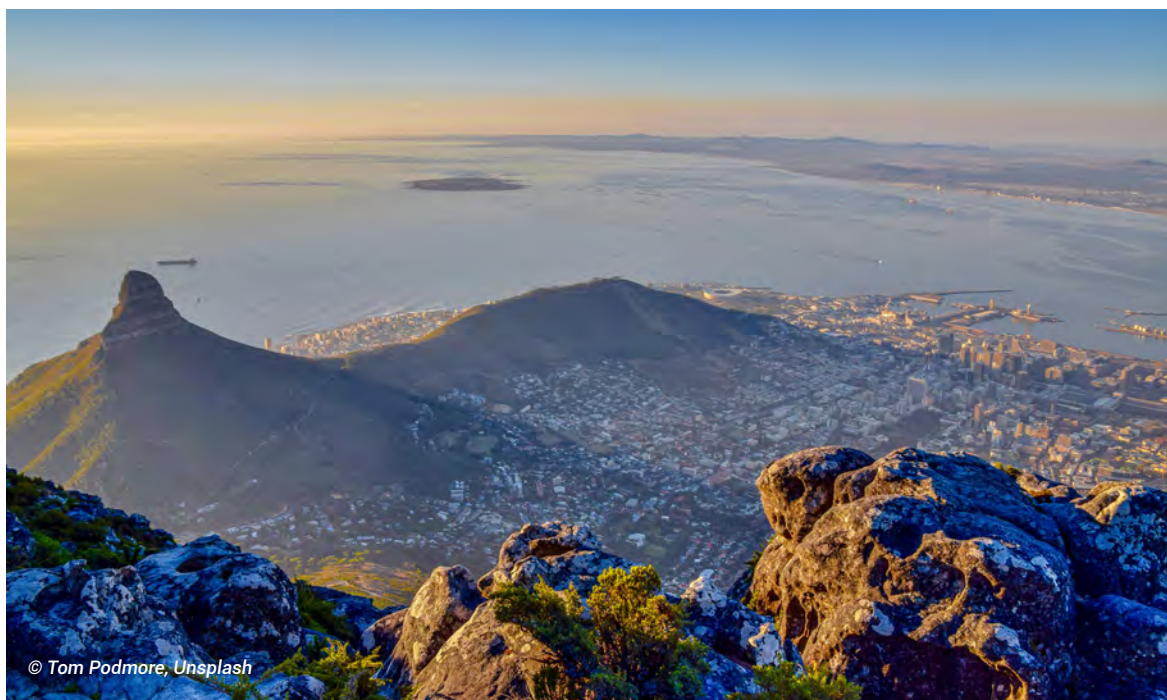
Figure 2.10

VISITORS TO ROBBEN ISLAND, 2019 – 2020



Source: Wesgro, 2021

Robben Island was closed during the nationwide lockdown period and recorded no visitors between April and August 2020, resulting in a 69.3 per cent year-on-year decline. Inefficiencies owing to boat capacity constraints, lack of funding for infrastructure maintenance and tour-guiding services not meeting market expectations constrain the tourist potential of Robben Island.³⁶

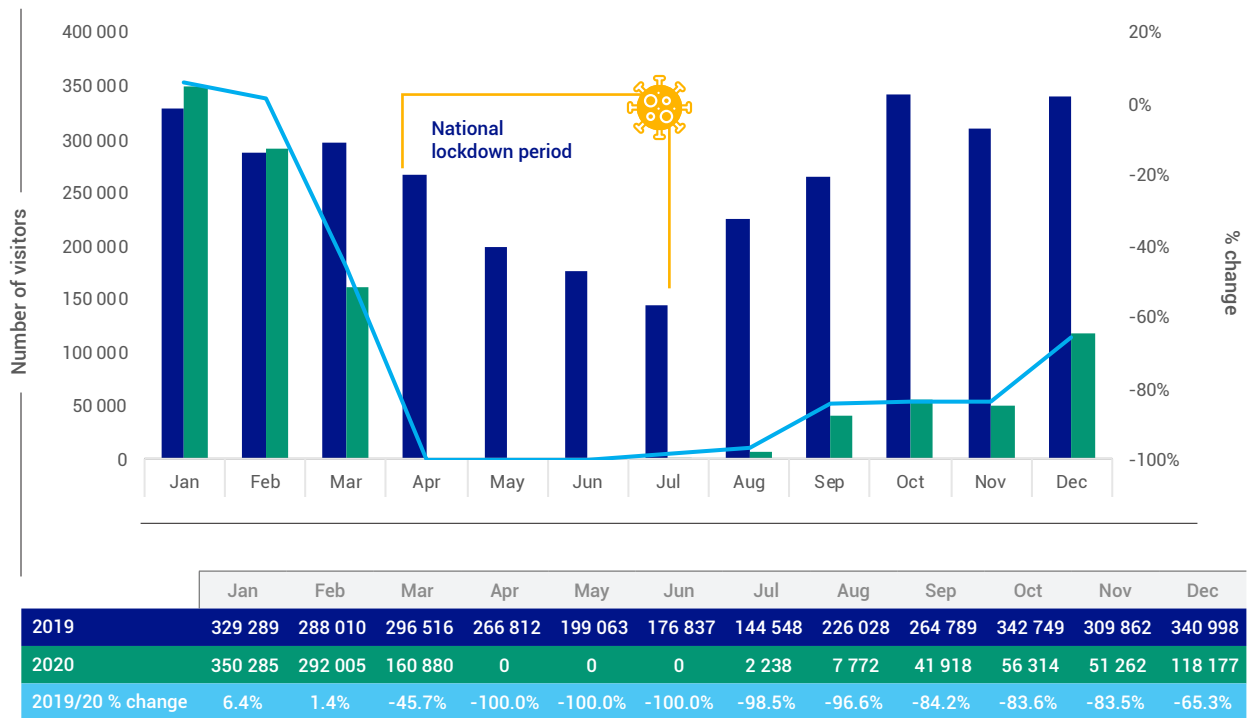


© Tom Podmore, Unsplash

³⁶ (Robben Island Museum, 2020).

Figure 2.11 depicts the visitors to Table Mountain National Park in 2020.

Figure 2.11
VISITORS TO TABLE MOUNTAIN NATIONAL PARK, 2019 – 2020



Source: Wesgro, 2021

Despite the impact of COVID-19 on tourism businesses, Table Mountain National Park had more than a million mostly local visitors in 2020. Visitors to the park increased by 6.4 per cent in January and 1.4 per cent in February. March was severely impacted by the nationwide lockdown and resulted in a 45.7 per cent decline in visitors, followed by complete closure between April and June. Table Mountain National Park showed some steady recovery once it was reopened to visitors.



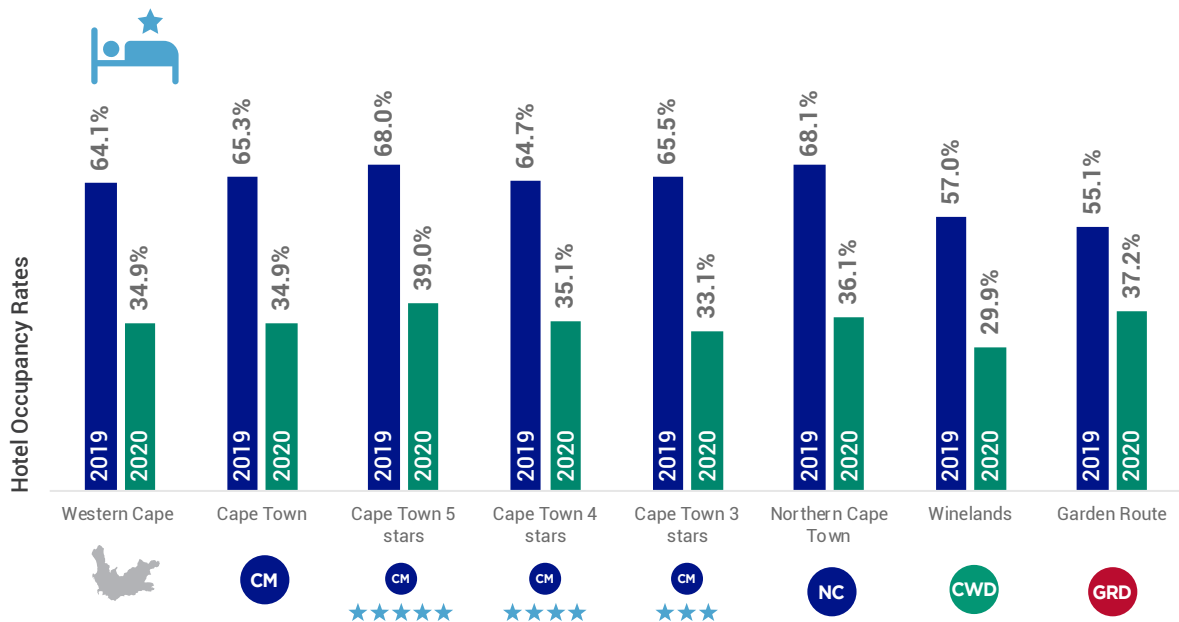
2.3.4 Performance of the Cape Metro's hotel sector

The hotel industry was one of the most vulnerable industries when the nationwide lockdown took effect. Many restrictions that were implemented by the Government to curb the spread of the virus directly impacted tourism activity in the Cape Metro.

Figure 2.12 depicts the hotel performance for 2019/2020.

Figure 2.12

HOTEL OCCUPANCY RATES, Western Cape, 2019/20 (%)



Source: Wesgro, 2021

Hotel statistics indicate an average occupancy rate of 34.9 per cent in the Western Cape in 2020. The highest occupancy level reached in the Cape Metro was among the five-star hotels (34.9 per cent). These occupancy rates largely reflect the January to March period before lockdown commenced. It should be highlighted that many hotels were used as quarantine sites and housed many foreign visitors who were on holiday when lockdown commenced. The decline in occupancy and revenue in the Cape Metro is due to the direct impact that lockdown had on the hotel sector when all tourism activity halted.

Key interventions that will assist to promote the local tourism industry include strategic destination marketing to promote Cape Town and the Western Cape, developing new tourism products in order to diversify the product offering of the Cape Metro area and implementing dedicated strategies aimed at promoting and developing tourism, such as the City of Cape Town's Responsible Tourism Strategy.³⁷ Initiatives such as the Safe Travels website (developed by the Western Cape Department of Economic Development and Tourism, in partnership with the City of Cape Town's Invest Cape Town and Wesgro) help to inspire confidence in the Cape Metro and the Province as a tourist destination by providing updated information regarding health and safety protocols when travelling to the Province.³⁸

³⁷ (City of Cape Town, 2021).

³⁸ (Department of Economic Development and Tourism, 2020).


2.4 COMPARATIVE ADVANTAGE AND EMPLOYMENT POTENTIAL

This subsection analyses the comparative advantage of the various economic sectors within the Cape Metro area by exploring the historic growth of the respective sectors to identify growth opportunities for the Metro's economy.

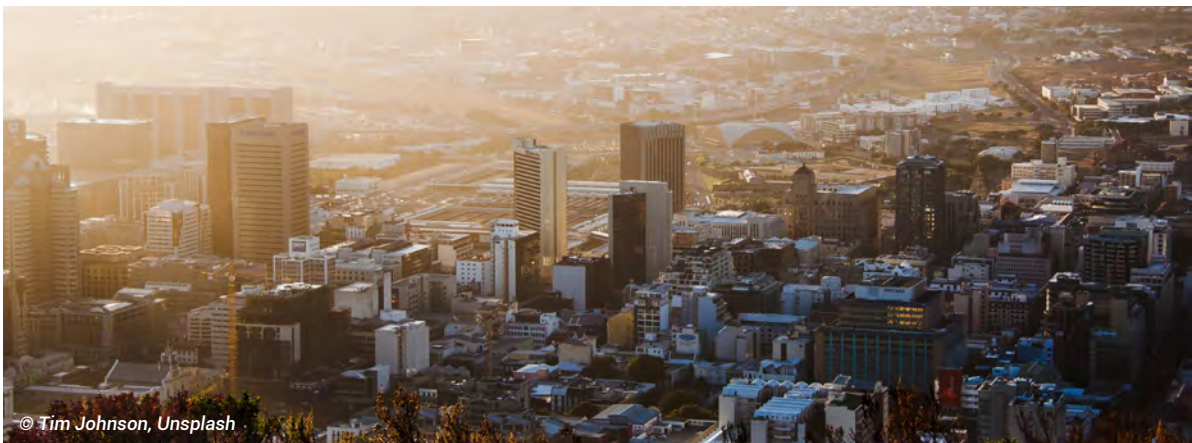
This subsection also determines the level of specialisation in the different economic sectors of the Cape Metro area by using a location quotient. The location quotient is defined as a ratio between two economies (in this case, the national and Cape Metro economies) that indicates whether the metro area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

Table 2.3 summarises the classification and interpretation of the location quotient. It is important to note that a location quotient, as a tool, does not consider external factors such as government policies, investment incentives and proximity to markets, etc., which can influence the comparative advantage of an area in a sector.

Table 2.3
LOCATION QUOTIENT INTERPRETATION

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

Source: Urban-Econ, 2021



© Tim Johnson, Unsplash

Table 2.4 outlines the sectoral location quotient for the Cape Metro area in terms of GDPR and employment.

Table 2.4
**LOCATION QUOTIENT IN TERMS
OF GDPR AND EMPLOYMENT,
Cape Metro, 2019**



		In terms of GDPR	In terms of employment
PS	Primary Sector		
	Agriculture, forestry & fishing	0.5	0.4
	Mining & quarrying	0.0	0.0
SS	Secondary Sector		
	Manufacturing	1.1	1.2
	Electricity, gas & water	0.8	0.9
	Construction	1.3	1.1
TS	Tertiary Sector		
	Wholesale & retail trade, catering & accommodation	1.1	1.1
	Transport, storage & communication	1.2	1.1
	Finance, insurance, real estate & business services	1.4	1.2
	General government	0.7	1.0
	Community, social & personal services	1.2	0.9

Source: Quantec Research, 2021

In 2019, agriculture and mining had relatively low location quotient values in terms of GDPR and employment, suggesting that the Cape Metro area sources goods from other regions to meet the needs of these industries. The Cape Metro area has limited mining resources that can be extracted compared with the rest of the country. Compared with the country and the rest of the Province, the Cape Metro area is more urban in nature, with comparatively less agricultural land available for production.

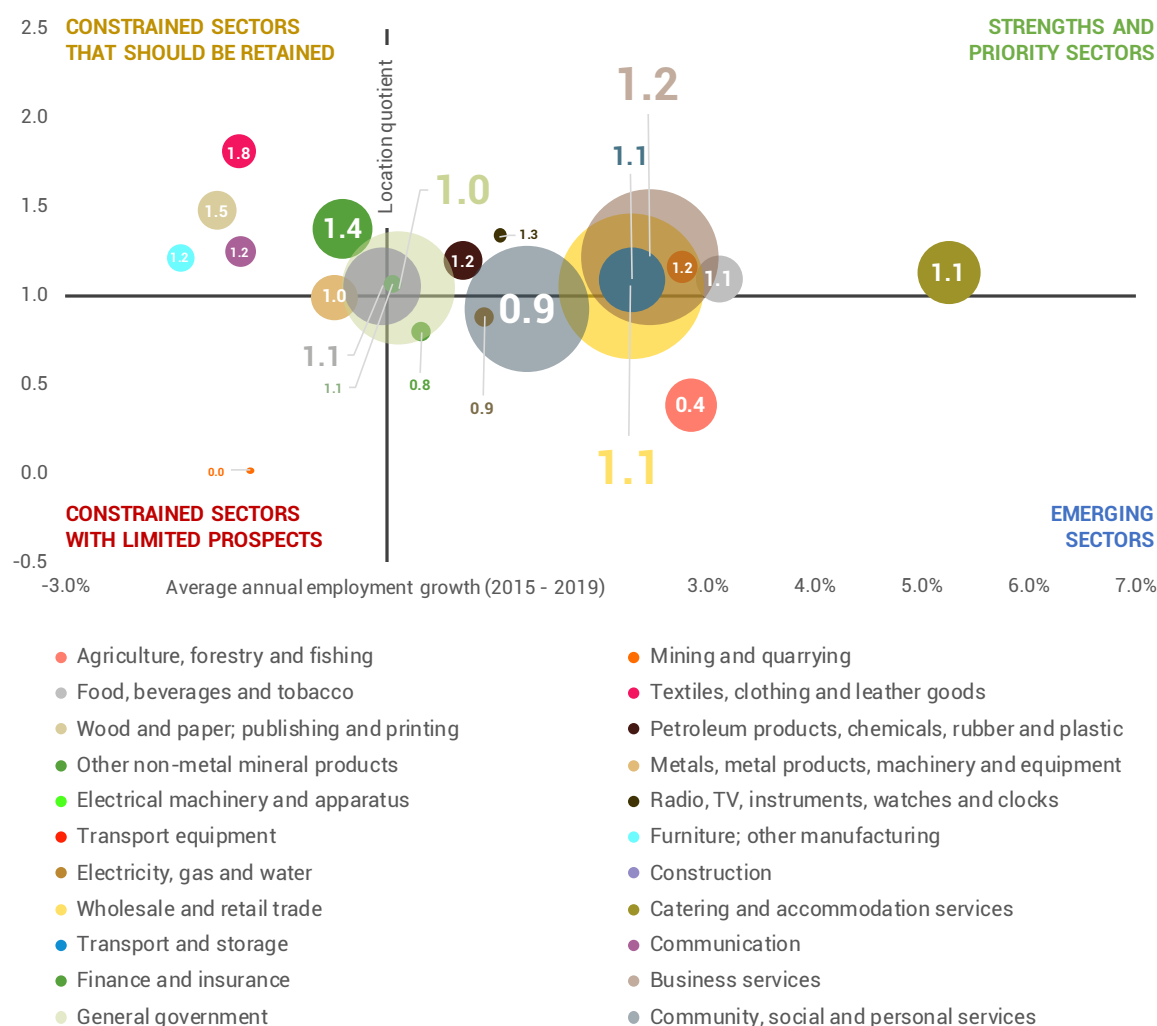
Within the secondary sector, the construction and manufacturing sectors had a high location quotient value in terms of GDPR and employment in 2020, meaning that the Cape Metro was meeting the needs relating to these sectors and therefore did not have to import on a net basis. The migration of households into the Cape Metro has fuelled the demand for residential property, which has boosted the construction sector substantially over the last few years. Large-scale commercial development in the CBD has further contributed to the GDPR and employment in the sector. However, the electricity, gas and water sector was only able to partially meet the needs for this industry, as it had location quotient values just below one in terms of GDPR and employment. Additional investment in renewable energy resources is likely to increase the comparative advantage in this sector.

Several sectors in the tertiary sector had a comparative advantage in terms of both GDPR and employment in 2019, which suggests that the Cape Metro area does not need to import expertise. The Cape Metro area serves as the economic hub of the Province and also provides services nationally and internationally. In the tertiary sector, the finance sector had the highest location quotient in terms of GDPR and employment, followed by the transport and community services sector.

To assess the sectoral development opportunities in the Cape Metro area, the comparative advantage in sectors is further analysed together with the historical sectoral growth rate. Figure 2.13 illustrates the comparative advantage and the average sectoral employment growth in the Cape Metro area.

Figure 2.13

COMPARATIVE ADVANTAGE AND SECTORAL EMPLOYMENT GROWTH, Cape Metro, 2019



Note: Size of bubble illustrates the contribution to total employment (2019)

Source: Quantec Research, 2021

Sectors that had a location quotient greater than one and that recorded positive employment growth over the 2015 to 2019 period are priority sectors for employment growth. Sectors that had a location quotient greater than one but that shed jobs over the period under analysis require intervention in order to benefit from the comparative advantage.

Sectors in which the Cape Metro area did not have a comparative advantage (a location quotient less than one) but that showed positive employment growth are considered to be emerging sectors, but prospects may be limited owing to the size of the sector or external trends. This includes the textiles, clothing and leather goods, the wood and paper, publishing and printing sectors, as well as the construction, communication and finance sectors.

Table 2.5 provides further information relating to the sectors that are considered strengths in terms of job creation based on historic trends, as well as the sectors that should also be focused on, despite their lack of employment growth.

Table 2.5
PRIORITY SECTORS FOR EMPLOYMENT, Cape Metro, 2019

SECTOR	GDPR R million 2019	GDPR trend 2015 – 2019	Number of jobs 2019	% informal jobs 2019	Average annual change in employment 2015 – 2019	Average gross fixed capital formation growth 2015 – 2019
Food, beverages and tobacco	R20 205.0	3.2%	34 511	15.3%	974	3.8%
Textiles, clothing and leather goods	R2 487.2	-3.7%	19 629	14.5%	-291	-2.3%
Wood and paper; publishing and printing	R7 881.2	-3.2%	24 326	13.8%	-408	-2.1%
Petroleum products, chemicals, rubber and plastic	R12 741.6	-1.2%	23 927	13.4%	155	-2.2%
Radio, TV, instruments, watches and clocks	R887.7	-2.4%	3 074	11.0%	30	-2.0%
Transport equipment	R4 655.9	1.1%	15 792	12.2%	400	-1.3%
Construction	R22 133.8	-0.5%	98 228	31.3%	-128	4.1%
Wholesale and retail trade	R72 069.2	0.9%	337 094	32.1%	7 148	1.9%
Catering and accommodation services	R4 288.2	-2.0%	62 027	37.0%	2 794	-1.6%
Transport and storage	R38 815.8	0.3%	69 162	29.6%	1 428	0.1%
Communication	R11 111.1	1.7%	14 951	13.2%	-220	4.0%
Finance and insurance	R40 064.6	1.6%	56 593	4.1%	-263	-2.6%
Business services	R80 838.0	2.3%	295 724	16.3%	6 736	-0.8%
General government	R55 340.7	1.0%	206 129	0.0%	181	0.2%

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

The Cape Metro area has a diverse economy, with a comparative advantage in several of the manufacturing subsectors as well as many of the tertiary sectors. This ensures that the Cape Metro can provide employment opportunities for workers of various skill levels. The manufacturing sector, in particular, has a large proportion of semi-skilled workers (60.0 per cent).

Economic diversity allows for entrepreneurial innovation. Various industries benefit from the Cape Town Harbour and Cape Town International Airport. However, inefficiencies at the Cape Town Harbour can dampen investment prospects and limit the growth potential of industries that are reliant on the port. Cape Town is well known internationally and has won numerous awards, particularly regarding tourism. Most recently, Cape Town was listed as number 20 on *Travel + Leisure's* 25 Best Cities in the World list,³⁹ while Cape Town International Airport won the Best Airport in Africa Award in the Skytrax World Airport Awards 2021.⁴⁰ These, and other accolades won in previous years, help to promote Cape Town as the ideal investment location for various industries. Despite the potential to capitalise on key infrastructure in order to leverage growth, low business confidence, weak national economic performance and electricity shortages dampen investment prospects.

³⁹ (*Travel + Leisure*, 2021).

⁴⁰ (ACSA, 2021).

Food, beverages and tobacco

One of the most prominent manufacturing subsectors is the food, beverages and tobacco subsector. This sector was valued at R20.2 billion in 2019 and grew at an average annual rate of 3.2 per cent between 2015 and 2019. The sector also employed 34 511 people and created 974 jobs on average per annum. The food, beverages and tobacco sector has also seen substantial growth in private investment, with gross fixed capital formation growing at an average annual rate of 3.8 per cent per annum. This sector was not as severely affected in 2020, since food production was considered an essential service during the level five lockdown period, and only contracted by an estimated 3.5 per cent. Job-shedding was also lower in this sector compared with other sectors, with an estimated 448 jobs shed in 2020. This sector will benefit from the strong growth in the agriculture sector, which benefited from favourable weather conditions in 2020. This sector contributes significantly to exports. In 2015, 12.0 per cent of the Cape Metro's exports originated from the food, beverages and tobacco manufacturing sector. This increased to 15.0 per cent in 2020. Promoting access to markets and removing barriers to trade through trade agreements can thus be a valuable boost for the sector. However, rising commodity prices and energy supply constraints are seen as growth deterrents.

Textiles, clothing and leather goods

Some of the smaller manufacturing subsectors in which the Cape Metro has a comparative advantage have not been performing well and additional support is required in order to ensure that these sectors can benefit from the metro's comparative advantage and continue to create jobs. One such sector is the textiles, clothing and leather goods sector, which was valued at R2.5 billion in 2019. This sector contracted by 3.7 per cent annually and shed an average of 291 jobs between 2015 and 2019. Price competitiveness is a major constraint within the industry and results in large volumes of imported clothing, particularly from China. This sector has been prioritised on a national level with the establishment of the Clothing, Textiles, Footwear and Leather Growth Programme from the DTIC.

Thirty local industry members and their 10 000 employees are represented through the Cape Clothing and Textile Cluster. Twelve firms from the Province are currently part of the DTIC and Industrial Development Corporation's Programme. The survival, recovery and now success of these firms have also been supported by initiatives such as the Western Cape Industrial Symbiosis Programme.⁴¹

The Cape Skills and Employment Accelerator Project was launched in the past year through a partnership between the City of Cape Town, Cape Town City of Design, The Craft and Design Institute, the EPWP and the National Skills Fund.⁴² The Accelerator will provide businesses from the Province with practical National Qualifications Framework level training on skills such as pattern cutting, garment making and sewing.

Large corporates such as The Foschini Group and its associate Prestige Clothing have in the past year made significant commitments to improve their localisation through plant and people investments in Maitland (Cape Town) and Caledon.⁴³ These financial undertakings have also been matched with improved local supplier development, worker welfare and environmental

⁴¹ (GreenCape, 2019).

⁴² (The Craft and Design Institute, 2020).

⁴³ (The Foschini Group, 2021).

stewardship. Similarly, PepClo opened a new factory in 2021.⁴⁴ The R25.0 million facility created 42 new jobs located in the flip-flop and sterile-wear product lines.⁴⁵ These investments will help ensure that graduates from initiatives such as the Cape Skills and Employment Accelerator Project are absorbed into industry positions where their skills will be utilised fully.

This change in strategic direction towards greater local content will have been hastened by disruptions to local supply chains resulting from the COVID-19 pandemic,⁴⁶ and more broadly supported by the South African Retail-Clothing, Textile, Footwear and Leather Master Plan.⁴⁷ This master plan's target of 65.0 per cent local content bodes well for the industry's resurgence after decades of shrinkage. The local textile sector's medium-term prospects have also been buoyed by the recent industry collective bargaining agreement⁴⁸ and import rebate dispensation.⁴⁹

Construction

The construction sector in the Cape Metro area was valued at R22.1 billion and employed 98 228 workers in 2019. This sector also had a large proportion of informal workers (31.3 per cent) in 2019. This sector experienced numerous challenges prior to COVID-19, and between 2015 and 2019 the sector contracted by an average annual rate of 0.5 per cent, while shedding 128 jobs per annum. Despite this, gross fixed capital formation has increased by 4.1 per cent per annum between 2015 and 2019, mainly due to investment in new machinery. Many construction projects were halted in 2020 as a result of the COVID-19 pandemic, resulting in a GDP decline of 21.3 per cent and a loss of 12 941 jobs. Economic uncertainty has also influenced the commercial property sector, which contributes significantly to construction sector activity in the Cape Metro area. Despite these challenges, the Cape Metro area still has a significant demand for residential property, particularly affordable housing, and government infrastructure investment projects will stimulate new growth for the sector.

The BPO industry in Cape Town has experienced substantial growth in the last few years. The activities in this industry are recorded in the business services sector. This sector was valued at R80.8 billion in 2019 and was the fastest-growing sector in the tertiary sector between 2015 and 2019, at 2.3 per cent. Furthermore, this sector provided employment opportunities for 295 724 people, while creating 6 736 jobs on average per annum between 2015 and 2019. Cape Town has a competitive advantage owing to the English-speaking capabilities of the population and network capabilities in terms of its information and communications technology (ICT) infrastructure. Reducing red tape and improving the ease of doing business in the Cape Metro area are two essential activities in growing the BPO industry.

Communication

Another growing industry that is attracting significant investment from entities such as Amazon and Microsoft, and which spans a multitude of sectors, is the tech industry. Industry leaders in the spheres of gaming and entertainment, e-commerce, digital services, health, finance, education and travel have their headquarters in Cape Town. Despite the challenging economic conditions of 2020, with many people working from home, demand for internet services, online schooling and online shopping increased. One of the main economic sectors which creates an enabling environment for the industry is the communications sector, which includes various activities related

⁴⁴ (Pepkor, 2021).

⁴⁵ (DTIC, 2021).

⁴⁶ (Bloomberg, 2020).

⁴⁷ (DTIC, 2021a).

⁴⁸ (Department of Employment and Labour, 2021).

⁴⁹ (DTIC, 2021b).

to connectivity and telecommunications. The communications sector was valued at R11.1 billion in 2019 and has been growing at an average annual rate of 1.7 per cent between 2015 and 2019, which is the second-fastest sector in the tertiary sector. The communications sector employs 14 951 people. This sector has nevertheless been shedding jobs annually between 2015 and 2019 (220 jobs per annum). However, gross fixed capital formation has shown strong growth at 4.0 per cent per annum between 2015 and 2019.

Another industry that forms part of the communications sector is the film industry. The film industry has been identified as a key sector for investment in the Cape Metro area, as well as the Province. The scenery around the Cape Metro area makes it the ideal location for film, television and advertising productions. Between July 2019 and March 2020, 5 175 film permits were issued by the City of Cape Town. Although activities had to be stopped owing to COVID-19 lockdown measures, they could resume from May 2020.⁵⁰ Between 2016/17 and 2018/19, the value of media and film productions increased from R1.6 billion to R2.4 billion. However, as a result of a halt in the industry because of lockdown measures in 2020, the value declined to R2.2 billion.⁵¹ Cape Town Film Studios plays an integral role in the success and growth of the sector in the Cape Metro area. In the first 10 years of its operation, the studio provided 98 000 job opportunities while contributing R21.0 billion to the local economy.⁵²

Tourism

Tourism is another industry that spans multiple economic sectors; however, a large portion of activities are recorded in the catering and accommodation sector. This sector was valued at R4.2 billion in 2019 and created 62 027 jobs, of which 37.0 per cent were informal. Furthermore, on average, this sector created 2 794 jobs per annum between 2015 and 2019. The industry was severely constrained in 2020 given the lockdown conditions and targeted interventions are required from all stakeholders to revitalise the sector. The large proportion of informal workers emphasises the importance of skills development and SMME support to develop sustainable jobs in tourism in the Cape Metro area.

The restaurant industry in Cape Town was particularly hard-hit by the pandemic, with many businesses forced to shut their doors. Private-sector initiatives such as the Restaurant Rescue Project (#RestaurantRescueProject), which allowed patrons to purchase a meal voucher at participating restaurants and receive a complimentary case of wine from a local wine farm, helped to support many restaurants and wine cellars through the pandemic.

INNOVATION

The COVID-19 pandemic disrupted most business operations. However, it also resulted in new, innovative businesses and solutions that created new opportunities. In Langa, a group of youth launched a delivery service, Cloudy Deliveries, that delivers groceries and takeaways by bicycle. This has enabled employment for 17 young people in Langa. In 2021, the businesses expanded to Observatory and employed another 14 young people.



⁵⁰ (City of Cape Town, 2021).

⁵¹ (City of Cape Town, 2021).

⁵² (Cape Town Film Studios, 2021).

2.5 INVESTMENTS

This subsection discusses various forms of investments occurring in the Cape Metro area, especially building plans passed and completed, sectoral investments and business expansions, and a consolidated overview of municipal spending on contracted services and infrastructure.

2.5.1 Private-sector investment

2.5.1.1 Sectoral investments and business expansion

Wesgro plays an important role in attracting new investment into the Western Cape. In 2019/20, this organisation facilitated 18 investment projects in the Cape Metro to the value of R2.2 billion, creating an estimated 1 485 jobs. Other investments as recorded by the City of Cape Town include:⁵³

- R29.0 billion investment value in the ICT industry, which will create 60 job opportunities;
- R3.2 million investment in the textile industry, which will create 200 job opportunities;
- R20 million investment in the chemicals industry, which will create 20 job opportunities;
- R900 million investment in the pharmaceuticals industry, which will create 400 job opportunities;
- R50 million investment in the film industry, which will create 400 job opportunities;
- R30 million investment in the education industry, which will create 20 job opportunities;
- R15 million investment in the boat-building industry, which will create 10 job opportunities; and
- R18 million investment in the agro-processing industry, which will create 10 job opportunities.

Health industry

The transfer of city-owned land was approved by the council of the City of Cape Town for the establishment of the Cape Health Technology Park. This development is aimed at unlocking economic benefits through the expansion of the local manufacturing sector. The Cape Health Technology Park project is a Provincial Department of Economic Development and Tourism and national Department of Science and Innovation project aimed at establishing a high-class innovation facility, culminating in the co-location of innovation firms, government and academia health innovation programmes, as well as business and innovation support organisations. The main purpose is to build a stronger pharmaceutical and human health technology industry in South Africa.

Renewable industry

The Atlantis Special Economic Zone (ASEZ) has attracted about R700 million in investment to date and is responsible for creating 300 direct jobs in this SEZ. The ASEZ received applications for investments worth R3.5 billion in a six-month period in 2020, which could support 800 jobs upon approval. These projects are projected to start at the end of the 2021/22 financial year. The ASEZ is used as a catalyst for industrial development, manufacturing, employment, technology and skills transfer.⁵⁴

⁵³ (City of Cape Town, 2021).

⁵⁴ (Invest Cape Town, 2020).

Kaytech Engineered Fabrics manufactures geotextiles and geosynthetic solutions used by civil engineering and sourced from pre- and post-consumer recycled plastic bottles. Kaytech Engineered Fabrics has the potential to unlock great investment opportunities.⁵⁵

Tourism

Cape Town's cruise industry has experienced significant growth over the last few years. In 2012, more than 6 000 passengers arrived on cruise ships in Cape Town, and in 2018/19 more than 52 000 passengers were recorded arriving in Cape Town. The Tourism Development Framework for 2019 is aimed at promoting Cape Town as a top cruise destination and also at connecting with other port cities worldwide.⁵⁶ The City of Cape Town has funded several special projects, one of which is Cruise Cape Town receiving R800 000 during 2019/20.⁵⁷

Agricultural industry

The council of the City of Cape Town approved the allocation of R3.0 million in funding for the Urban Agriculture Programme in April 2021. This project is aimed at encouraging and upskilling urban farmers across the Cape Metro area in partnership with the City of Cape Town and the South African Institute for Entrepreneurship. The programme will include 720 farmers and aims to implement 30 food (urban) farms in the city, distributed across 24 subcouncils. Furthermore, the programme also intends to assist urban farmers to establish co-operatives and to assist in hosting market days and informal trade.⁵⁸



© Jean van der Meulen, Pixabay

⁵⁵ (Western Cape Government, 2020).

⁵⁶ (City of Cape Town, 2021).

⁵⁷ (Wesgro, 2020).

⁵⁸ (City of Cape Town, 2021).

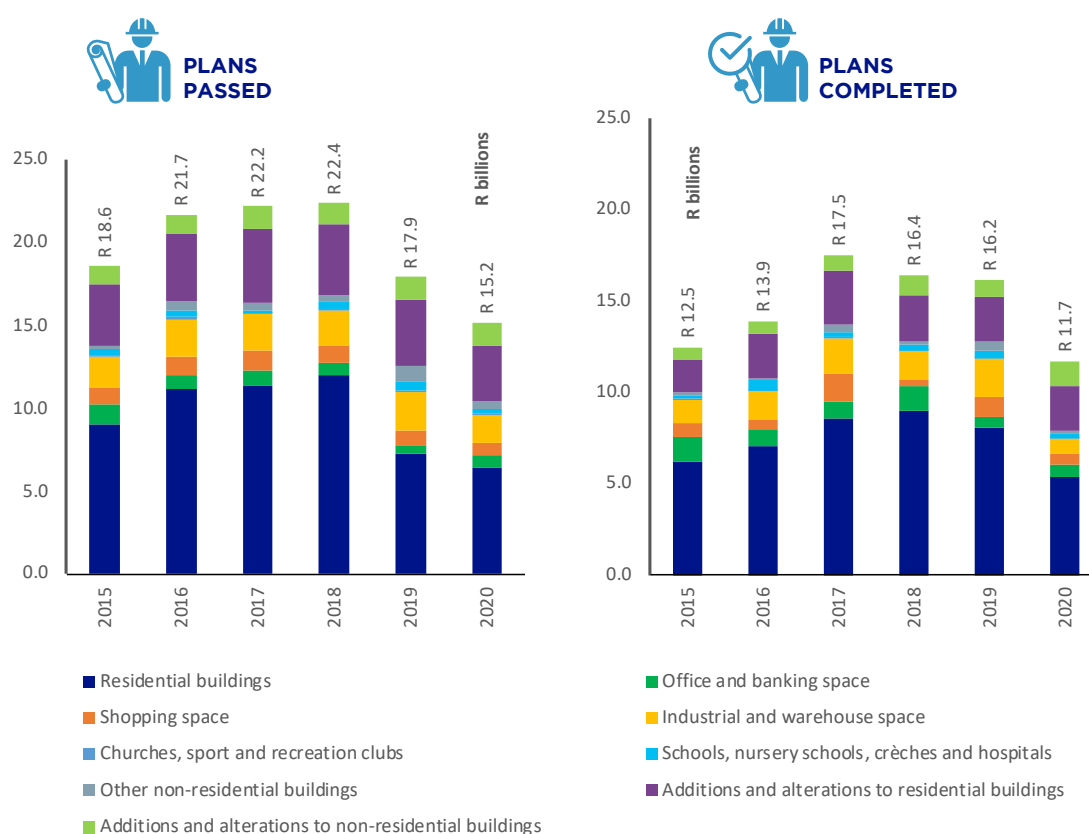
2.5.1.2 Building plans passed and completed

Building plans passed and completed are indicators used to measure the changes in economic activity and business cycles. The value of building plans passed⁵⁹ can be used as a leading indicator, while building plans completed⁶⁰ can be used as a lagging indicator. Building plans passed and completed have further implications for municipal spatial planning and budgeting. Furthermore, building plans passed indicate the private sector's willingness to invest in an area, and the development of non-residential buildings has a positive impact on the local economy during the construction and operational phase.

Figure 2.14 shows the trend in the value of building plans passed and completed in the Cape Metro area between 2015 and 2020. The value of building plans passed and completed is expressed in current prices.

Figure 2.14

VALUE OF BUILDING PLANS PASSED AND COMPLETED, Cape Metro, 2015 – 2020 (R billion)



Source: Stats SA & Quantec Research, 2021

The total value of building plans passed in the Cape Metro was on an increasing trend between 2015 and 2017, highlighting the property boom in the Cape Metro, with declines recorded since then. A substantial decline was recorded from R17.9 billion in 2019 to R15.2 billion in 2020. A decline in investor confidence and household income, as well as administrative backlogs, could have contributed to the decline. Since 2015, most of the building plans passed were for residential building plans, which decreased in value from R11.1 billion in 2016 to R6.5 billion in 2020. The downward trend since 2018 can probably be attributed to an increase in the supply

⁵⁹ Number of residential building plans passed larger than 80m².

⁶⁰ Value of non-residential buildings completed (constant prices).

of housing stock that is saturating the middle and luxury housing markets. There is still a growing demand and need for affordable housing options in the Cape Metro area.

However, policy uncertainty, lack of developable land and funding are deterrents to providing affordable housing. Building plans passed for additions and alterations to residential buildings also experienced a decline, from a value of R4.5 billion in 2017 to R3.4 billion in 2020. Building plans passed for industrial and warehouse space also decreased from R2.3 billion in 2016 to R1.7 billion in 2020.

The total value of building plans completed in the Cape Metro area decreased from R12.5 billion in 2015 to R11.7 billion in 2020. Residential building plans comprised most of the building plans completed and these experienced a decrease in value from R6.2 billion in 2015 to R5.4 billion in 2020. The value of building plans completed for additions and alterations to residential buildings increased from R1.8 billion in 2015 to R2.5 billion in 2020. Building plans completed for industrial and warehouse space decreased from R1.3 billion in 2015 to R0.8 billion in 2020. Generally, building plans completed for commercial space also declined. The value of office and banking space declined from R1.3 billion in 2015 to R0.7 billion in 2020, and the value of building plans completed for shopping space also decreased from R0.8 billion in 2015 to R0.5 billion in 2020. Other building plans completed during the period of review included plans for schools, nursery schools, crèches and hospitals, which remained relatively stable – the value of building plans completed was R0.2 billion in 2015, R0.3 billion in 2018 and R0.2 billion in 2020. There is thus a consistent supply of social infrastructure in the Cape Metro, which is positive given the growing demand as a result of population growth.



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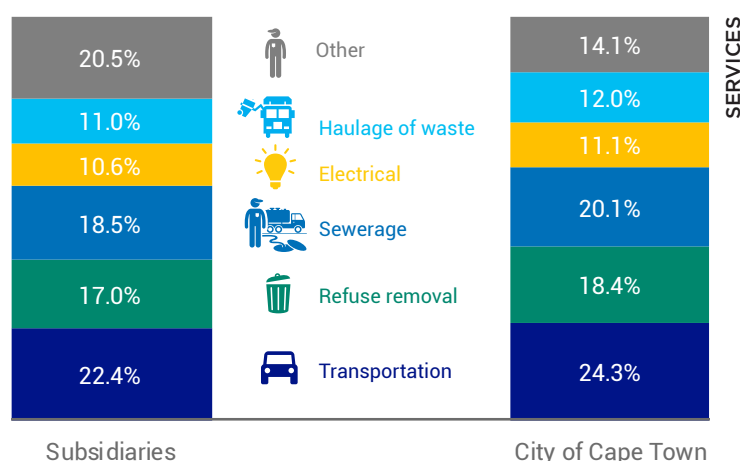
2.5.2 Public-sector investment

2.5.2.1 Municipal contracted services

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

Figure 2.15

PROPORTION OF SPENDING ON CONTRACTED SERVICES, Cape Metro, 2019/20⁶¹



Source: National Treasury, 2021

In 2019/20, most spending by the City of Cape Town and its subsidiaries was on transportation services, refuse removal services and sewerage services. Having efficient and affordable public transport systems is essential for creating an enabling environment for business activities. In 2019, more than 1 400 registered buses and contracted bus services transported approximately 250 000 passengers a day.⁶² Bus and taxi services have become increasingly in demand given the deterioration of rail services.

In 2019/20, the City of Cape Town spent R16.8 billion on procurement, of which R1.0 billion was spent on exempted micro enterprises (EMEs) and R2.7 billion was spent on qualifying small enterprises (QSEs). Furthermore, R57.2 million was spent on supplier development. During 2019/20, 1 278 small businesses participated in the City of Cape Town's enterprise and supplier development programme.⁶³ The City of Cape Town provides a range of support services to SMMEs, such as a dedicated help desk with information on doing business with government, funding SMME development programmes and development programmes for vendors registered on the supplier database, funding strategic economic partners as well as providing infrastructure to support development. Examples include the Furntech Incubator in Nyanga and the Khayelitsha Bandwidth Barn.⁶⁴

⁶¹ According to the Municipal Standard Chart of Accounts (mSCOA), municipalities should have the capacity and expertise to carry out certain services. Outsourced services are therefore services procured by the municipality when it temporarily does not have the capacity to perform these functions, or to save costs. Consulting services refer to specialist services and skills provided to a municipality for the achievement of a specific objective. It is unnecessary to maintain these skills in-house since they are often only required on a once-off or temporary basis. Contractors are utilised for services that are not the core business of the municipality.

⁶² (TDA, 2019).

⁶³ (City of Cape Town, 2020).

⁶⁴ (City of Cape Town, 2021).

2.5.2.2 Infrastructure

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

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

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

Infrastructure spending by local and Provincial governments is an important injection into the Cape Metro area's local economy, as it contributes to economic and social development.

Table 2.6 outlines the budgeted expenditure on infrastructure by the Cape Metro area for 2021/22.

Table 2.6
SPENDING ON INFRASTRUCTURE,
Cape Metro area, 2021/22

DESCRIPTION R million	2021/22 Municipal infrastructure spend (original budget)
Economic infrastructure	2 277.7
Road transport and public works	2 190.3
Environmental services	87.4
Social infrastructure	958.4
Education	-
Health	57.0
Social development	74.2
Housing	827.2
Trading services	3 831.8
Energy sources	1 012.2
Water management	966.8
Wastewater management	1 350.0
Waste management	502.8
Other	1 258.1
Total infrastructure spend	8 326.0

Source: Provincial Treasury, 2021

The City of Cape Town allocated R8.3 billion to the capital expenditure budgets for 2021/22. This includes allocations made towards economic, social and trading services infrastructure of R2.3 billion, R1.0 billion and R3.8 billion respectively. Other capital expenses to the value of R1.3 billion have also been budgeted for 2021/22. Key municipal expenditure categories include road transport and public works (R2.2 billion) and wastewater management (R1.4 billion).



JOINT DISTRICT AND METRO APPROACH

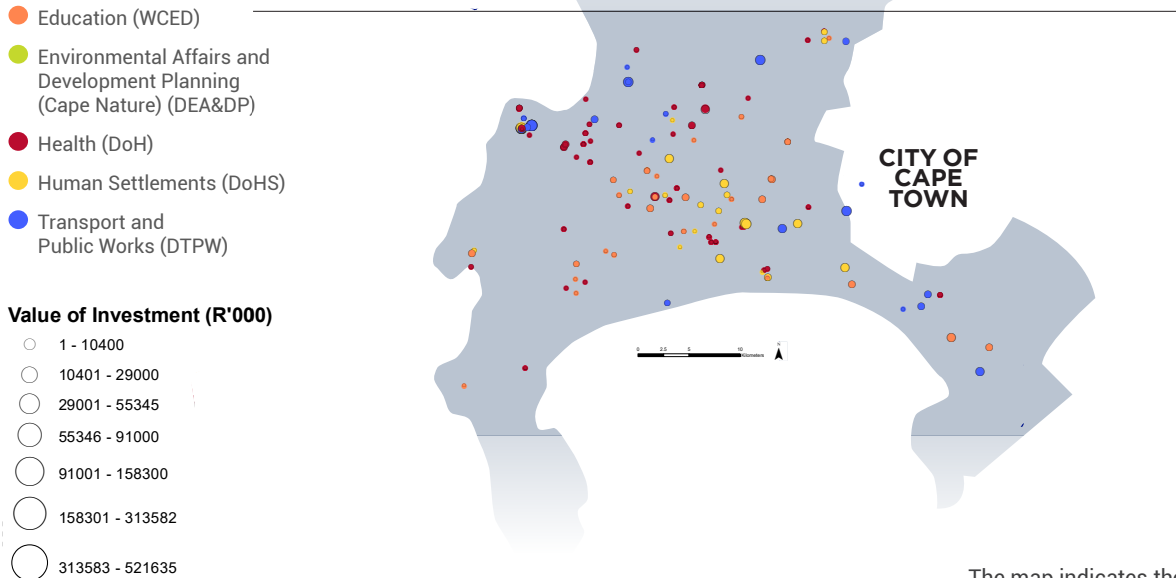
The Joint District and Metro Approach (JDMA) promotes collaboration and is an essential governance instrument that will enable co-planning, co-budgeting and co-implementation to strengthen service delivery in communities. The JDMA provides an implementation plan for planning and strategic priorities,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

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

Provincial infrastructure spend in the City of Cape Town (City) over the 2021 Medium Term Expenditure Framework (MTEF) amounts to R10.4 billion or more than a third (38.1 per cent) of the total Provincial infrastructure 2021 budget. This allocation is focused on imperatives to drive change and bring about transition towards a more sustainable, integrated and resilient City. The infrastructure per capita spend in the City of Cape Town is R2 251, compared with a Provincial per capita infrastructure spend of R3 876. The City's per capita spend is lower than the average Provincial per capita spend on infrastructure. Key Provincial infrastructure investments in the City over the MTEF include:

- Investment in the road network, where funding has been directed towards maintenance, repairs, upgrades and additions. This includes a provision of R511.2 million for road maintenance, R300.0 million for the extension of the R300 to the N7, R100.0 million for the upgrading of Mariners Way, R91.0 million for resealing of roads in Somerset West, R80.0 million for the resealing of the N2/Sir Lowry's Pass bypass, R70.0 million for the West Coast Atlantis refurbishment and R44.0 million for the N1 reseal.
- Significant investments, proportionally higher than the Provincial averages, are committed to accommodating new and more sustainable integrated human settlements in areas of high localised growth and overcrowding. These include the Penhill Greenfields Development (8 000 sites), where R432.2 million is budgeted for, R246.0 million for upgrading the Taiwan informal settlement, R234.0 million for Taiwan YB Section, R171.5 million for Garden Cities – Fisantekraal phase three, R158.3 million for the forest Village development, R128.0 million for Macassar, R119.5 million for the City People's Housing Process, R116.0 million for the Silvertown development and R110.5 million for Beacon Valley.
- Investment by the Department of Health, including R115.0 million for Tygerberg Hospital Laundry and health technology replacement, R77.5 million for the refurbishment and replacement of equipment at various facilities, R77.2 million for routine maintenance at various facilities, R69.4 million for the Observatory Forensic Pathology Lab (FPL) and R68.1 million for ventilation and air-conditioning refurbishment at Groote Schuur Hospital.

- Further infrastructure investment in social facilities distributed across areas of highest need includes R102.0 million for rehabilitation and renovations at child and youth care centres, R84.0 million for urgent maintenance at child and youth care centre (CYCC), and R66.4 million for rehabilitation at the Kensington Treatment Centre. Upgrading and additions at MOD centres by the Department of Education of R161.5 million over the MTEF, a R150.0 million provision for ad hoc upgrade and additions at educational facilities, R135.2 million for the Nomzamo primary and high schools, and R88.4 million for the replacement of the Macassar Primary School No. 2.



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

Map 3.1

TOTAL DEPARTMENTAL MTEF INFRASTRUCTURE BUDGET AND NUMBER OF PROJECTS, Cape Metro, 2021/24

	No of projects	2021/22 MTEF (R'000)	2022/23 MTEF (R'000)	2023/24 MTEF (R'000)	MTEF total (R'000)
WC PROVINCIAL DEPARTMENT					
Education (WCED)	42	512 493	594 285	660 572	1 767 350
Environmental Affairs and Development Planning (DEA&DP)	15	39 577	41 477	43 302	124 356
Health (DoH)	175	704 797	609 310	843 716	2 157 823
Human Settlements (DoHS)	37	808 995	1 015 236	1 103 537	2 927 768
Transport and Public Works (DTPW)	44	1 152 676	1 024 048	1 204 775	3 381 499
Total	313	3 218 538	3 284 356	3 855 902	10 358 796

Note: WCED is the Western Cape Education Department, DoH is the Department of Health, DoHS is the Department of Human Settlements and DTPW is the Department of Transport and Public Works

Source: The Provincial Infrastructure Reporting Model (IRM) was used for the first time (except for the data of the Department of Human Settlements). There is room to improve on the accuracy in future publications.



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



2.6 CONCLUDING REMARKS

The Cape Metro area experienced a trade deficit for the entire period under review. The trade deficit increased from R36.2 billion in 2010 to R107.2 billion in 2013, after which it steadily improved from a R105.5 billion deficit in 2014 to a R99.7 billion deficit in 2019 and R80.3 billion in 2020. The trade deficit during the period of review was largely due to imported manufactured goods and mining products. The agriculture sector experienced a trade surplus, increasing from R7.4 billion in 2010 to R18.1 billion in 2020.

In 2020, the Cape Metro's largest import trading partners were China (22.6 per cent), Nigeria (10.4 per cent), Saudi Arabia (7.8 per cent) and the United Arab Emirates (6.9 per cent). Petroleum products contributed the largest share of the Cape Metro's imports (20.0 per cent), with a value of R33.5 billion. The main commodities of petroleum oils and oils obtained from bituminous minerals were imported from regions such as Nigeria, Saudi Arabia, the United Arab Emirates, Oman and India.

The Cape Metro's main export trading partners in 2020 were Namibia (9.1 per cent), the United States (7.4 per cent), the United Kingdom (6.8 per cent), Botswana (6.5 per cent) and China (5.5 per cent). In 2020, the Cape Metro area exported goods (mainly petroleum oils and oils obtained from bituminous minerals) to the value of R7.9 billion to Namibia and Botswana.

Citrus fruit contributed the largest share of commodities exported (9.7 per cent), with a value of R8.5 billion. The main export partners for citrus fruit were the Netherlands, the United Kingdom and the Russian Federation. Petroleum oils and oils obtained from bituminous minerals contributed 9.0 per cent to the total exports in 2020.

The Cape Metro municipal area is a popular destination for the international and domestic markets. The future of tourism is uncertain because COVID-19's travel and movement restrictions are frequently changing. A closer look into the tourism labour market indicates a decline in income, job losses and business closures. International arrivals through Cape Town International Airport decreased by 68.6 per cent in 2020, as there were no international arrivals from April to September 2020. Domestic arrivals declined by 62.4 per cent year-on-year in 2020 compared with 2019. All attractions were negatively affected by the pandemic. The V&A Waterfront experienced an 80.0 per cent decline in visitors from 2019 to 2020, followed by the Boulders Beach portion of Table Mountain National Park (70.3 per cent) and Robben Island (69.3 per cent). Despite the impact of COVID-19 on tourism businesses, Table Mountain National Park had more than a million visitors in 2020. Hotel statistics indicate an average occupancy rate of 34.9 per cent in the Western Cape in 2020. The decline in occupancy and revenue in the Cape Metro is due to the direct impact that lockdown had on the hotel sector, when all tourism activity halted. Many hotels were used as quarantine sites and housed many foreign visitors who were on holiday when lockdown commenced.

The agriculture and mining sectors had a relatively low location quotient value, while the construction and manufacturing sectors had a high location quotient value in terms of GDP and employment. Most industries in the tertiary sector had a competitive advantage in terms of both GDP and employment, especially the finance sector and the transport sector.

The Cape Metro area has a diverse economy, with a comparative advantage in several of the manufacturing subsectors, as well as many of the tertiary sectors. One of the most prominent manufacturing subsectors is the food, beverages and tobacco subsector, which was valued at R20.2 billion in 2019 and grew at an average annual rate of 3.2 per cent between 2015 and 2019. Another growing industry that is attracting significant investment is the tech industry.

The total value of building plans passed in the Cape Metro decreased from R18.6 billion in 2015 to R15.2 billion in 2020. Most of the building plans passed were for residential building plans, which decreased in value from R11.1 billion in 2016 to R6.5 billion in 2020. The total value of building plans completed in the Cape Metro decreased from R12.5 billion in 2015 to R11.7 billion in 2020. Most of the building plans completed were for residential building plans, which decreased in value from 2015 to 2020.





3

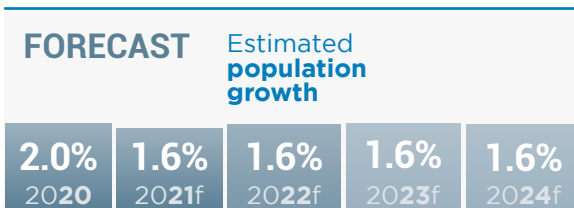
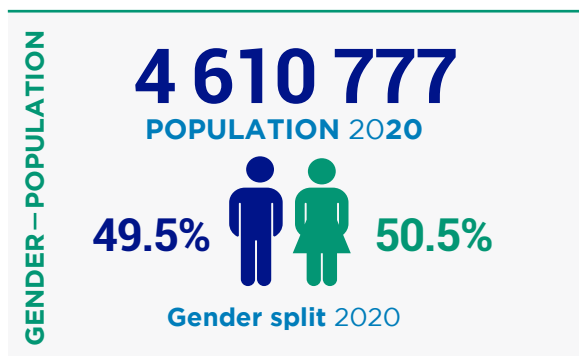
MUNICIPAL SOCIO- ECONOMIC ANALYSIS

3.1 INTRODUCTION

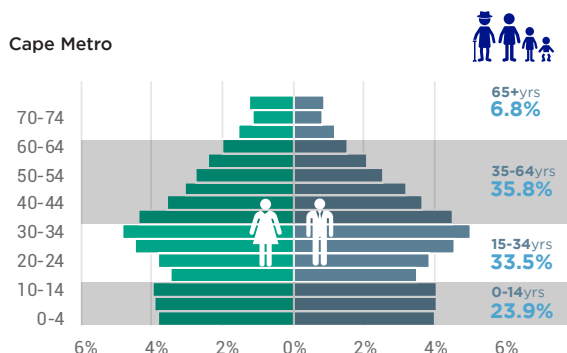
This chapter describes the economic and social circumstances of households living in the Cape Metro area by analysing population, human development, housing, crime and access to basic services. More specifically, human development in the metro area is assessed by exploring education levels, health and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

CAPE METRO DEMOGRAPHICS

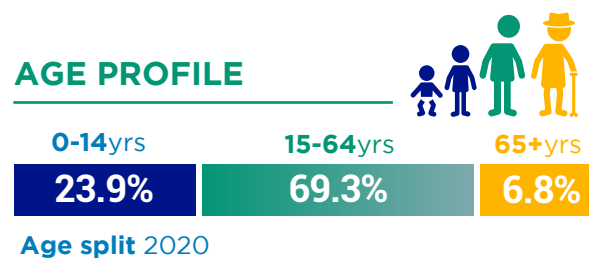
Some of the key indicators used in the socio-economic analysis include the population growth rate, GDP per capita, household income, the Gini coefficient, the Human Development Index (HDI), educational development and dwelling types. These indicators are discussed in detail in the sections below.



GENDER AND AGE DYNAMICS



AGE PROFILE



HOUSEHOLDS

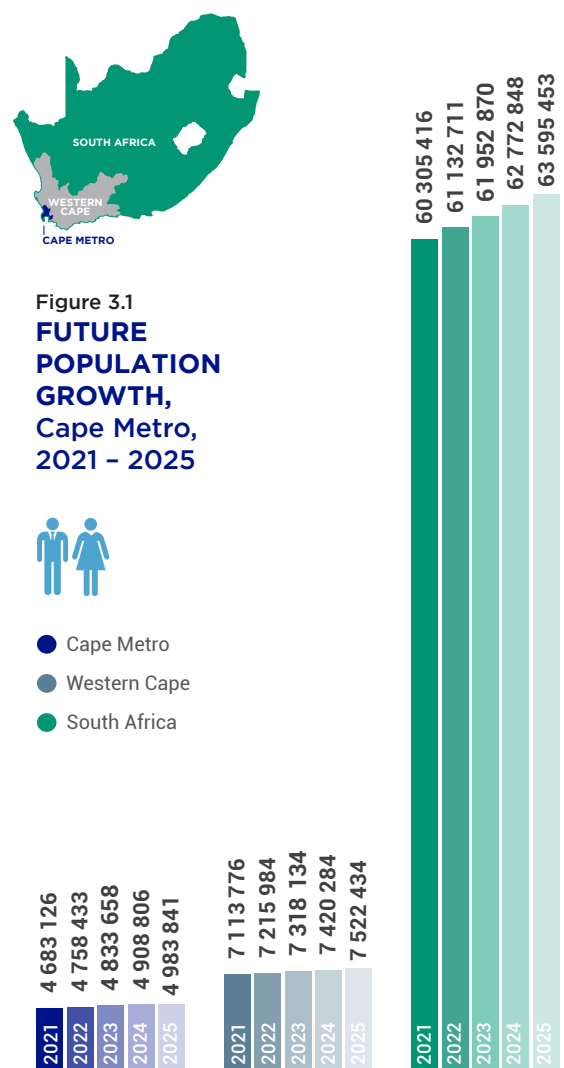


3.2 POPULATION PROFILE

Figure 3.1 depicts future population growth in the Cape Metro area in comparison with the Western Cape and South Africa between 2021 and 2025.

Forecast trends indicate that the Cape Metro area has a population of 4.7 million in 2021. The population is expected to increase at an average annual rate of 1.6 per cent, reaching 4.8 million people in 2023 and 5.0 million people in 2025. The population of the Cape Metro accounts for 7.8 per cent of the total population of South Africa. The population of the Western Cape is expected to increase by an average of 1.4 per cent from 7.1 million in 2021 to 7.3 million in 2023 and 7.5 million in 2025. The population growth of both the Cape Metro area and the Western Cape is expected to be higher than that of South Africa's 1.3 per cent between 2021 and 2025.

The Cape Metro area is a major economic and employment hub with substantial in-migration, which might be one of the major factors contributing to the high population growth.⁶⁵



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

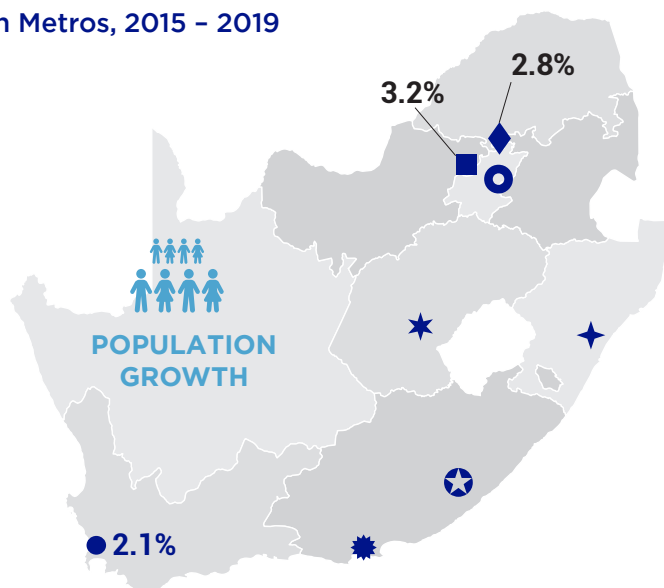


⁶⁵ (World Population Review, 2021).

Diagram 3.1

POPULATION GROWTH, South African Metros, 2015 – 2019

	Annual population growth rate (2015 – 2019)
■ Johannesburg Metro	3.2%
◆ Tshwane Metro	2.8%
● Ekurhuleni	2.5%
● Cape Metro	2.1%
★ eThekweni	1.4%
★ Mangaung	1.1%
✱ Nelson Mandela Bay	0.5%
✱ Buffalo City	0.0%



Source: Quantec Research, 2021

All metropolitan areas experienced an increase in the population growth rate between 2015 and 2019, except for Buffalo City in the Eastern Cape, where the population growth rate remained unchanged. The metro with the highest population growth rate between 2015 and 2019 was the Johannesburg Metro, with a population growth rate of 3.2 per cent, followed by Tshwane Metro (2.8 per cent) and Ekurhuleni (2.5 per cent). The Cape Metro experienced a population growth rate of 2.1 per cent, which is the fourth highest of all the metros.

Figure 3.2 illustrates the future household growth in the Cape Metro area in relation to the Western Cape and South Africa between 2021 and 2025.

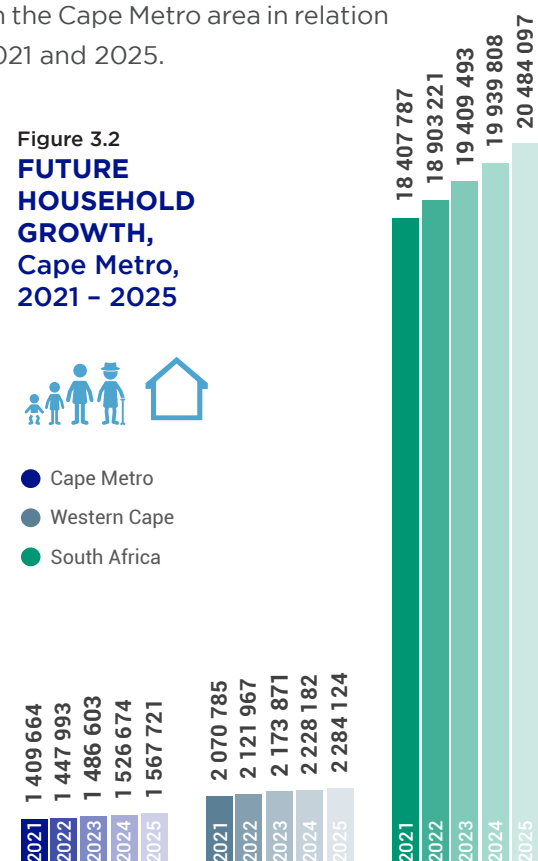
The Cape Metro area has an estimated 1.4 million households in 2021, which is expected to increase to 1.6 million in 2025, at an average annual growth rate of 2.7 per cent over the period. The average annual household growth rate of the Cape Metro area is higher than that of the Western Cape (2.5 per cent) and South Africa (2.6 per cent). Similar to the population growth, the household growth could also be attributed to the net inflow of people into the metropolitan area. The fact that household growth outpaces population growth indicates that household sizes are declining over time in the Cape Metro area.

Households are the central point of various demographic, social and economic processes owing to decisions regarding education, lifestyles, healthcare and labour force participation.

Figure 3.2
FUTURE
HOUSEHOLD
GROWTH,
Cape Metro,
2021 – 2025



- Cape Metro
- Western Cape
- South Africa

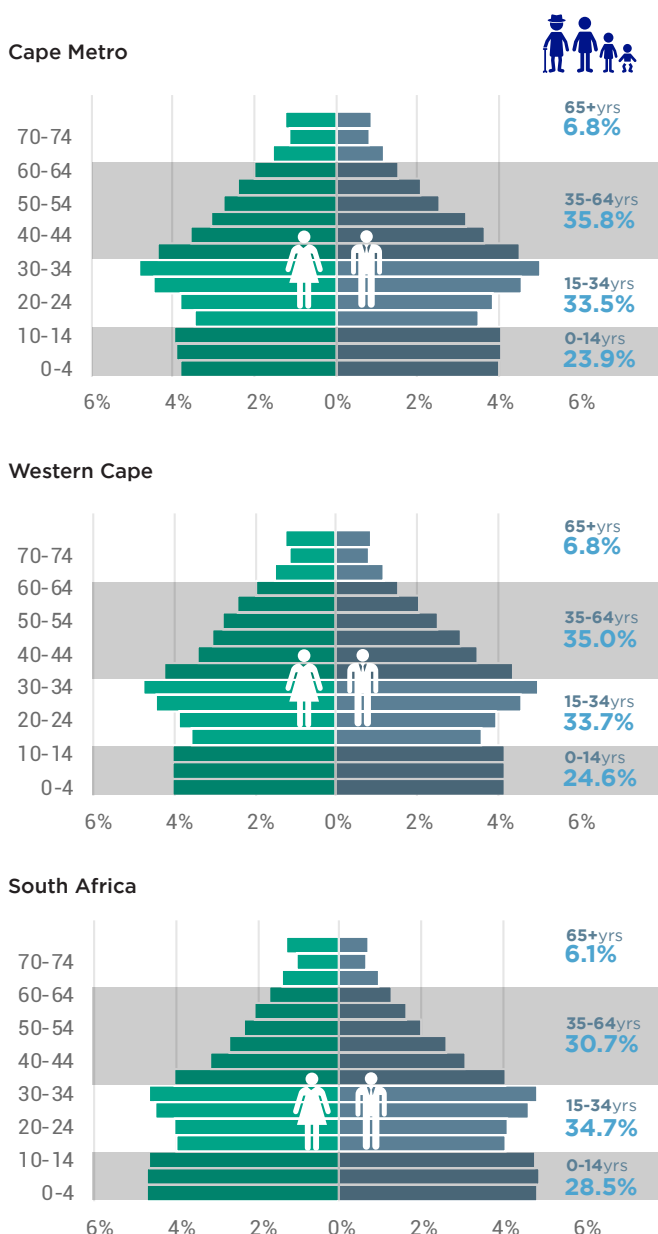


Source: Western Cape Government PPU, 2021. Provincial, District and local municipality population estimates by sex and age (2002 – 2036) based on Stats SA MYPE series 2021 and 2020

An increase in household growth and the establishment of new households provide a diverse consumer market. However, the household growth that outpaces population growth may suggest that the household composition is changing – households are getting smaller, and this could also have other implications, such as an increase in the demand for smaller residential units and other demand in terms of goods and services.⁶⁶

Figure 3.3 uses population pyramids to illustrate gender and age patterns in the Cape Metro area, the Western Cape and South Africa in 2020.

Figure 3.3
GENDER AND AGE DYNAMICS,
Cape Metro, 2020



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

People aged between 35 and 64 comprised 35.8 per cent of the Cape Metro's total population in 2020, followed by individuals aged between 15 and 34 (33.5 per cent). Those between the ages of 15 and 64 are potentially economically active and can contribute to the local economy. The Cape Metro area consisted of 23.9 per cent of children younger than 15, who are typically the young dependent population. This was followed by the population older than 64 years comprising 6.8 per cent of the population. Compared with the other regions of the Province, the Cape Metro area has a lower child dependency ratio. However, the Cape Metro area has a higher elderly dependency ratio compared with the WCD and CWD, but a lower elderly dependency ratio compared with the remaining regions. Regions such as the OD and GRD are very popular retirement destinations, which results in migration to these areas, often from the Cape Metro area.

The Western Cape has a similar age structure to the Cape Metro area, with individuals aged between 35 and 64 years comprising 35.0 per cent of the total population in 2020, followed by individuals between 15 and 34 years (33.7 per cent). A total of 24.6 per cent of the population consisted of children between the ages of 0 and 14, whereas 6.8 per cent of the population were 65 and older.

⁶⁶ (Urban Institute, 2020).

Compared with South Africa, the Western Cape and Cape Metro have a smaller proportion of children and youth, while having a larger proportion of the mature population. Compared with South Africa, there is thus a smaller dependency from children on those of working age, as well as a smaller proportion of inexperienced youth entering the job market.

3.3 HUMAN DEVELOPMENT

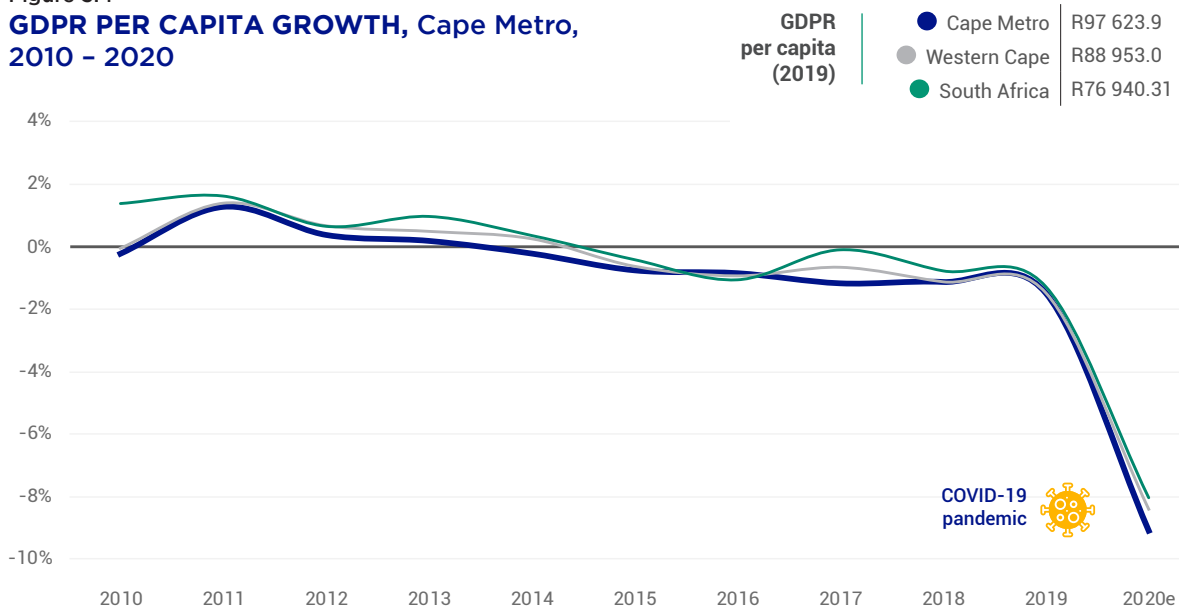
Economists expect economic growth to result in improvements in human development, and economic decline to have an adverse effect on human development. The United Nations uses the HDI to assess the level of socio-economic development in countries. The performance of the economy plays a major role in determining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

3.3.1 Income

Figure 3.4 illustrates the Cape Metro area's GDPR per capita growth between 2010 and 2020 in comparison with the Western Cape and South Africa.

Figure 3.4

GDPR PER CAPITA GROWTH, Cape Metro, 2010 - 2020



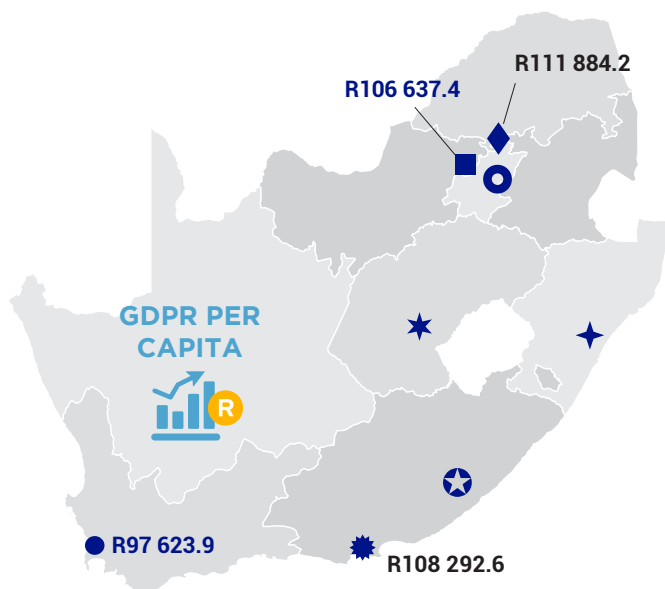
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020e
Cape Metro	-0.2%	1.3%	0.4%	0.2%	-0.2%	-0.8%	-0.9%	-1.2%	-1.1%	-1.5%	-9.1%
Western Cape	0.0%	1.4%	0.7%	0.5%	0.3%	-0.6%	-0.9%	-0.6%	-1.1%	-1.5%	-8.4%
South Africa	1.4%	1.6%	0.7%	1.0%	0.4%	-0.4%	-1.1%	-0.1%	-0.8%	-1.3%	-8.1%

Source: Quantec Research, 2021 (e denotes estimate)

A continuous decline in the GDPR per capita is seen between 2014 and 2020. The GDPR per capita follows a similar trend in the Cape Metro, the Western Cape and South Africa. In 2020, the GDPR in the Cape Metro experienced a 9.1 per cent decline, which is higher than the contraction in the Western Cape (8.4 per cent decline) and South Africa (8.1 per cent decline). The deteriorating national economy, coupled with the growing population, has resulted in a downward trend in GDPR per capita. Restrictions on movement and ability to work and generate an income across various economic sectors as a result of the COVID-19 pandemic are likely to have been the main cause of the GDPR per capita contraction in 2020.

Diagram 3.2
**GDPR PER
CAPITA, South
African Metros,
2019**

	GDPR per capita 2019	GDPR per capita growth 2015 – 2019
◆ Tshwane Metro	R111 884.2	-1.4%
☀ Nelson Mandela Bay	R108 292.6	-0.1%
■ Johannesburg Metro	R106 637.4	-1.8%
✦ eThekweni	R101 047.6	-0.6%
● Cape Metro	R97 623.9	-1.1%
○ Ekurhuleni	R93 363.8	-1.8%
★ Mangaung	R90 233.5	-0.2%
✪ Buffalo City	R84 403.2	0.1%
SOUTH AFRICA	R76 940.3	-0.7%



Source: Quantec Research, 2021

South Africa's average GDPR per capita was R76 940.3 in 2019, which was lower than that of the metropolitan areas. The national GDPR per capita declined at an average annual rate of 0.7 per cent between 2015 and 2019.

For the period between 2015 and 2019, all metropolitan areas experienced a decline in GDPR per capita except for Buffalo City, which had an average annual growth rate of 0.1 per cent. Buffalo City had a stagnant population and an average GDPR growth of 0.1 per cent between 2015 and 2019. The metropolitan areas with the highest GDPR per capita were Tshwane Metro (R111 884.2), Nelson Mandela Bay (R108 292.6), Johannesburg Metro (R106 637.4) and eThekweni (R101 047.6).

Table 3.1 provides an overview of the average monthly household income in the Cape Metro, the Western Cape and South Africa.

Table 3.1

**AVERAGE MONTHLY HOUSEHOLD INCOME (CURRENT PRICES),
Cape Metro, 2019**

MUNICIPALITY	Average household income 2019 (current prices)	Trend 2015 – 2019
Cape Metro	R20 616	-0.6%
Western Cape	R19 430	-0.3%
South Africa	R15 926	0.0%

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

In 2019, the Cape Metro area had a higher average monthly income (R20 616) than the Western Cape (R19 430) and South Africa (R15 926). The Cape Metro is the economic hub of the Province and therefore also attracts skilled and experienced workers, which may be one of the reasons for the higher average monthly household income. However, for the period between 2015 and 2019 the Cape Metro experienced a decline of 0.6 per cent in the average household income, which is higher than that of the Western Cape, which experienced a 0.3 per cent decline.

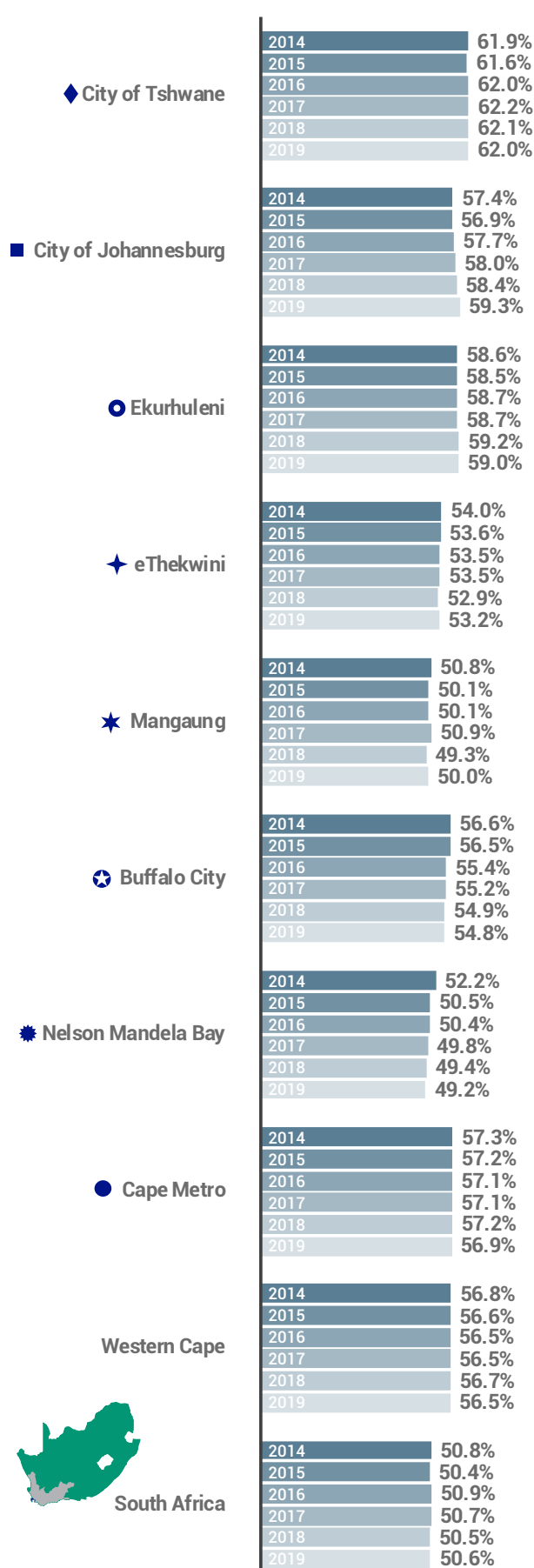
Stats SA utilises a cost-of-basic-needs approach to produce three poverty lines, namely the food poverty line (FPL), the lower-bound poverty line (LBPL) and the upper-bound poverty line (UBPL).

This allows monitoring of poverty at different levels. The FPL is the rand value below which individuals are not able to afford sufficient food that is required for adequate health. The LBPL and the UBPL use the food poverty line as a base, but they also have a non-food component. Individuals at the LBPL do not have enough resources to purchase both adequate levels of food and non-food items, and must therefore sacrifice food to obtain essential non-food items. Those at the UBPL can afford both adequate food and non-food items.⁶⁷ Between 2019 and 2020, the FPL increased from R561 to R585, the LBPL increased from R810 to R840, and the UBPL increased from R1 227 to R1 268 per person per month.⁶⁸

Figure 3.5 illustrates the proportion of the population that is considered to be at the UBPL.

Figure 3.5
PROPORTION OF POPULATION AT UBPL, Cape Metro, 2014 – 2019

There is a larger proportion of people in the Cape Metro area at the UBPL compared with South Africa and the Western Cape over the reference period. The proportion of people at the UBPL declined from 57.3 per cent in 2014 to 56.9 per cent in 2020. Given the increase in job losses in 2020, it is anticipated that the proportion of people at the UBPL will increase. This puts extra strain on all spheres of government; households struggle to pay rates and taxes to local authorities, income tax receipts decline and the need for income support increases.



Source: Quantec Research, 2021

⁶⁷ (Stats SA, 2017).

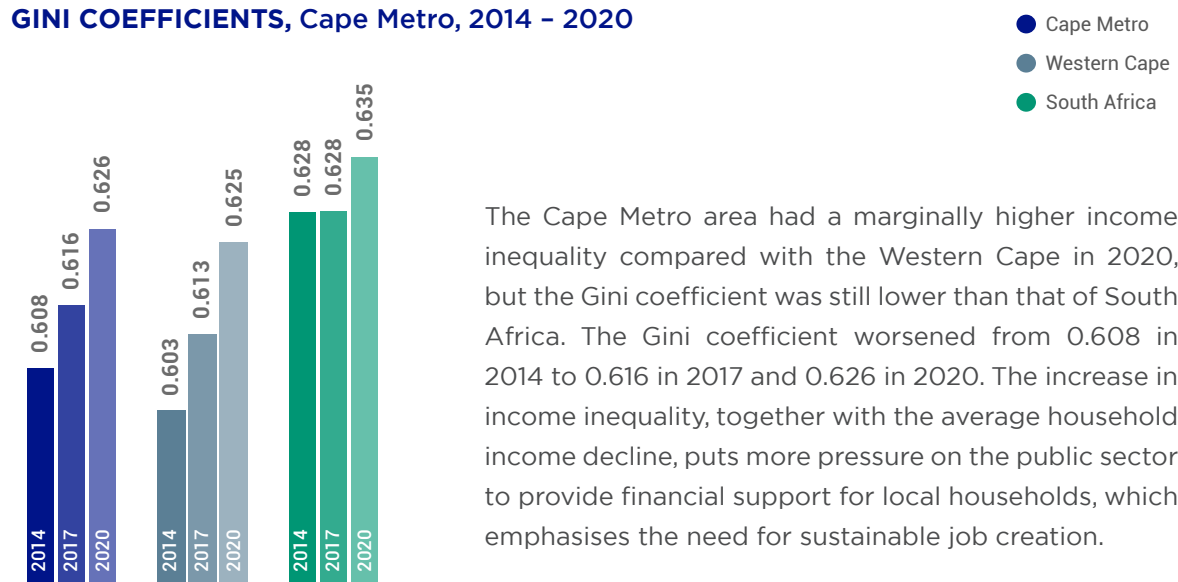
⁶⁸ (Stats SA, 2020).

Compared with other metros, the Cape Metro has a relatively large proportion of people at the UBPL, with only the Johannesburg and Tshwane Metros recording higher proportions. However, while the proportion of people at the UBPL is declining, the Johannesburg and Tshwane Metro areas are recording increased levels of poverty.

Figure 3.6 illustrates the Gini coefficients for the Cape Metro area, the Western Cape and South Africa.

Figure 3.6

GINI COEFFICIENTS, Cape Metro, 2014 - 2020

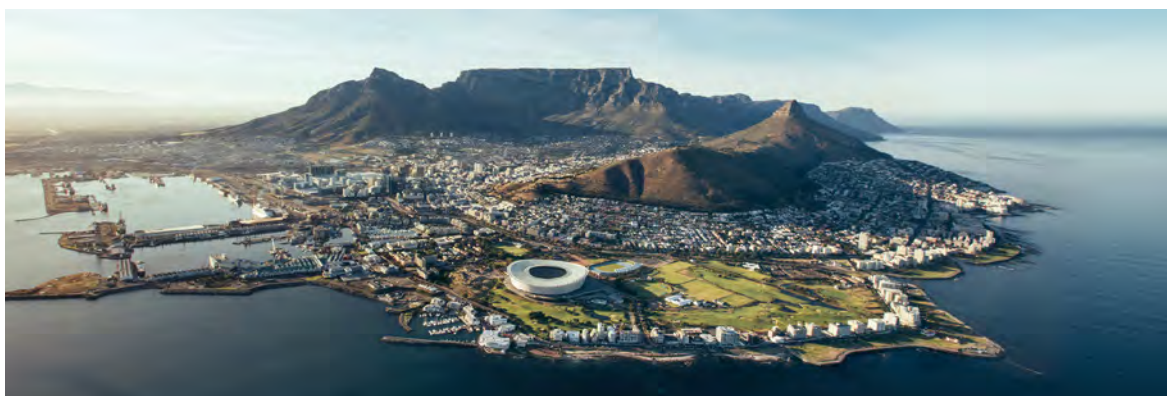


Source: IHS Markit, 2021

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



There are numerous measurements of inequality in a society, including income, expenditure, asset, employment, education, health, basic services and social mobility inequality. By utilising a multidimensional view of inequality, the broader context of the challenges South Africans face can be analysed. Ratios and indices that measure inequality include the Gini coefficient, the Theil index, general entropy, the Palma ratio and the Atkinson index.⁶⁹ However, on a local municipal level, data that is readily available is the Gini coefficient, which can therefore be utilised to analyse income inequality on a local level.

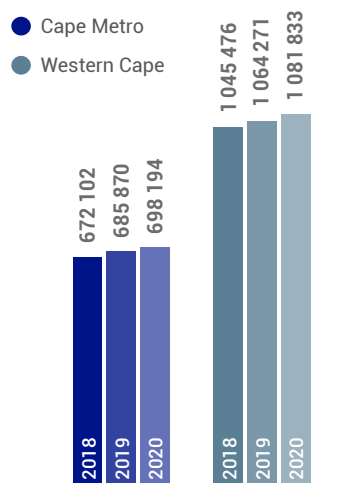


⁶⁹ (Stats SA, 2019).

3.3.2 Education

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

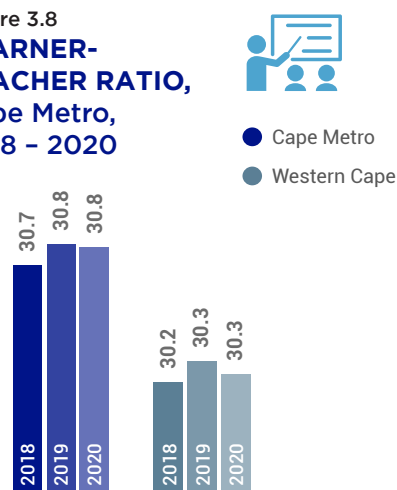
Figure 3.7
LEARNER ENROLMENTS, Cape Metro, 2018 – 2020



Source: Western Cape Education Department, 2021

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

Figure 3.8
LEARNER-TEACHER RATIO, Cape Metro, 2018 – 2020



Source: Western Cape Education Department, 2021

Learner-teacher ratios are indicative of the capacity of schools to accommodate more learners. Learner-teacher ratio upper limits of 40:1 in ordinary primary schools and 35:1 in ordinary high schools are set by the national Department of Education.⁷³ Lower learner-teacher ratios are associated with more interaction between teachers and learners, which could contribute to improved educational outcomes.⁷⁴

Figure 3.7 illustrates the number of learners enrolled in schools in the Cape Metro compared with the Western Cape and South Africa between 2018 and 2020.

The number of learners enrolled in the Cape Metro increased by an annual average rate of 1.9 per cent from 672 102 in 2018 to 698 194 in 2020. Similarly, the number of learners in the Western Cape also increased by an average annual rate of 1.7 per cent from 1.0 million in 2018 to almost 1.1 million in 2020. This indicates that the Cape Metro area experienced a higher annual average growth rate than the Province.

The increased number of enrolments in the Province could be attributed to the increased population growth.⁷⁰ Increased learner enrolment may result in more crowded classes, which means it is important to ensure that there is sufficient space to accommodate continuously increasing enrolments and also to ensure that enough teachers are attending to learners. However, more enrolments mean that more students are educated, and they in turn acquire knowledge and skills, and can unlock socio-economic prosperity.⁷¹

Figure 3.8 compares the learner-teacher ratio in the Cape Metro with the Western Cape and national learner-teacher ratios between 2018 and 2020.

The increase in the number of learner enrolments in the Cape Metro could have been one of the factors contributing to the increase in the learner-teacher ratio from 30.7 learners per teacher in 2018 to 30.8 learners in 2020. The learner-teacher ratio in the Western Cape deteriorated, as the ratio increased from 30.2 learners per teacher in 2018 to 30.3 learners in 2020. These increases occurred despite measures taken by the WCED to support schools and assist with reducing class sizes by increasing the number of teachers in schools.⁷²

⁷⁰ (Sephton, S, 2017).

⁷¹ (Southern and Eastern Africa Consortium for Monitoring Educational Quality, 2011).

⁷² (Department of Education, 2020).

⁷³ (Parliamentary Monitoring Group, 2020).

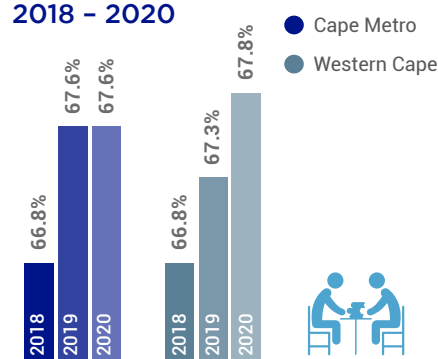
⁷⁴ (The Hun School of Princeton, 2019).

The learner-teacher ratio is a strong indicator of the students' level of engagement in a class, the quality of education and student achievement. A lower learner-teacher ratio therefore indicates that there are fewer learners per teacher and learners generally have the advantage that teachers are able to provide more personalised/tailored teaching methods and support, which improves the quality of education received and the ability of students to achieve. Research has also shown that lower learner-teacher ratios are associated with better test results, fewer drop-out learners and higher graduation rates.⁷⁵

Figure 3.9 depicts the municipal area, Provincial and national Grade 10 to 12 retention rate between 2018 and 2020.

Figure 3.9

GRADE 10 TO 12 RETENTION RATE, Cape Metro, 2018 – 2020



Source: Western Cape Education Department, 2021

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

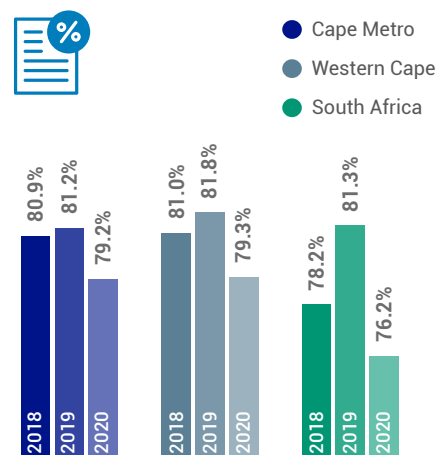
Despite the challenges in the education sector in 2020, the learner retention rate for the Cape Metro improved from 66.8 per cent in 2018 to 67.6 per cent in 2020. No changes were recorded in the retention rate from 2019 to 2020. In the Western Cape, the retention rate improved from 66.8 per cent in 2018 to 67.3 per cent in 2019 and 67.8 per cent in 2020. In 2018 and 2019, the retention rate in the Cape Metro was higher than that of the Western Cape. However, in 2020 the Western Cape's retention rate overtook the Cape Metro area. In 2020, the Western Cape was the Province with the highest retention rate.⁷⁶

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

Figure 3.10 shows the matric pass rate in the Cape Metro area compared with the Western Cape and South Africa.

Figure 3.10

MATRIC PASS RATE, Cape Metro, 2018 – 2020



Source: Western Cape Education Department and Department of Basic Education, 2021

A similar trend is seen in the Cape Metro, the Western Cape and South Africa. The matric pass rate increased from 2018 to 2019 and then decreased in 2020. The disruptions to the school calendar in 2020 as a result of COVID-19 created a challenging environment for learners as well as educators, particularly in areas with high levels of poverty where there is less access to the internet and technology, which will allow for online learning. The closing of public libraries also contributed to the decline in learning outcomes. In the Cape Metro area, the matric pass rate decreased from 81.2 per cent in 2019 to 79.2 per cent in 2020. In the Western Cape, the matric pass rate decreased from 81.8 per cent in 2019 to 79.3 per cent in 2020. Even though the Cape Metro and the Western Cape experienced a decrease in the matric pass rate in 2020, both managed to have a higher matric pass rate than South Africa's 76.2 per cent.

⁷⁵ (The Hun School of Princeton, 2019).

⁷⁶ (Department of Education, 2020).



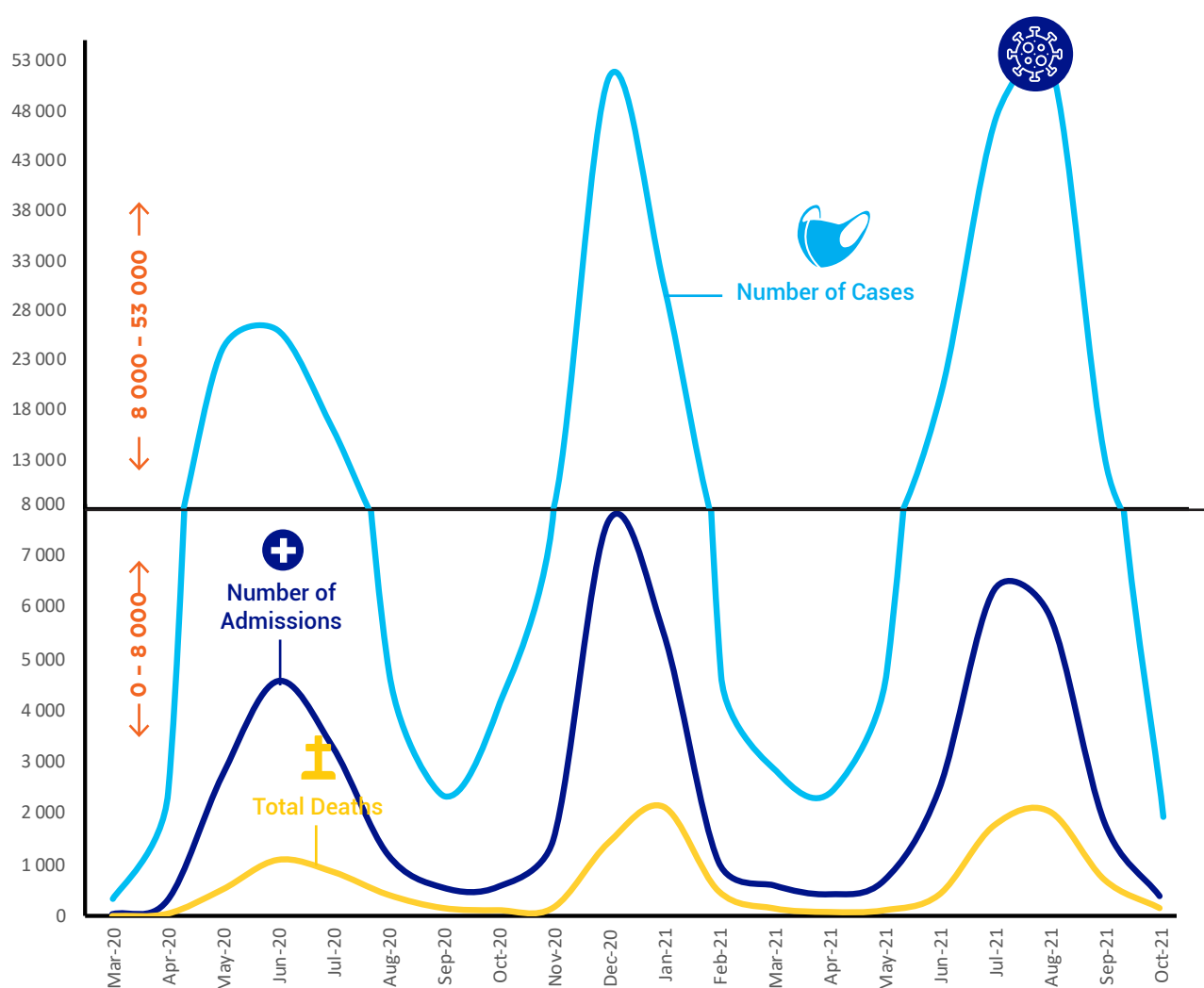
3.3.3 Health

The health conditions of persons living in the Cape Metro area are analysed in this subsection by reviewing COVID-19, mortality, the prevalence of TB, HIV/AIDS, infant mortality rates, maternal death rates and teenage pregnancies.

3.3.3.1 COVID-19

Figure 3.11 indicates the number of COVID-19 cases, admissions and deaths, as well as the distribution of deaths per age group in the Cape Metro area since the start of the COVID-19 pandemic in March 2020.⁷⁷

Figure 3.11
COVID-19 CASES, ADMISSIONS AND DEATHS, Cape Metro, 2020 – 2021



	Mar 20	Apr 20	May 20	Jun 20	Jul 20	Aug 20	Sep 20	Oct 20	Nov 20	Dec 20	Jan 21	Feb 21	Mar 21	Apr 21	May 21	Jun 21	Jul 21	Aug 21	Sep 21	Oct 21
Cases	309	2 376	24 002	25 982	16 095	4 690	2 304	4 119	8 287	51 326	30 167	4 662	2 795	2 395	4 739	19 661	47 344	52 163	12 100	19 03
Admissions	33	298	2 722	4 544	3 272	1 188	548	565	1 467	7 638	5 485	1 044	592	419	684	2 449	6 311	5 823	1 807	384
Total deaths	1	45	510	1 079	852	412	155	113	161	1 407	2 100	479	149	79	112	411	1 742	2 011	698	154

Source: Western Cape Department of Health, 2021

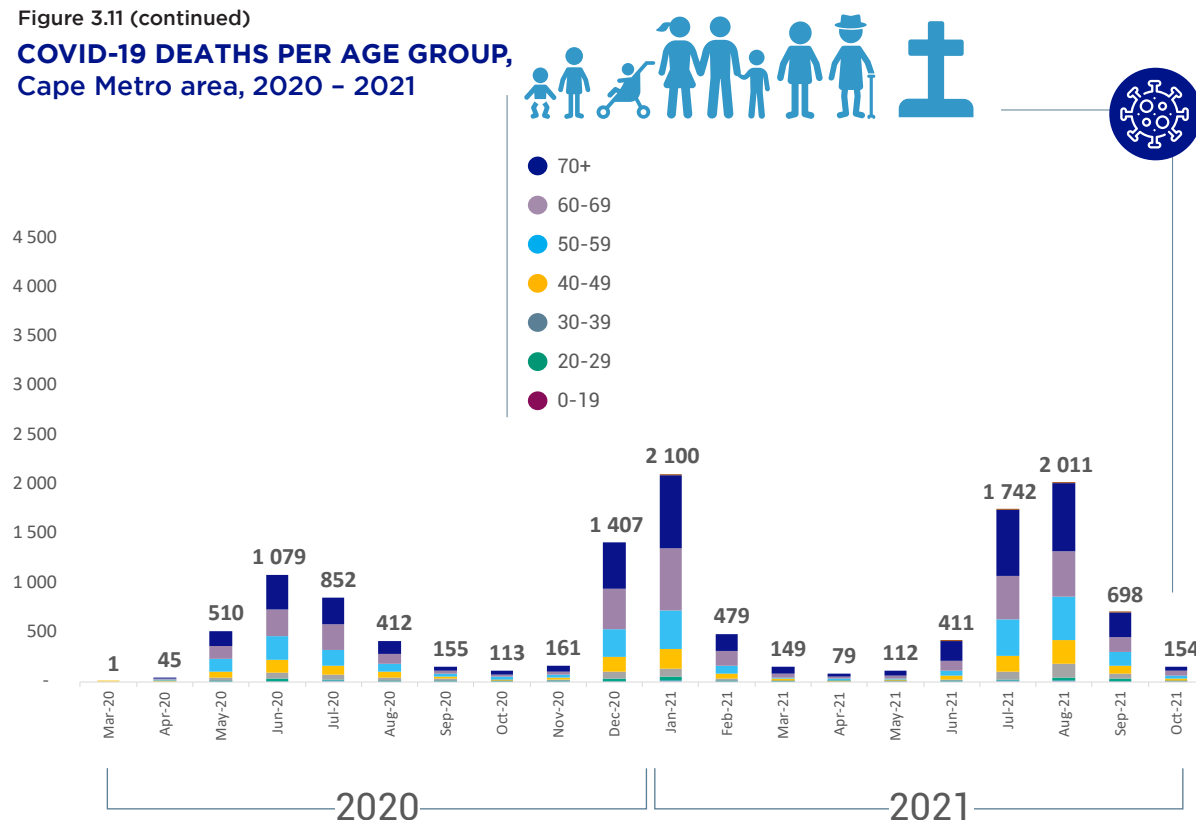
⁷⁷ Data for COVID-19 cases, admissions and deaths was extracted in November 2021.

The COVID-19 cases, admissions and related deaths follow a similar trend from March 2020 to October 2021. The Cape Metro area recorded 309 cases in March 2020, after which it experienced a rapid increase to 2 376 cases in April 2020, 24 002 in May 2020 and 25 982 in June 2020. This was the peak of the first wave, after which the number of cases started to decline and remained fairly low for the period between August and November. In December 2020, the number of COVID-19 cases experienced another rapid increase, reaching 52 326 COVID-19 cases (the peak of the second wave). The number of cases declined during January 2021 and April 2021. The Cape Metro experienced another surge of COVID-19 cases, increasing from 4 739 cases in May 2021 to 51 163 in August 2021, the peak of the third wave.

During the first wave, the number of admissions peaked at 4 544 in June 2020, after which the number of admissions declined. The peak of the second wave occurred in December 2020, with 7 638 hospital admissions, which was the highest number of admissions recorded over the reference period. With the onset of the third wave, the number of admissions reached 6 311 in July 2021. During the first wave, the number of deaths peaked at 1 079 in June 2020. During the second wave, deaths increased substantially to 2 100 in January 2021. Deaths peaked at 2 011 in August 2021, during the third wave. Older people were more likely to succumb to COVID-19. Over the reference period, 61.3 per cent of deaths were people older than 60.

Figure 3.11 (continued)

COVID-19 DEATHS PER AGE GROUP, Cape Metro area, 2020 – 2021



Source: Western Cape Department of Health, 2021



In the Cape Metro area, 51.4 per cent of persons older than 60, as well as 34.8 per cent of persons between the ages of 50 and 59, and 14.4 per cent of persons between the ages of 35 and 49, had received at least one vaccine dose by mid-August 2021. Areas with low levels of vaccination include Khayelitsha and Mitchell's Plain, where only 8.2 per cent and 7.6 per cent of persons between the ages of 35 and 49 respectively had been vaccinated by mid-August 2021.

3.3.3.2 Mortality

Table 3.2 provides an overview of the top 10 natural causes of death in the Cape Metro area in 2018.

Table 3.2

TOP 10 NATURAL CAUSES OF DEATH, Cape Metro, 2018



Rank	Cape Metro		Western Cape	
	Cause of death	%	Cause of death	%
1	Diabetes mellitus	7.7%	Diabetes mellitus	7.6%
2	Ischaemic heart disease	6.3%	Ischaemic heart disease	6.1%
3	HIV	5.5%	Cerebrovascular disease	5.9%
4	Cerebrovascular disease	5.2%	HIV	5.7%
5	Malignant neoplasms of digestive organs	4.5%	Chronic lower respiratory diseases	5.1%
6	Malignant neoplasms of respiratory and intrathoracic organs	4.3%	TB	4.9%
7	TB	4.2%	Malignant neoplasms of digestive organs	4.5%
8	Chronic lower respiratory diseases	4.1%	Malignant neoplasms of respiratory and intrathoracic organs	4.5%
9	Hypertensive diseases	3.8%	Hypertensive diseases	3.8%
10	Other forms of heart disease	3.3%	Other forms of heart disease	3.3%
Other natural		36.3%		35.6%
Non-natural		14.8%		13.0%

Source: Stats SA, 2021

Diabetes mellitus accounted for 7.7 per cent of deaths in the Cape Metro area and 7.6 per cent of deaths in the Western Cape in 2018. Ischaemic heart disease accounted for 6.3 per cent of deaths in the Cape Metro area and 6.1 per cent of deaths in the Western Cape. Further, other major causes of death in the Cape Metro area included cerebrovascular disease (5.2 per cent), malignant neoplasms of digestive organs (4.5 per cent) and malignant neoplasms of respiratory and intrathoracic organs (4.3 per cent).

Non-natural causes of death accounted for 14.8 per cent in the Cape Metro area in 2018. Compared with the Province, the Cape Metro recorded a higher percentage of non-natural deaths, which can partly be attributed to a higher murder rate in the Cape Metro area compared with the Province. Furthermore, this proportion increased from 14.0 per cent in 2017.



WELLBEING

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

3.3.3.3 HIV/AIDS and TB

Table 3.3 provides an overview of the trends in HIV testing, treatment and outcomes in the Cape Metro area between 2017/18 and 2020/21.

Table 3.3

TRENDS IN HIV TESTING, TREATMENT AND OUTCOMES, Cape Metro, 2017/18 – 2020/21



	2017/18	2018/19	2019/20	2020/21
Known HIV+ (Tested; n)	290 427	294 496	291 354	293 927
Of which: Clients started but no longer on ART	40.4%	48.1%	22.4%	20.0%
Of which: Clients on ART	60.5%	63.7%	68.9%	69.6%
Of which: Clients with confirmed viral suppression	82.9%	80.5%	74.7%	75.2%

Source: Western Cape Department of Health, 2021

The number of known HIV-positive tests increased from 290 427 in 2017/18 to 293 927 in 2020/21. Despite the challenges in the healthcare industry as a result of the COVID-19 pandemic, care for HIV clients was not affected. Clients who started with antiretroviral treatment (ART) but are no longer on it decreased from 40.4 per cent in 2017/18 to 19.95 per cent in 2020/21. Clients on ART increased from 60.5 per cent in 2017/18 to 69.6 per cent in 2020/21. In absolute numbers, the number of clients on ART declined, which indicates that the number of HIV clients decreased, despite the increased number of people testing positive.

Clients with confirmed viral suppression⁷⁸ decreased from 82.9 per cent in 2017/18 to 74.7 per cent in 2019/20, before increasing to 75.2 per cent in 2020/21. The economic impacts of HIV/AIDS include reduced labour supply, reduced labour productivity, reduced exports and increased imports.⁷⁹ Although not all of these aspects show a positive outcome, there are some improvements that will not only have a positive impact on the quality of life for persons with HIV but will also have a positive impact on the economy.

Table 3.4 provides an overview of TB notification and outcomes in the Cape Metro between 2018/19 and 2020/21.

Table 3.4

TRENDS IN TB NOTIFICATION AND OUTCOMES, Cape Metro area, 2018/19 – 2020/21



	2018/19	2019/20	2020/21
TB programme success rate (%)	80.2	76.3	77.9
TB clients lost to follow-up (%)	10.7	19.5	17.9
TB client death rate (%)	3.9	3.5	3.5
TB/HIV co-infected (%)	44.6	55.6	54.9
TB MDR treatment success rate (%)	51.8	51.5	53.0

Source: Western Cape Department of Health, 2021

Despite the disruptions to the healthcare system in 2020 from COVID-19, the TB programme success rate improved from 76.3 per cent in 2019/20 to 77.9 per cent in 2020/21. The clients lost to follow-up and TB/HIV co-infections also decreased between 2019/20 and 2020/21. The multidrug-resistant (MDR) treatment success rate increased from 51.5 per cent in 2019/20 to 53.0 per cent in 2020/21. However, despite these positive outcomes, the TB client death rate remained constant at 3.5 per cent in 2020/21. The TB client treatment success rate, TB clients lost to follow-up rate and the TB/HIV co-infection rate in the Cape Metro area remains above the Provincial average for these indicators.

⁷⁸ Viral suppression is when HIV medicine is used to reduce the viral load in the body in such a way that the immune system is able to function.

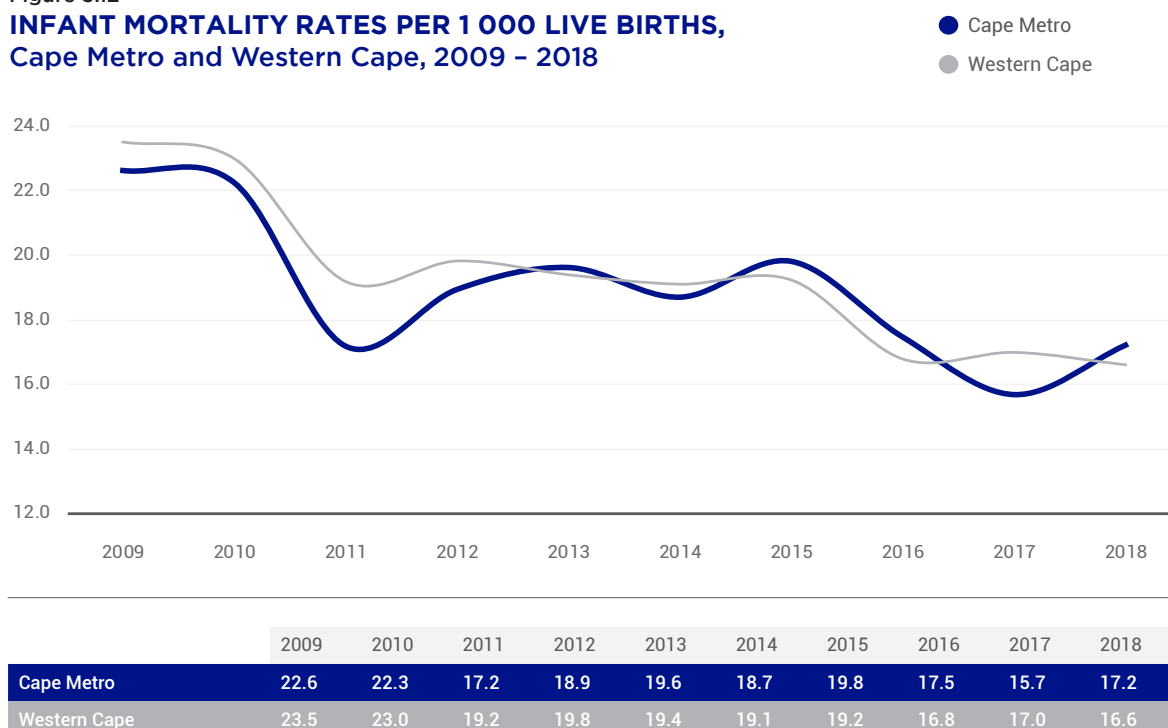
⁷⁹ (British Medical Journal, 2002).

3.3.3.4 Infant, child and maternal health

Figure 3.12 depicts the infant mortality rates per 1 000 live births in the Cape Metro area and the Western Cape between 2009 and 2018.

Figure 3.12

INFANT MORTALITY RATES PER 1 000 LIVE BIRTHS, Cape Metro and Western Cape, 2009 – 2018



Source: Western Cape Department of Health, 2021

For the period between 2009 and 2018, the infant mortality rate followed a similar declining trend in the Cape Metro and the Western Cape. In the Cape Metro, 22.6 deaths per 1 000 live births were recorded in 2009, which decreased to 17.2 deaths per 1 000 live births in 2011. Between 2011 and 2015 the infant mortality rate fluctuated marginally, before declining to its lowest level of 15.7 deaths per 1 000 live births in 2017. An increase to 17.2 deaths per 1 000 live births was recorded in 2018. The Western Cape experienced a decrease from 23.5 deaths per 1 000 births in 2009 to 16.6 deaths in 2018.



Table 3.5 provides an overview of the maternal death rates per 100 000 live births in the Cape Metro between 2018 and 2020.

Table 3.5

MATERNAL DEATH RATES PER 100 000 LIVE BIRTHS, 2018 - 2020

	2018	2019	2020
Cape Metro	70.8	57.9	83.8
● West Coast District	77.2	0	43.0
● Cape Winelands District	95.5	42.7	118.3
● Overberg District	53.6	0	22.1
● Garden Route District	57.6	33.4	121.5
● Central Karoo District	201.6	0	195.3

Source: Western Cape Department of Health, 2021

The maternal death rate is defined as maternal deaths per 100 000 live births in health facilities. Maternal death is death occurring during pregnancy, childbirth and the puerperium of a woman while pregnant or within 42 days of termination of pregnancy, irrespective of the duration and site of pregnancy and irrespective of the cause of death (obstetric and non-obstetric).

The Cape Metro area experienced an increase from 70.8 deaths per 100 000 births in 2018 to 83.8 deaths in 2020. In 2020, the Cape Metro area recorded the fourth-highest maternal death rate per 100 000 live births in the Province. The District with the highest maternal death rate was the CKD (195.3), followed by the GRD (121.5) and CWD (118.3).

3.3.3.5 Teenage pregnancy

Teenage pregnancies can perpetuate the poverty cycle while also resulting in early school drop-out by pregnant teenagers. Teenage pregnancy is influenced by several factors, including lack of knowledge or access to contraceptives, access to healthcare services and other socio-cultural factors. Table 3.6 outlines the delivery rate of women between the ages of 10 and 19 in the Cape Metro and Western Cape between 2018 and 2020.

Table 3.6

DELIVERY RATE TO WOMEN 10 - 19 YEARS, 2018 - 2020

	2018	2019	2020
Cape Metro	9.6	9.5	9.4
● West Coast District	16.2	16.3	14.7
● Cape Winelands District	14.2	15.1	13.6
● Overberg District	14.7	13.1	14.0
● Garden Route District	15.9	15.6	14.7
● Central Karoo District	17.7	15.4	17.7

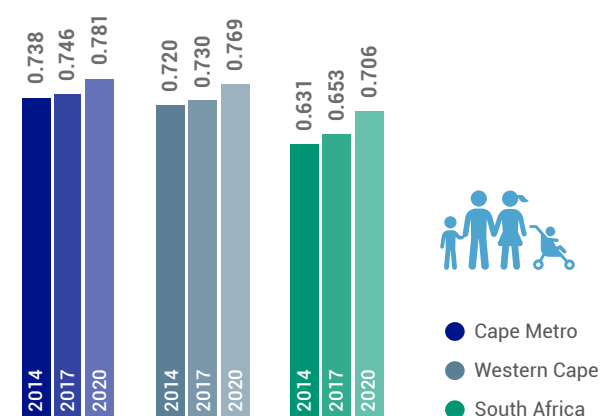
Source: Western Cape Department of Health, 2021

The Cape Metro area recorded a marginal decrease in teenage pregnancies from a 9.6 per cent delivery rate in 2018 to a 9.4 per cent delivery rate in 2020. The Cape Metro area also experienced the lowest number of teenage pregnancies between 2018 and 2020 compared with other Districts in the Western Cape. The District with the highest teenage pregnancies was the CKD, with a delivery rate of 17.7 per cent in 2020. The high delivery rate to women between the ages of 10 and 19 in the regions of the Western Cape adds additional pressure to households, as many live in poverty and earn low levels of income.

3.3.4 Human Development Index

Figure 3.13 depicts the HDI in the Cape Metro area, the Western Cape and South Africa between 2014 and 2020.

Figure 3.13
HDI, Cape Metro, 2014 – 2020



South Africa, the Western Cape and the Cape Metro experienced an increase in human development between 2014 and 2020. The HDI in the Cape Metro increased from 0.738 in 2014 to 0.781 in 2020, while the Western Cape experienced an increase from 0.720 in 2014 to 0.769 in 2020. Increased human development means that there is increased prosperity and improved living standards of residents. Social and economic aspects benefit from an increased HDI.

Source: IHS Markit, 2021

The HDI is a measure of people's ability to live a long and healthy life, to communicate, to participate in the community and to have sufficient means to afford a decent standard of living. The HDI is represented by a number between 0 and 1, where 1 indicates a high level of human development and 0 represents no human development. Capturing and evaluating HDI can be useful in developing policies and can also be used as a means to assess the development of the population, as this plays a critical role in the development of the economy.⁸⁰

GLOBAL HDI COMPARISON

According to the United Nations Development Programme (UNDP),⁸¹ South Africa was ranked 114th in the world, with an HDI of 0.709 in 2019, which was lower than the average world HDI of 0.737. However, the HDI in South Africa is still considered to be high and is above the average HDI of developing countries (0.689). Globally, Norway had the highest HDI in 2019 (0.957), while Niger was ranked lowest at 0.394. In 2019, the HDI in the Western Cape (0.757) was considered high according to the UNDP classification and above the world average. The HDI in the Cape Metro area in 2019 (0.771) was also considered high according to the HDI classification. Countries with a comparable HDI include Colombia (0.767) and North Macedonia (0.774).

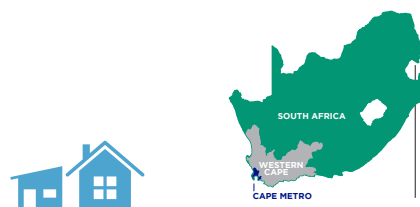
⁸⁰ (World Health Organization, 2021).

⁸¹ (UNDP, 2021).

3.4 HOUSING AND ACCESS TO BASIC SERVICES

Access to formal housing is regarded as a basic human right and an important indicator of the level of human development within an economy. Table 3.7 depicts the different types of dwellings for households living in the Cape Metro area in 2020.

Table 3.7
**NUMBER AND PROPORTION OF DWELLINGS,
Cape Metro, 2020**



	Cape Metro		● Western Cape		● South Africa	
	Number	% of total	Number	% of total	Number	% of total
Formal	1 006 214	77.2%	1 537 538	79.0%	12 851 969	77.4%
Informal	282 785	21.7%	380 416	19.5%	2 393 866	14.4%
Other	14 989	1.1%	27 937	1.4%	1 367 512	8.2%

Source: Quantec Research, 2021

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

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

Similar to the trend at the national and Provincial levels, most of the households in the Cape Metro live in formal dwellings. A total of 77.2 per cent of residents in the Cape Metro area lived in formal dwellings and 21.7 per cent lived in informal dwellings in 2020. In the Western Cape, a larger share of the population lived in formal dwellings (79.0 per cent) and 19.5 per cent of residents lived in informal dwellings in 2020. The Western Cape and the Cape Metro have a significantly smaller proportion of residents staying in dwellings classified as “other” compared with the rest of South Africa. This category includes traditional dwellings, which are more prevalent in other provinces of the country.

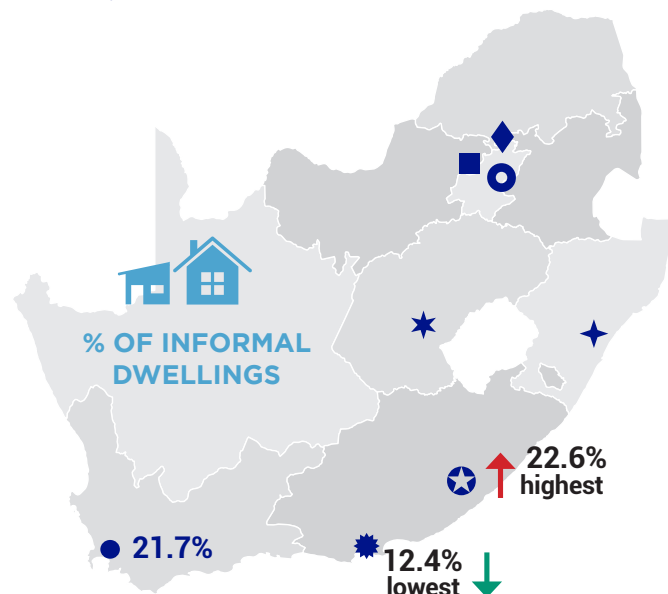
In 2020, there was an increase in informal settlements in the Cape Metro area, with an increase in illegal land occupations. This curtails the spatial transformation agenda of the City of Cape Town, as well as service provision and infrastructure development. Illegal occupation also threatens the development gains of established communities and can impede future development of industrial, residential, commercial and social spaces.⁸²

⁸² (City of Cape Town, 2021).

Diagram 3.3

PROPORTION OF INFORMAL DWELLINGS, South African Metros, 2020 (%)

	% informal dwellings
☀ Nelson Mandela Bay	12.4%
SOUTH AFRICA	14.4%
★ Mangaung	14.4%
✦ eThekweni	15.9%
■ Johannesburg Metro	17.4%
◆ Tshwane Metro	18.7%
● Cape Metro	21.7%
○ Ekurhuleni	22.1%
☆ Buffalo City	22.6%



Source: Quantec Research, 2021

A larger share of the Cape Metro's population lives in informal settlements (21.7 per cent in 2020) compared with South Africa (14.4 per cent in 2020). The City of Cape Town has the third-largest share of its population residing in informal settlements. A total of 22.6 per cent of Buffalo City's population lived in informal dwellings and 22.1 per cent of Ekurhuleni's population resided in informal dwellings in 2019. One of the major causes of informal dwellings can be related to the lack of affordable housing in a given area.

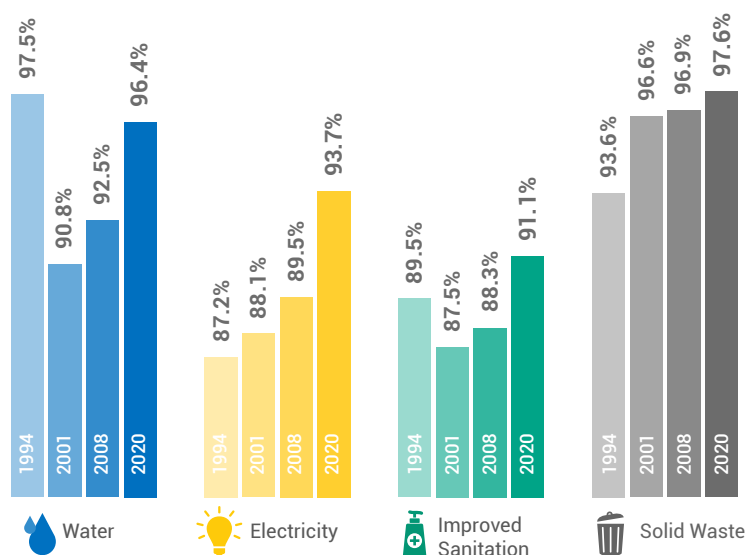


Access to basic services, particularly water and sanitation, can influence the health, safety and wellbeing of communities. Furthermore, by providing basic services to communities, municipalities are creating an enabling environment that will allow for private investment and entrepreneurship that can create local economic opportunities.

Figure 3.14 illustrates the household access to basic services in the Cape Metro.

Figure 3.14

ACCESS TO BASIC SERVICES, Cape Metro, 1994 – 2020



Access to a basic level of piped or tap water refers to having access to water inside a dwelling or yard or within 200m of the home.

Access to improved sanitation includes having access to a flush or chemical toilet or a pit toilet with ventilation.

Access to a basic level of solid waste removal services includes having refuse removed at least once a week by local government, or having access to a communal refuse container or collection point.⁸³

Source: Non-financial Census of Municipalities, Stats SA, Quantec Research, 2021

Since 1994, access to electricity, sanitation and waste removal services has improved in the Cape Metro by 6.5 percentage points, 1.7 percentage points and 4.0 percentage points respectively. Access to electricity and waste removal services has consistently increased but access to sanitation services declined between 1994 and 2001 before steadily increasing. Access to tapped water has not kept up with the household growth in the metro. Despite increasing steadily since 2011, access remains 1.1 percentage points lower compared with 1994.

Compared with other metros, the Cape Metro area surpasses the other metros in terms of access to electricity. Only the Johannesburg Metro has higher levels of access to water, improved sanitation and waste removal services.



⁸³ (Stats SA, 2017).

INDIGENT HOUSEHOLDS

A household is classified as indigent when the occupants of the household earn a combined income of less than a certain amount (poverty threshold) defined by the indigent policy of a municipality, which is reviewed on an annual basis. In the City of Cape Town, a household earning less than R7 500 per month is eligible to qualify for indigent support and discount on water, sewerage, electricity, waste collection and property rates.⁸⁴

Table 3.8
NUMBER OF INDIGENT HOUSEHOLDS, Cape Metro, 2018 – 2020

	2018		2019		2020	
	Number	% of households	Number	% of households	Number	% of households
Cape Metro area	225 217	17.4%	220 796	16.5%	197 224	14.4%
Western Cape	373 197	19.4%	372 303	18.9%	344 251	17.1%

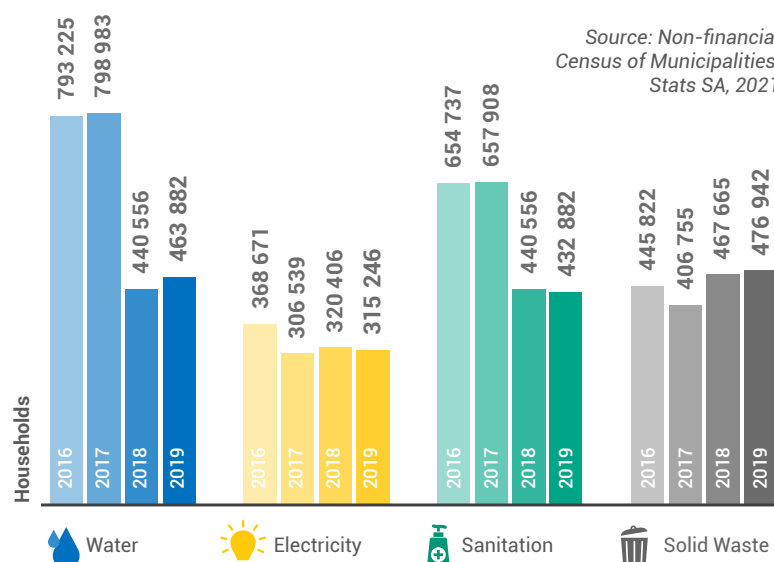
Source: Department of Local Government, 2021

In the Cape Metro area, the share of indigent households decreased from 17.4 per cent in 2018 to 14.4 per cent in 2020. The share of indigent households in the Western Cape also decreased, from 19.4 per cent in 2018 to 17.1 per cent in 2020. A decrease in the number and share of indigent households means that there is less pressure on the public sector to support these low-income households.

Free basic services are available to households that qualify as indigent households. Figure 3.15 illustrates the number of households with access to free basic services in the Cape Metro between 2016 and 2019.

The extent of free basic services support is determined by the indigent policy of each local municipality. Most municipalities offer free basic water services (up to 6kl) and free electricity up to 50kWh – with some providing partial support for sanitation and solid waste services as well. The provision of free basic services therefore differs according to the type of service, as access levels and policies differ across municipalities. In the Cape Metro area, access to free basic water, electricity and sanitation decreased between 2016 and 2020. The number of households receiving free access to basic water decreased from 793 225 in 2016 to 463 882 in 2019, while the number of households receiving free basic sanitation services also declined, from 654 737 in 2016 to 432 882 in 2019. Households with access to free electricity experienced a decline from 368 671 in 2016 to 315 246 in 2019. Access to free solid waste removal was the only free basic service that experienced an increase, from 445 822 in 2016 to 476 942 in 2019.

Figure 3.15
ACCESS TO FREE BASIC SERVICES, Cape Metro, 2016 – 2019

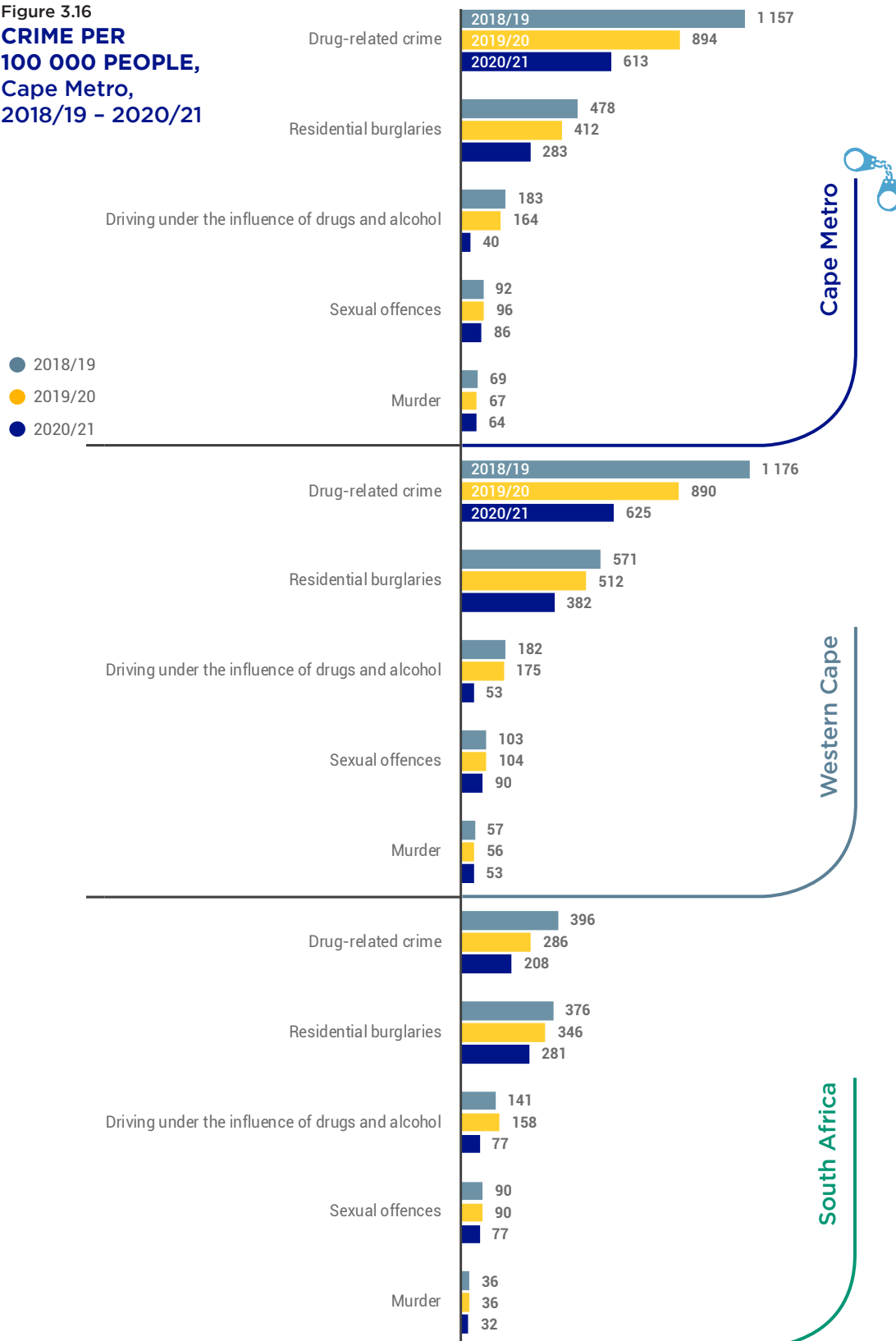


⁸⁴ (City of Cape Town, 2021).

3.5 CRIME

An analysis of an area's crime trend is important to determine the potential occurrence and types of criminal activities that are prevalent. Figure 3.16 depicts the trends in selected crime categories in the Cape Metro area, the Western Cape and South Africa.

Figure 3.16
CRIME PER
100 000 PEOPLE,
Cape Metro,
2018/19 – 2020/21



Source: Calculated from SAPS, Quantec Research and Western Cape DSD MYPE PPU 2021.1 (Sept, 2021), 2021

For the crime categories under review in the Cape Metro area, the Western Cape and South Africa, drug-related crime had the highest crime rate but experienced a decline from 2018/19 to 2020/21. In the Cape Metro, drug-related crime decreased from 1 157 cases per 100 000 people in 2018/19 to 613 in 2020/21. The recorded drug-related crime cases in the Western Cape also decreased, from 1 176 cases per 100 000 people in 2018/19 to 625 cases in 2020/21. The recent arrests of alleged organised crime bosses in the Cape Metro area are substantial gains made by law enforcement to reduce criminality in the metro.

Despite the declining trend, the murder rate in the Cape Metro area remains significantly high compared with the rest of the country and the world. In 2020, Cape Town ranked number 10 in the top 50 most violent cities in the world.⁸⁵ In the fourth quarter of 2020/21,⁸⁶ the top 10 police stations for murder in the country included Khayelitsha, Mfuleni, Kraaifontein, Delft, Nyanga and Gugulethu, with Harare, Philippi East, Samora Machel, Mitchell's Plain and Elsies River included in the top 30.⁸⁷

The number of residential burglaries per 100 000 in the Cape Metro in 2020/21 was lower compared with the Western Cape but was on a par with that of South Africa. The curfew implemented in 2020 as part of the lockdown measures to curb the spread of COVID-19 had a positive impact on reducing the rate of residential burglaries. In the Cape Metro area, the crime rate in this category declined from 412 cases per 100 000 people in 2019/20 to 283 cases in 2020/21.

In the Cape Metro and the Western Cape, the number of cases for driving under the influence of drugs or alcohol decreased from 2018/19 to 2019/20, whereas in South Africa these cases increased. The restriction on alcohol sales and the curfew implemented in 2020 had a positive impact on the number of cases of people driving under the influence of drugs or alcohol. In the Western Cape, cases decreased from 175 cases per 100 000 people in 2019/20 to 53 cases per 100 000 people in 2020/21, and from 164 cases per 100 000 people in the Cape Metro in 2019/20 to 40 cases per 100 000 people in 2020/21.

The Western Cape and the Cape Metro area recorded more instances of sexual assault per 100 000 people compared with South Africa over the reference period. However, the number of cases declined between 2019/20 and 2020/21. Incidences of sexual assault declined from 96 cases per 100 000 in 2019/20 to 86 cases per 100 000 in 2020/21.



LAW ENFORCEMENT ADVANCEMENT PLAN

Through the Law Enforcement Advancement Plan (LEAP), made possible through the Western Cape Safety Plan, additional officers have been deployed in crime hot spot areas such as Bishop Lavis, Delft, Khayelitsha, Mitchells Plain, Nyanga and Philippi. Since the LEAP programme was launched in September 2019, 823 officers have been deployed and in December 2021, an addition 217 officers will be deployed as part of the programme.⁸⁸ The gains made by this programme also feeds into the Western Cape Recovery Plan, which prioritises the safety and wellbeing of Western Cape citizens.

⁸⁵ (*Seguridad, Justicia Y Paz, 2021*).

⁸⁶ *January to March 2021*.

⁸⁷ (*SAPS, 2021*).

⁸⁸ (*Western Cape Community Safety, 2021*).

3.6 CONCLUDING REMARKS

Forecast trends indicate that the Cape Metro area has a population of 4.7 million in 2021, which is expected to increase to 5.0 million people in 2025. In 2020, people aged between 35 and 64 comprised 35.8 per cent of the total population in the Cape Metro area, followed by individuals aged between 15 and 34 (33.5 per cent).

The Cape Metro area's GDP per capita continuously declined between 2014 and 2020, following a similar trend to the Western Cape and South Africa. In 2020, the GDP per capita in the Cape Metro area experienced a decline of 9.1 per cent, which could be attributed to the impact of regulations and restrictions brought about by the global COVID-19 pandemic. In 2019, the Cape Metro area had a higher average monthly income (R20 616) than the Western Cape (R19 430) and South Africa (R15 926). However, inequality is higher in the Cape Metro area when compared with the Western Cape.

Learner enrolments in the Cape Metro area increased from 672 102 in 2018 to 698 194 in 2020, which in turn contributed to the increased learner-teacher ratio over the same period. The Grade 10 to 12 retention rate for the Cape Metro area (67.6 per cent) remained unchanged between 2019 and 2020, and was marginally lower than that of the Province. The metro area's matric pass rate decreased from 81.2 per cent in 2019 to 79.2 per cent in 2020, but was higher than the national pass rate of 76.2 per cent.

The Cape Metro area recorded improvements in several health outcomes despite the disruptions to and pressure on the healthcare system as a result of the COVID-19 pandemic. These included an increase in the percentage of people with confirmed viral suppression and the TB programme success rate, as well as a decline in TB clients lost to follow-up, between 2019/20 and 2020/21. However, the maternal death rate in the metro area increased from 57.9 deaths per 100 000 live births in 2019 to 83.8 deaths per 100 000 live births in 2020.

The HDI of the Cape Metro area increased from 0.746 in 2017 to 0.781 in 2020, which was higher than the HDI recorded by the Western Cape (0.769) and South Africa (0.706) in 2020.

Although most households in the Cape Metro area live in formal dwellings (77.2 per cent in 2020), a larger share of the Cape Metro population lives in informal settlements compared with the Western Cape and South Africa. In terms of access to basic services, the number of consumers with access to water, electricity, sanitation and solid waste removal services remained the same between 2019 and 2020.

There was a decline in all the crime categories under review in the Cape Metro area between 2019/20 and 2020/21. However, the rates of murder and drug-related crime are still considered high compared with South Africa. A general decrease in crime rates can have positive impacts on the quality of life, the social wellbeing of residents and medium- and long-term economic prospects such as increased business confidence, etc.⁸⁹

⁸⁹ (Institute for Security Studies, 2014).



WEST COAST DISTRICT

31 118KM²



WEST COAST DISTRICT

**MATZIKAMA, CEDERBERG,
BERGRIVIER, SALDANHA BAY,
SWARTLAND**

INFOGRAPHIC SUMMARY

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- Introduction
- Growth in GDP performance
- Labour trend analysis
- Concluding remarks

2 Sectoral growth, employment and skills per municipal area

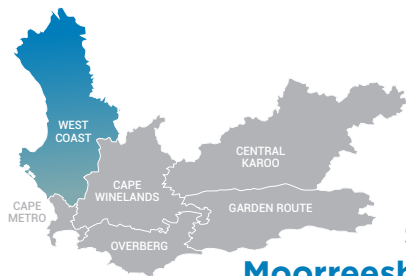
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- Concluding remarks

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- Crime
- Concluding remarks



WEST COAST DISTRICT

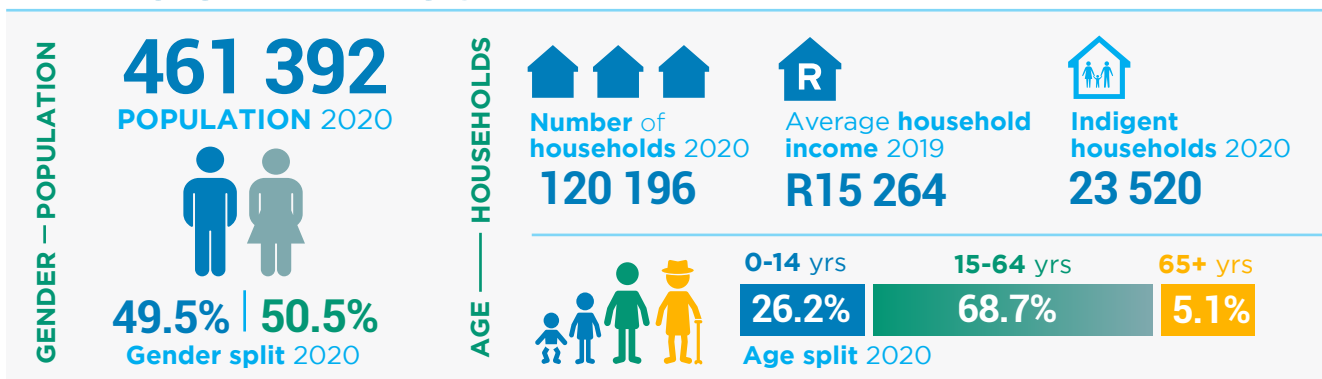
SEAT
Moorreesburg

AREA
31 118KM²

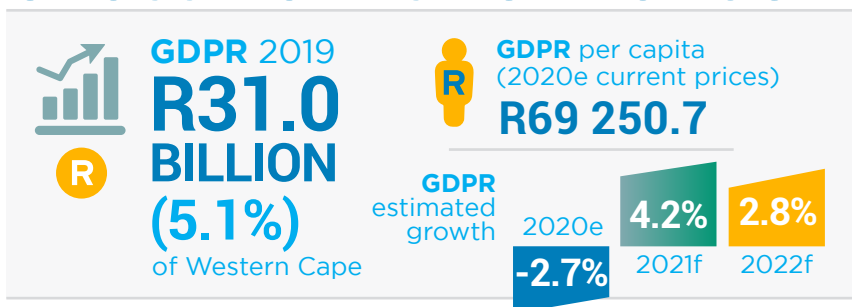
DENSITY
13/KM²

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

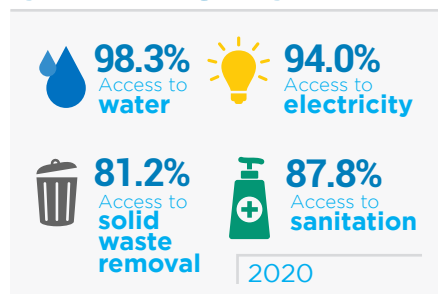
DEMOGRAPHICS



GROSS DOMESTIC PRODUCT



SERVICES



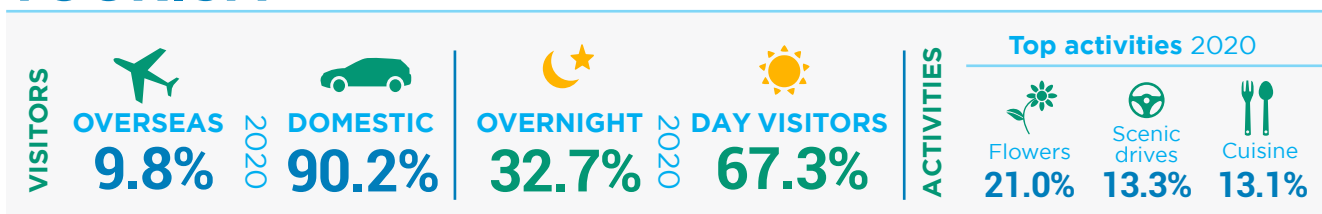
EMPLOYMENT



TRADE



TOURISM





GDPR

2019

2020

GDPR
CONTRIBUTIONGDPR
GROWTH

EMPLOYMENT

2019

2020

EMPLOYMENT
CONTRIBUTIONEMPLOYMENT
GROWTH

PRIMARY SECTOR

^R
17.5%  12.4%

AGRICULTURE,
FORESTRY & FISHING

16.4%  14.4%

MINING &
QUARRYING

1.1%  -22.8%

SECONDARY SECTOR

29.5%  -7.4%

MANUFACTURING

22.8%  -5.0%

ELECTRICITY,
GAS & WATER

2.0%  -7.8%

CONSTRUCTION

4.8%  -20.6%

TERTIARY SECTOR

53.0%  -5.8%

WHOLESALE &
RETAIL TRADE,
CATERING &
ACCOMMODATION

16.2%  -9.9%

TRANSPORT,
STORAGE &
COMMUNICATION

8.1%  -16.5%

FINANCE,
INSURANCE,
REAL ESTATE
& BUSINESS
SERVICES

11.5%  -2.9%

GENERAL
GOVERNMENT

10.9%  1.0%

COMMUNITY,
SOCIAL &
PERSONAL
SERVICES

6.3%  -1.8%

^R
38.0%  -6.2%

37.8%  -6.2%

0.2%  -8.0%

12.7%  -6.6%

8.9%  -3.6%

0.2%  -3.4%

3.7%  -14.2%

49.2%  -4.9%

17.5%  -5.8%

2.6%  -4.9%

8.8%  -4.8%

9.6%  1.3%

10.8%  -8.9%



1 REGIONAL ECONOMIC REVIEW AND OUTLOOK

1.1 INTRODUCTION

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

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

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

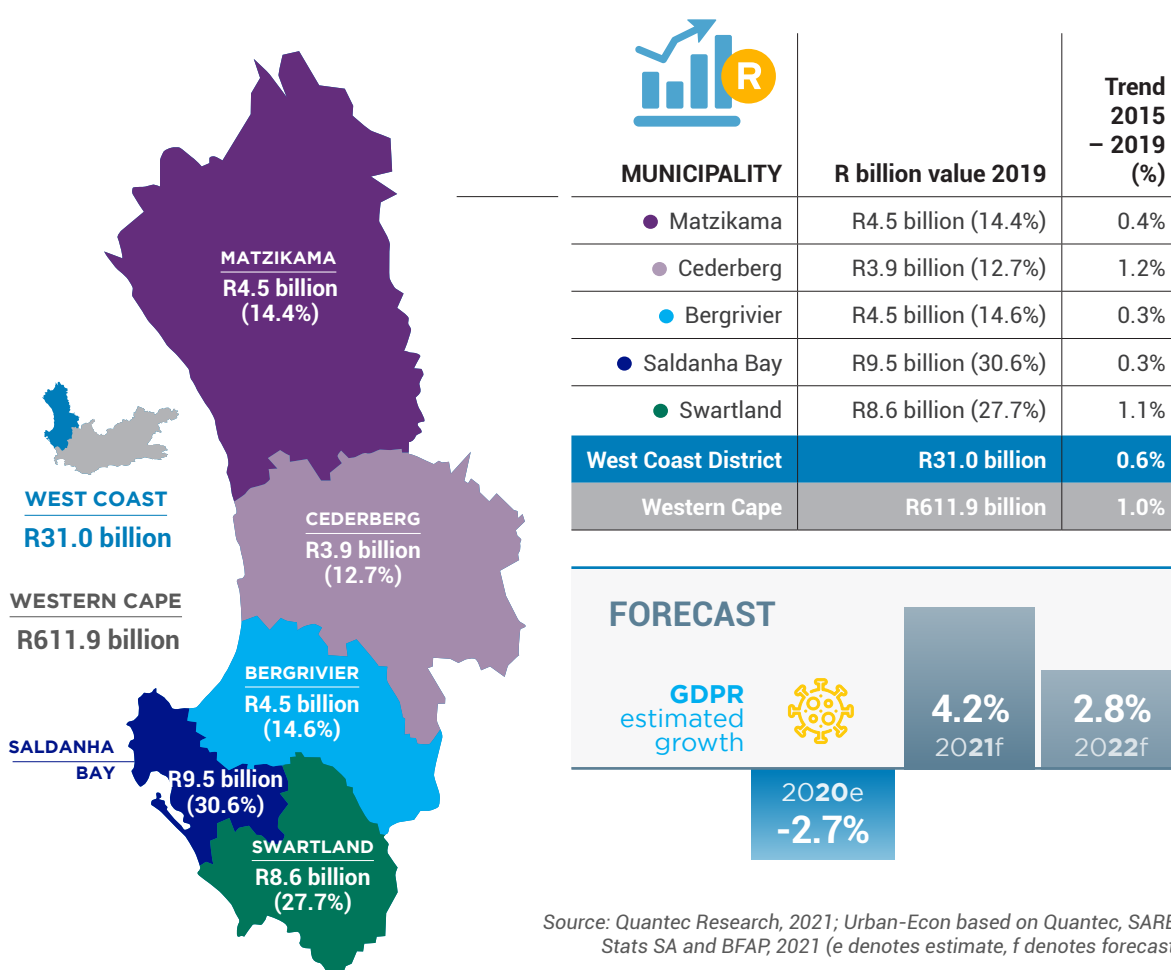
1.2 GROWTH IN GDPR PERFORMANCE

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

1.2.1 GDPR performance per municipal area

Diagram 1.1

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



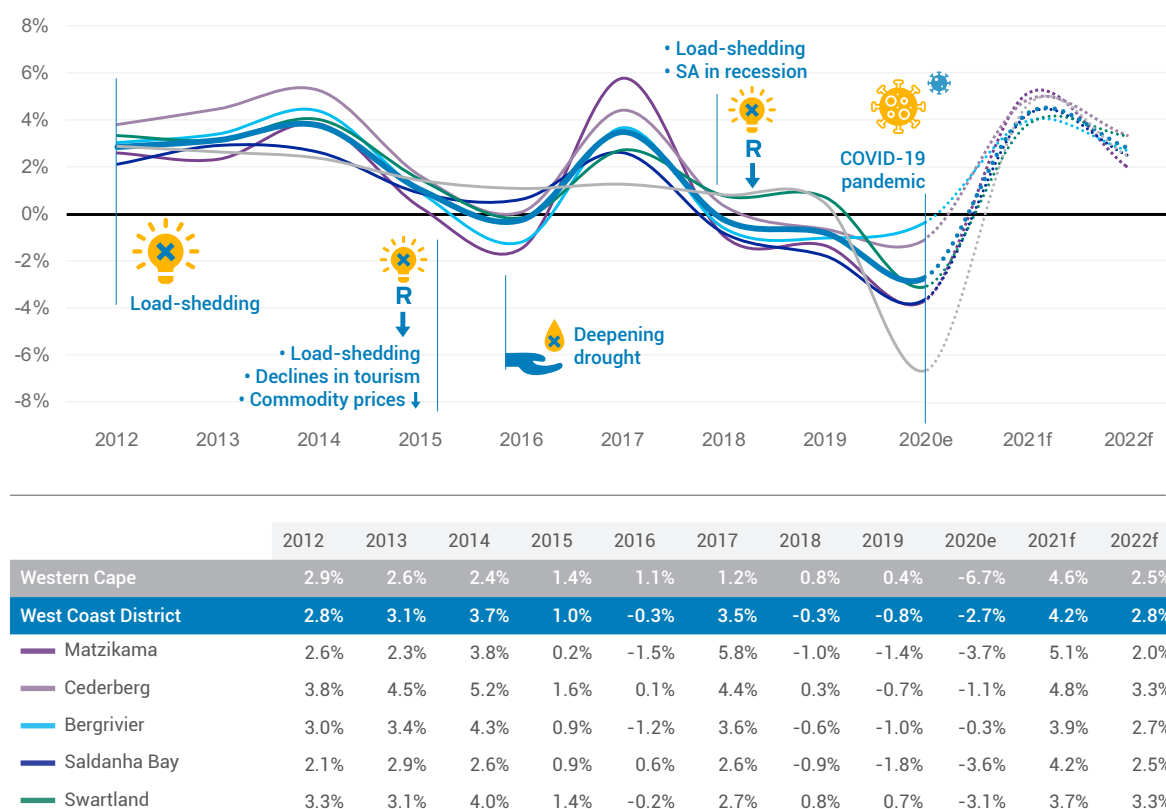
The WCD's economy was valued at R31.0 billion in 2019 and contributed 5.1 per cent to the Provincial economy. Between 2015 and 2019, the WCD experienced an average annual growth rate of 0.6 per cent. This rate is below that of the Provincial economy, which grew by 1.0 per cent over the same period.

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

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

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

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



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

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

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

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

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

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

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


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

1.2.2 Sectoral GDPR performance

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

Table 1.1

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

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

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

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

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

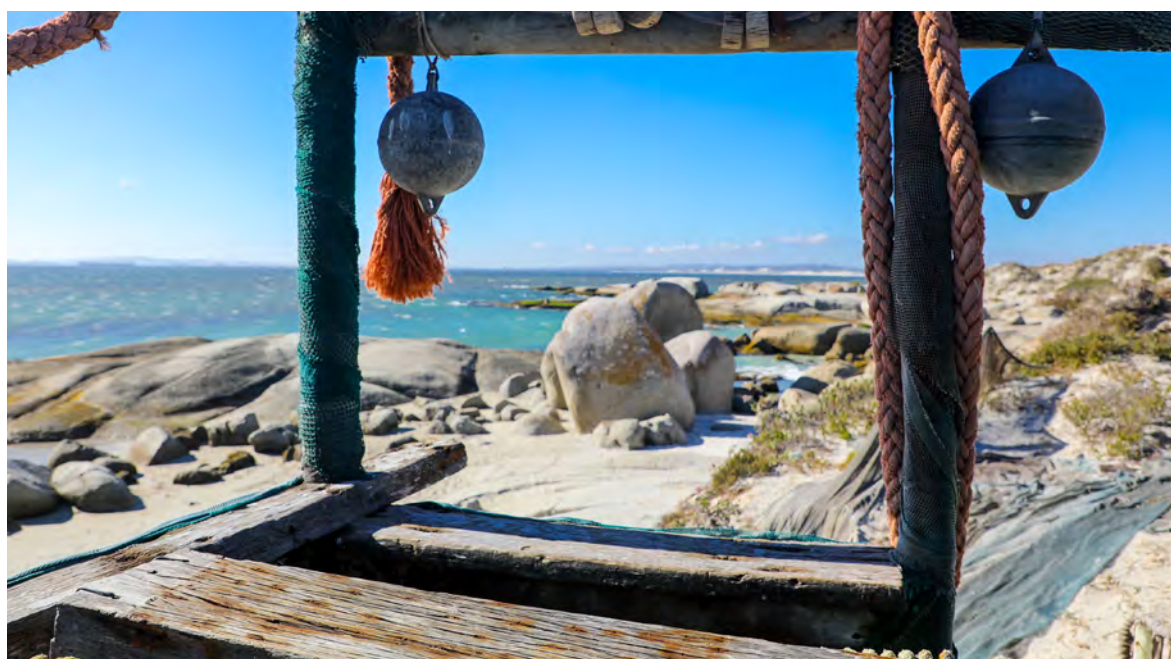
The secondary sector is estimated to have declined by 7.4 per cent in 2020, with all individual sectors experiencing contractions. The construction sector and the electricity, gas and water sector are expected to have experienced the largest contractions in 2020, at 20.6 and 7.8 per cent respectively.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

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

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

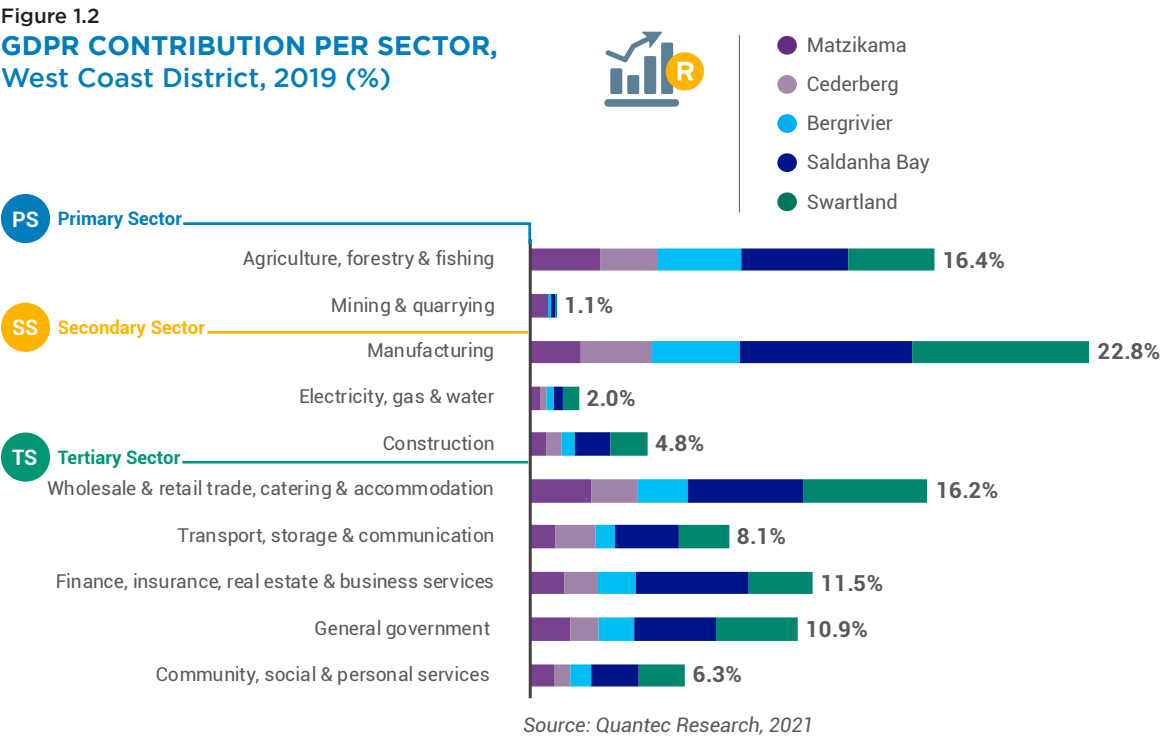
Forecasts for both 2021 and 2022 point to a recovery of economic activity across most sectors. The mining sector is expected to realise the largest growth rate of 11.4 per cent in 2021. However, it should be noted that this is the result of the sector's small base and the recent mining commodity price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

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



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

Figure 1.2 depicts the WCD’s sectoral GDPR contribution per municipal area in 2019.



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

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



1.3 LABOUR TREND ANALYSIS

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

1.3.1 Employment per municipal area

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

Table 1.2
EMPLOYMENT GROWTH, West Coast District, 2019

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

Source: Quantec Research, 2021 (e denotes estimate)

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

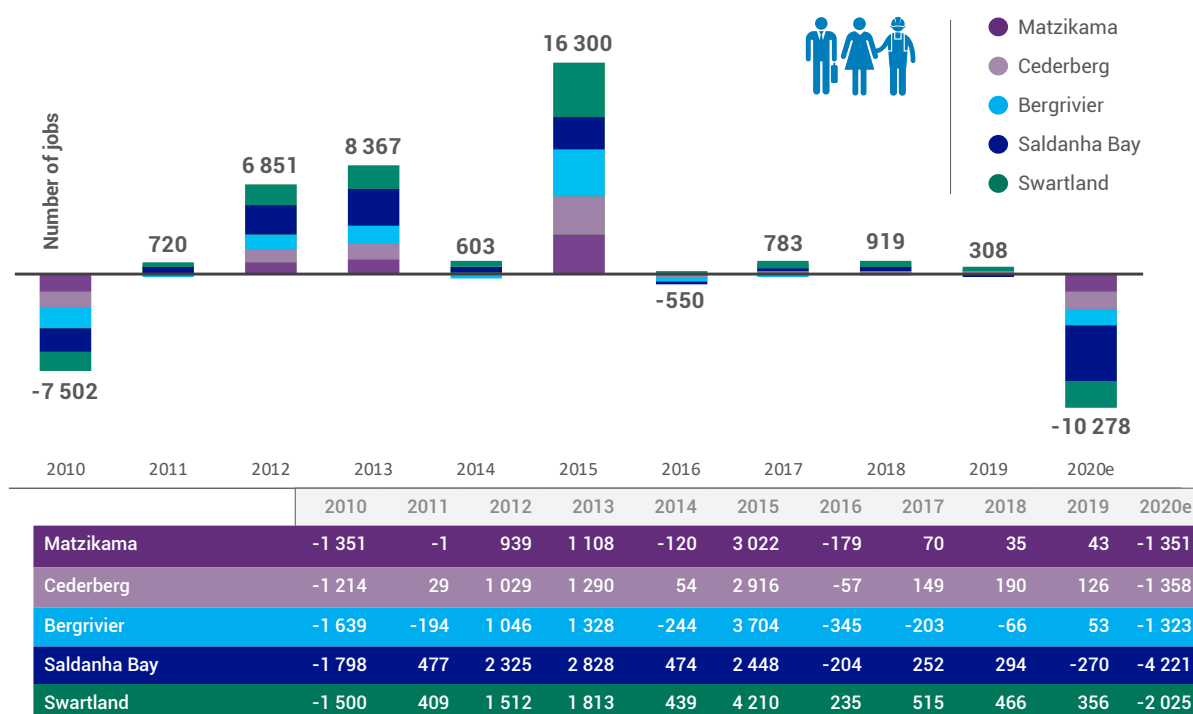
Between 2015 and 2019, the WCD experienced an average annual increase of 3 552 jobs. Over the five-year period, the Swartland municipal area created the most employment opportunities, with an average annual increase of 1 156 jobs. This is likely due to the strong average annual GDP growth rate recorded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

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

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

Figure 1.3

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



Source: Quantec Research, 2021 (e denotes estimate)

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

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

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


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

1.3.2 Sectoral employment

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

Table 1.3

EMPLOYMENT PER SECTOR, West Coast District, 2019

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

Source: Quantec Research, 2021 (e denotes estimate)

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

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

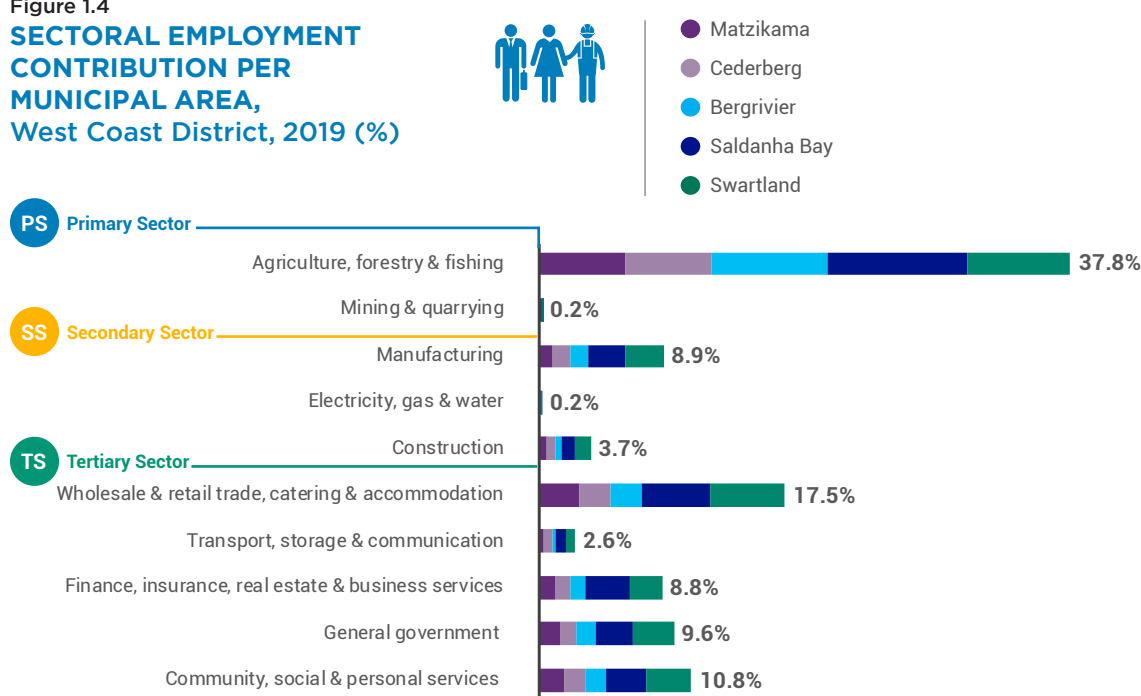
In the District, there were 23 322 jobs (12.7 per cent) in the secondary sector in 2019. This sector exhibited the smallest average annual change across the three main sectors over the review period, with an average increase of 227 jobs per annum. In terms of individual sectors, the number of jobs in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

Estimates for the District in 2020 indicate an expected total loss of 10 278 jobs, mainly as a result of job-shedding within the tertiary (4 410 jobs) and primary (4 324 jobs) sectors. The secondary sector is estimated to experience a decline of 1 544 jobs in the year. Employment in the agriculture sector indicates expected job-shedding of 4 292 jobs in 2020.⁴ Furthermore, estimates for 2020 indicate that the trade sector and the community services sector experienced substantial job losses during the year, which further impacted net employment creation in the WCD.

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

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

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



Source: Quantec Research, 2021

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

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

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



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

Diagram 1.2





UNEMPLOYMENT PROFILE, West Coast District, 2019 (%)

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

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

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

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

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

Source: Quantec Research, 2021 (e denotes estimate)

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

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

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

1.4 CONCLUDING REMARKS


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

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

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

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

⁵ (Stats SA, 2020).



2

SECTORAL GROWTH, EMPLOYMENT AND SKILLS PER MUNICIPAL AREA

2.1 INTRODUCTION

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

2.2 WEST COAST DISTRICT SALDANHA BAY

Vredenburg
SALDANHA BAY

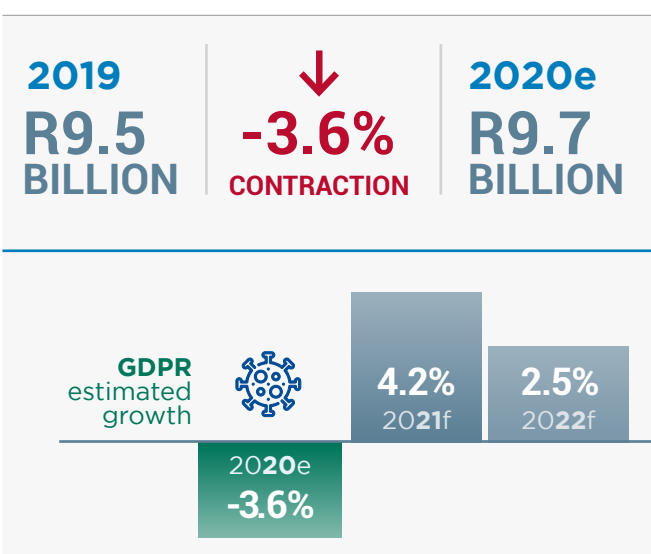
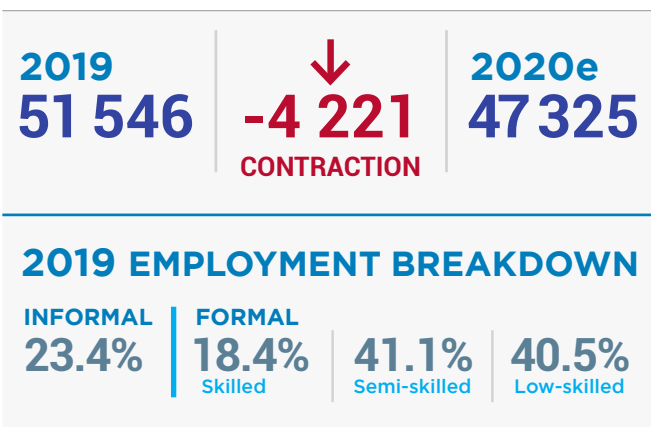


Diagram 2.1

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



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

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

2.2.1 GDPR and employment performance

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

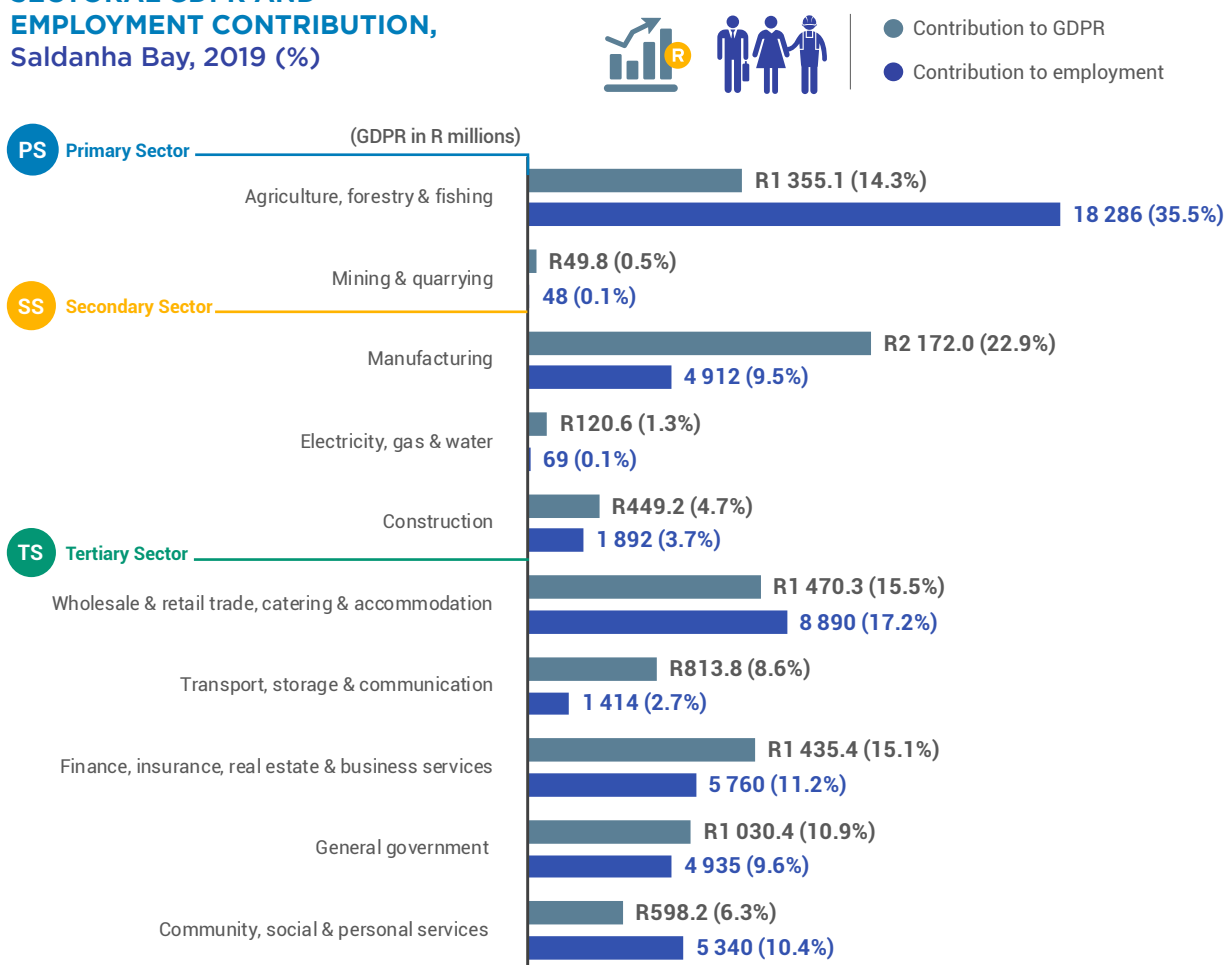
⁶ (MDB, 2018).

⁷ (Saldanha Bay Municipality, 2017).

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

Figure 2.1

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




Source: Quantec Research, 2021

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

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

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

Table 2.1
GDPR AND EMPLOYMENT PERFORMANCE PER SECTOR, Saldanha Bay



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

Source: Quantec Research, 2021 (e denotes estimate)

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

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

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

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

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

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

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



⁸ (South African Grain Information Service, 2020).

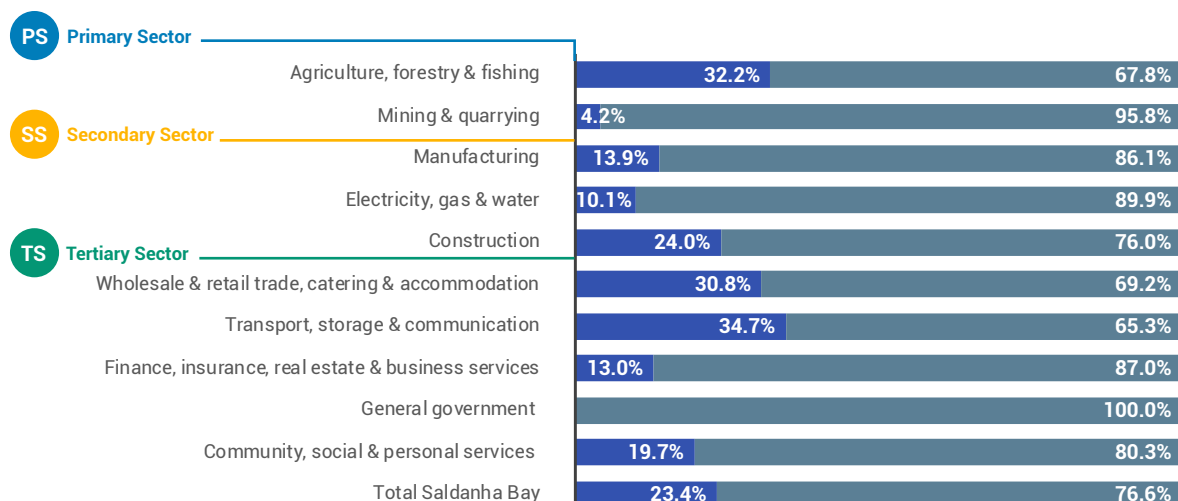
⁹ Employment estimates are based on the Stats SA Quarterly Labour Force Survey (QLFS). As a result of COVID-19, interviews in 2020 for the survey were conducted telephonically, which may have affected data collection, particularly for farm workers in rural areas with limited connectivity. However, employment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

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

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



● Proportion informal employment
● Proportion formal employment



Source: Quantec Research, 2021

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

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



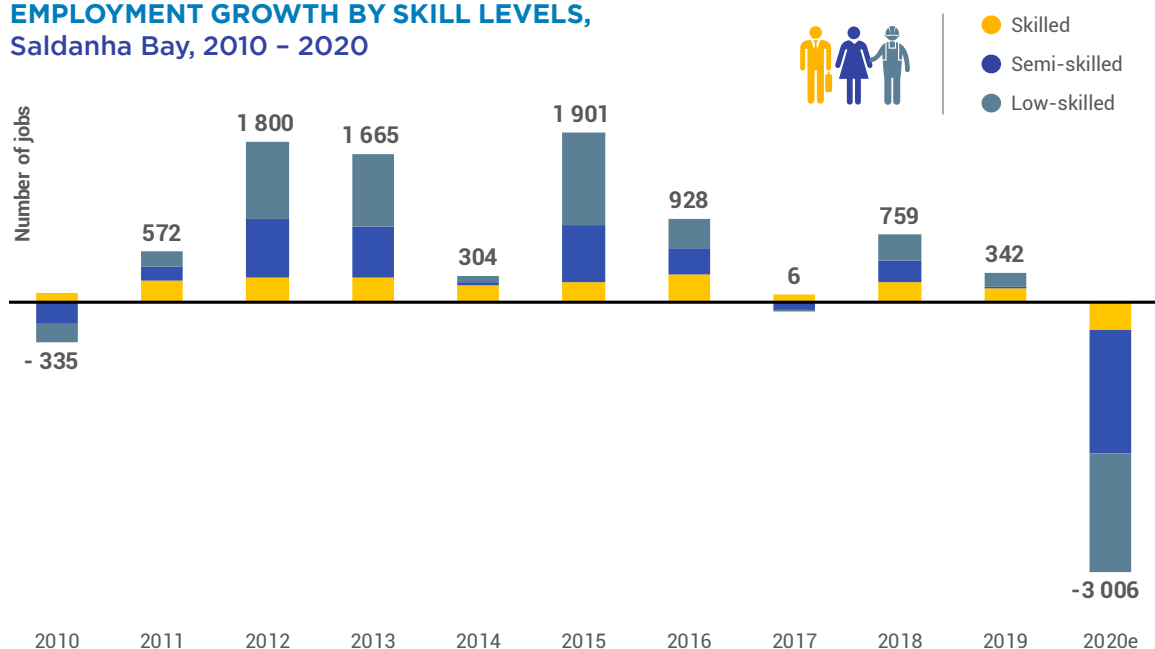
¹⁰ Throughout this chapter, it should be noted that the number of informal sector workers is determined by using labour data from the Quarterly Employment Statistics (QES) and the Quarterly Labour Force Survey (QLFS). Quantec uses the QES formal figure, to which it adds the number of formal agricultural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

2.2.2 Skills analysis

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

Figure 2.3

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



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

Source: Quantec Research, 2021 (e denotes estimate)

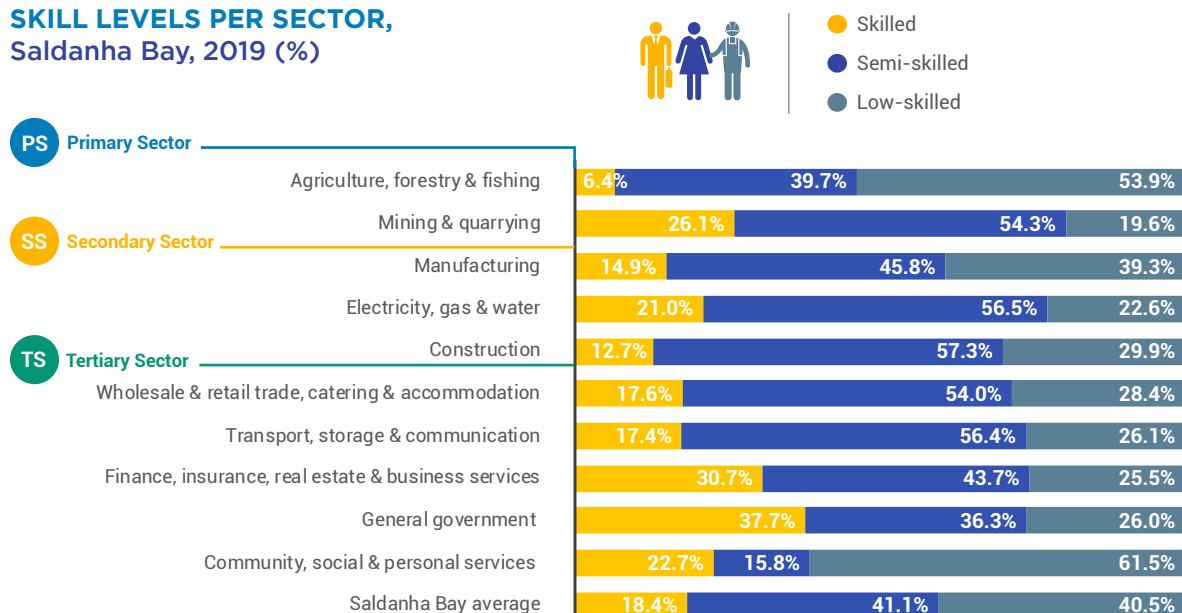
As a result of the recession between 2008 and 2009, substantial job losses were experienced, affecting mostly low-skilled and semi-skilled employees in the Saldanha Bay municipal area. In 2010, the demand for skilled workers increased, while job-shedding continued for semi-skilled and low-skilled employees.

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

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

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

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



Source: Quantec Research, 2021

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

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

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

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



2.3 WEST COAST DISTRICT SWARTLAND

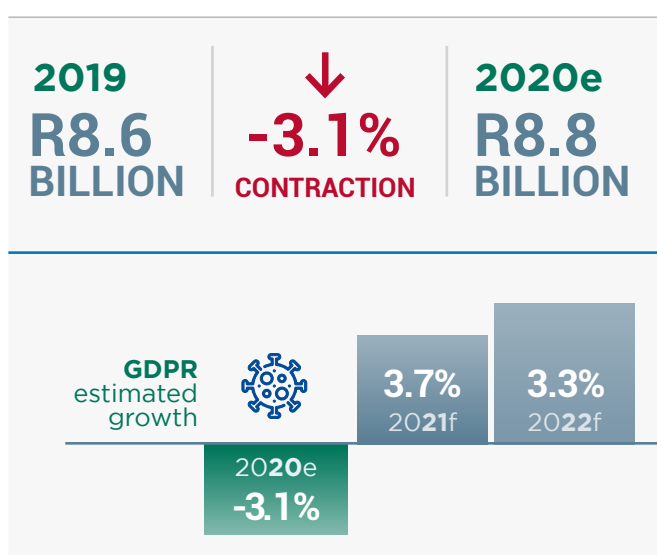
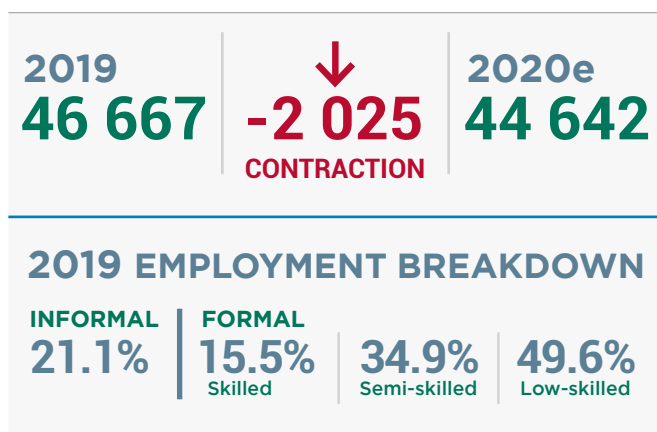


Diagram 2.2

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



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



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

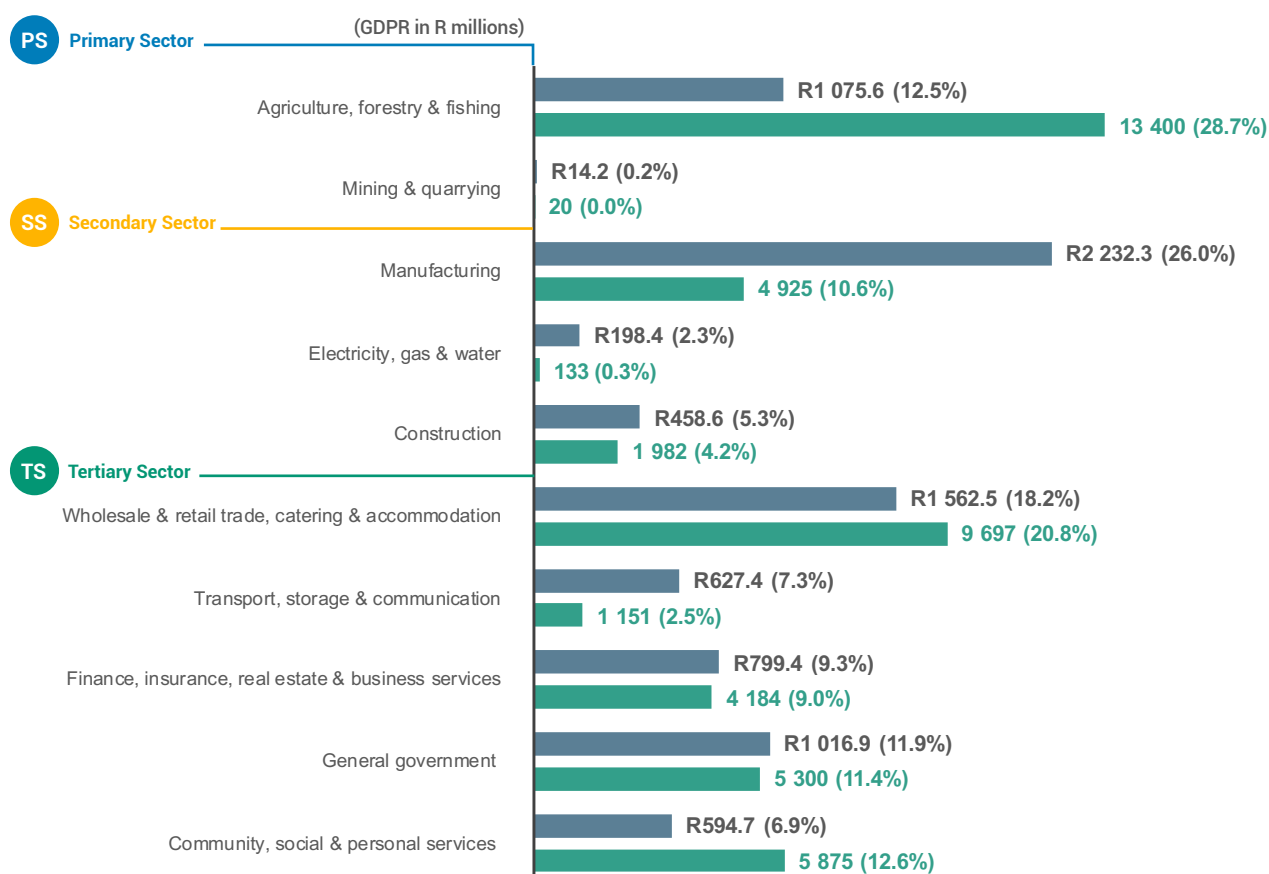
2.3.1 GDPR and employment performance

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

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

Figure 2.5

SECTORAL GDPR AND EMPLOYMENT CONTRIBUTION, Swartland, 2019 (%)



Source: Quantec Research, 2021


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

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

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

Table 2.2

GDPR AND EMPLOYMENT PERFORMANCE PER SECTOR, Swartland

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

Source: Quantec Research, 2021 (e denotes estimate)

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

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

¹¹ (Swartland Municipality, 2021).

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

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

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



INDUSTRY PERFORMANCE

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

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

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

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



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

¹³ (Southern African Grain Laboratory, 2021).

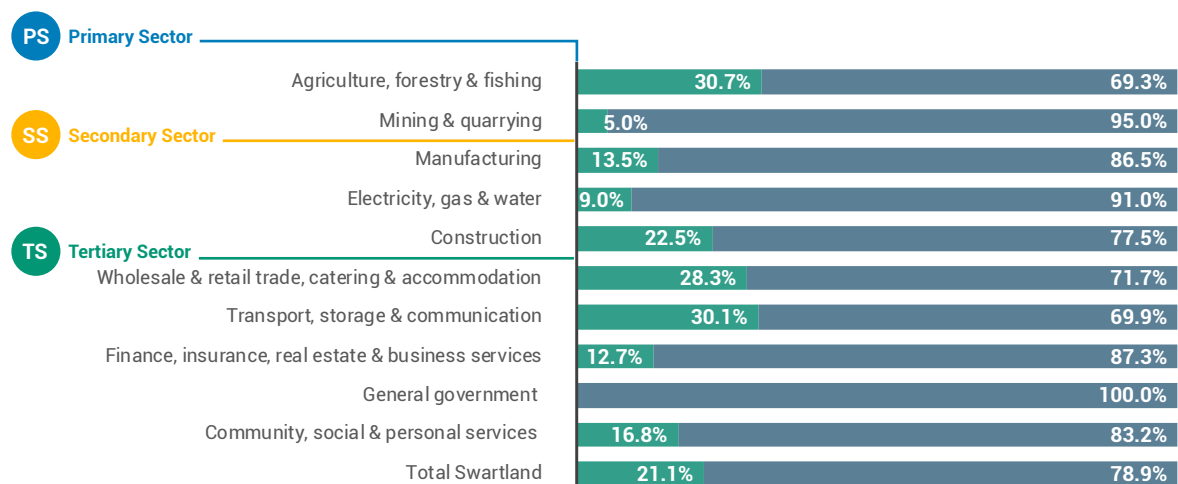
¹⁴ (Bureau for Food and Agricultural Policy, 2021a).

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

¹⁶ (Grain SA, 2021a).

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

Figure 2.6
INFORMAL EMPLOYMENT DISTRIBUTION,
Swartland, 2019 (%)



Source: Quantec Research, 2021

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

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



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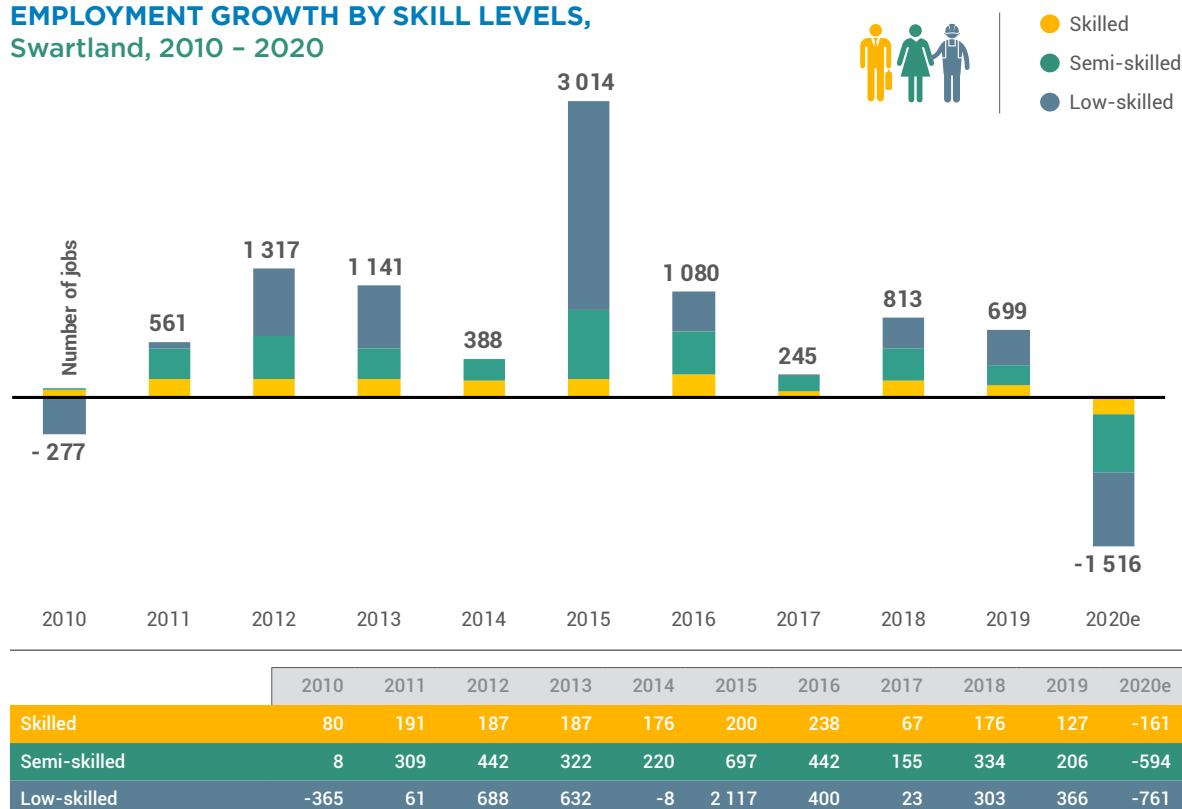
¹⁷ (Swartland Municipality, 2021).

2.3.2 Skills analysis

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

Figure 2.7

EMPLOYMENT GROWTH BY SKILL LEVELS, Swartland, 2010 – 2020



Source: Quantec Research, 2021 (e denotes estimate)

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

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

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

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

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



Source: Quantec Research, 2021

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

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





2.4 WEST COAST DISTRICT MATZIKAMA

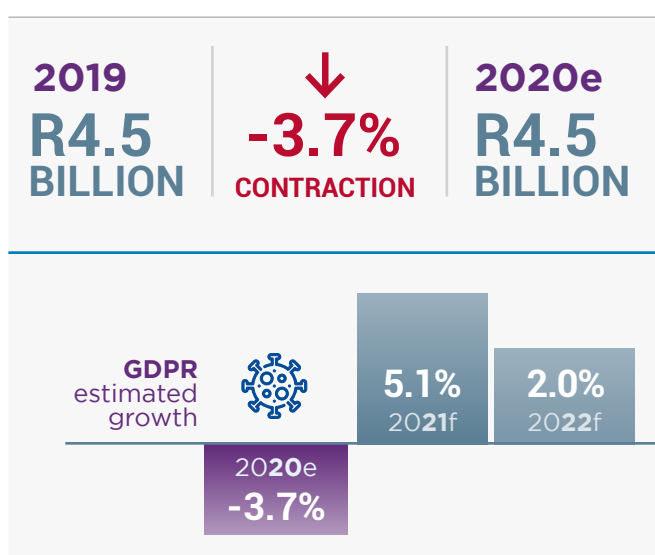
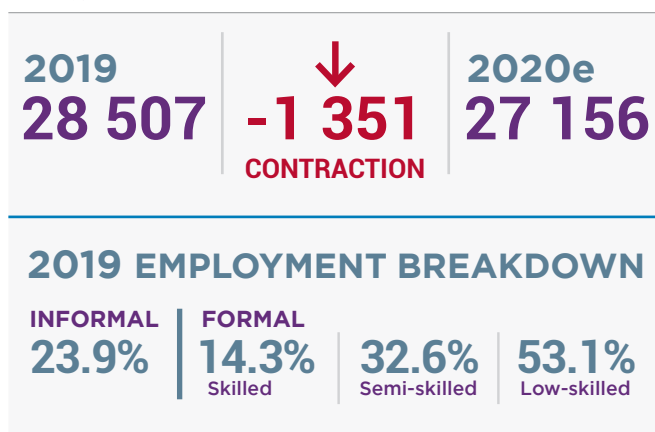


Diagram 2.3
GDPR (CURRENT PRICES) AND EMPLOYMENT,
Matzikama, 2019 and 2020e



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

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

2.4.1 GDPR and employment performance

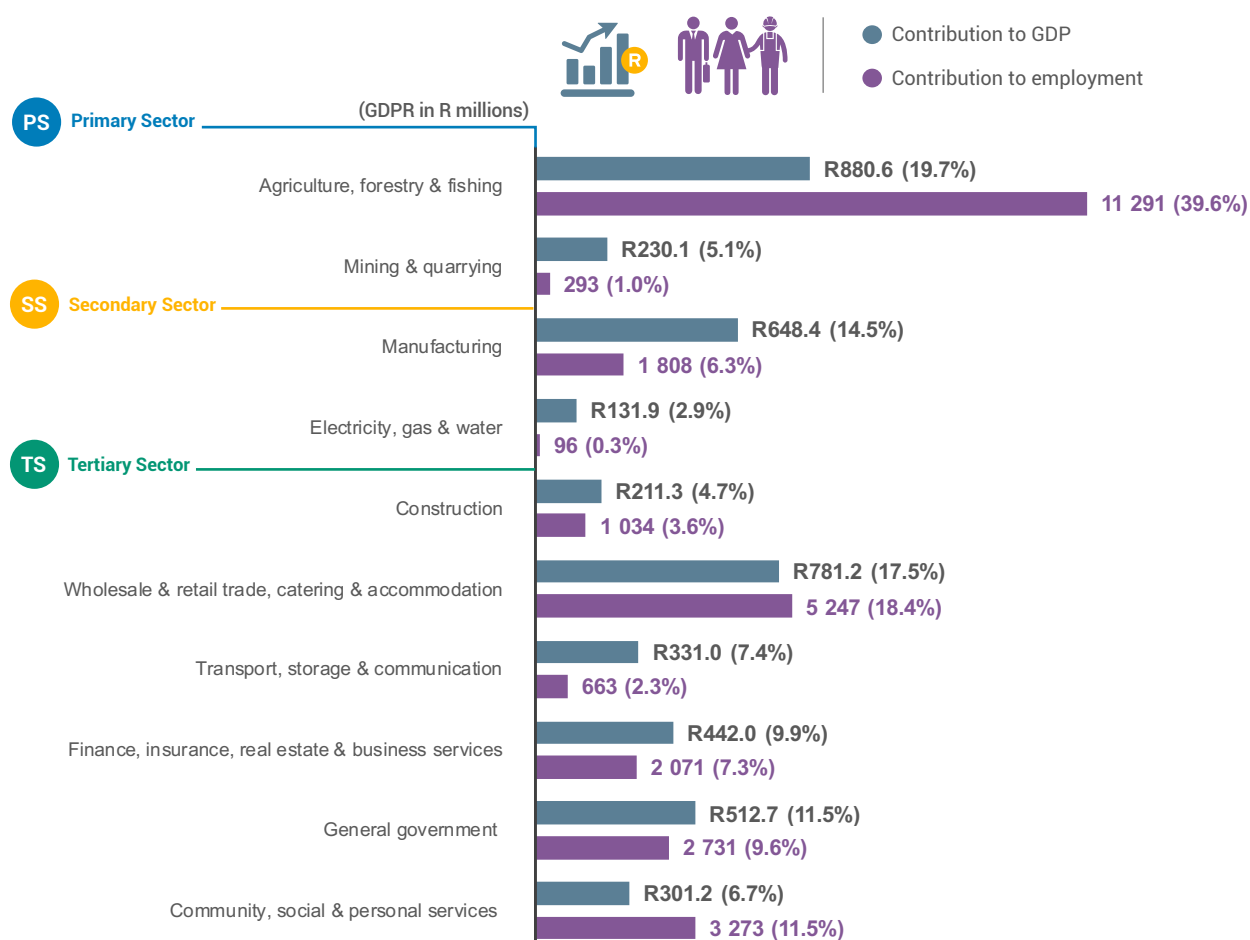
The economy of the Matzikama municipal area was valued at R4.5 billion (current prices) in 2019, with 28 507 people employed. The estimates for 2020 indicate that the municipal area had a GDPR of R4.5 billion and employed 27 156 people. The negative growth indicates that the economy contracted in real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

¹⁸ (Matzikama Municipality, 2017).

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

Figure 2.9

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



Source: Quantec Research, 2021


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

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

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

Table 2.3

GDPR AND EMPLOYMENT PERFORMANCE PER SECTOR, Matzikama

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

Source: Quantec Research, 2021 (e denotes estimate)

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

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

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

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

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



INDUSTRY PERFORMANCE

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

To read more on the global raisin market performance:



¹⁹ (Matzikama Municipality, 2019).

²⁰ (Matzikama Municipality, 2021).

²¹ (Matzikama Municipality, 2020).

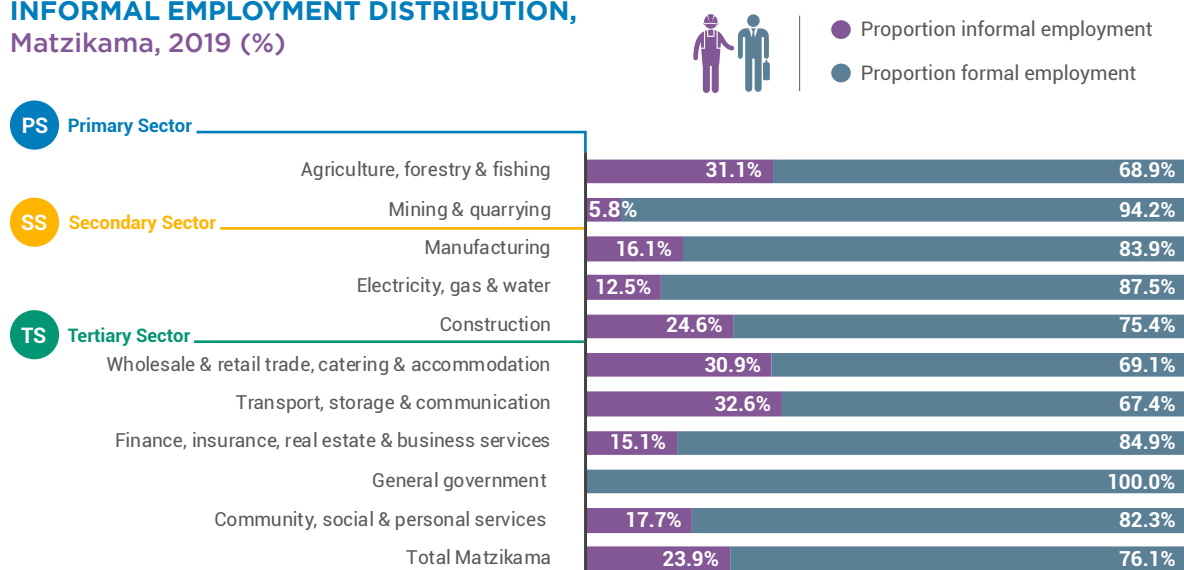
²² (National Agricultural Marketing Council, 2021).

²³ (Fresh Produce Journal, 2021).

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

Figure 2.10

INFORMAL EMPLOYMENT DISTRIBUTION, Matzikama, 2019 (%)



Source: Quantec Research, 2021

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

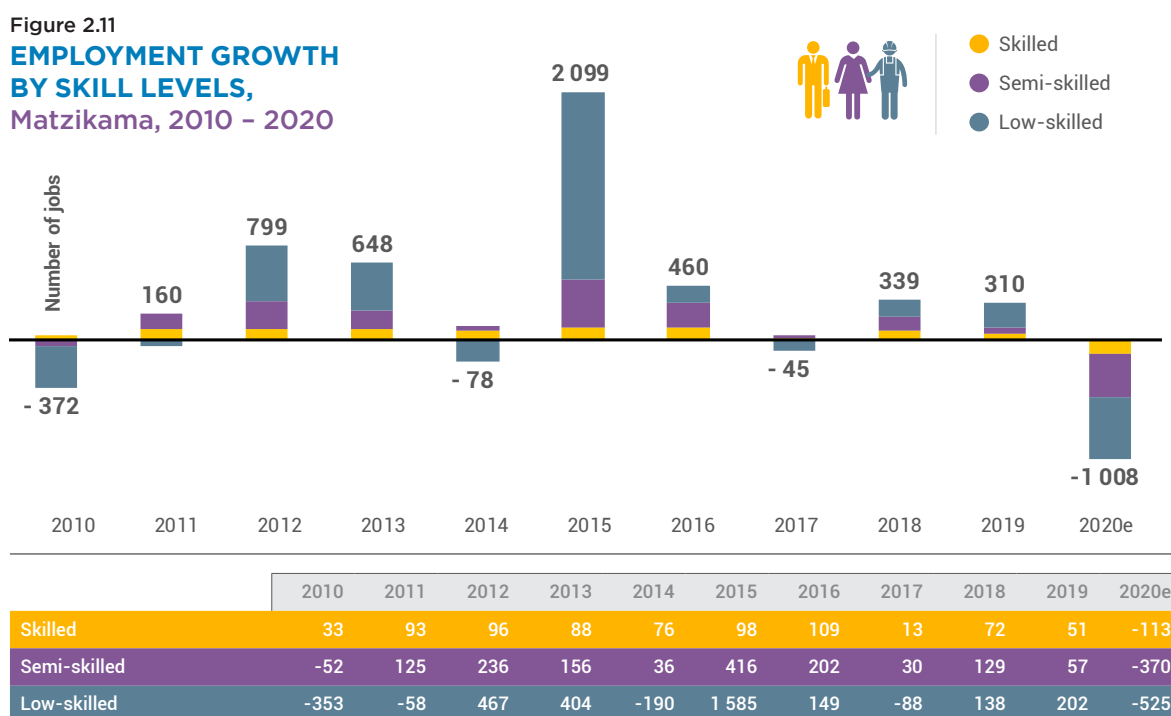
Given that the Matzikama municipal area is reliant on the agriculture sector as an important source of economic activity in terms of GDP and employment contribution in the economy, the economic pressure could result in more formal jobs being shed in the agriculture sector, resulting in an increase in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



²⁴ (Matzikama Municipality, 2019).

2.4.2 Skills analysis

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



Source: Quantec Research, 2021 (e denotes estimate)

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

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

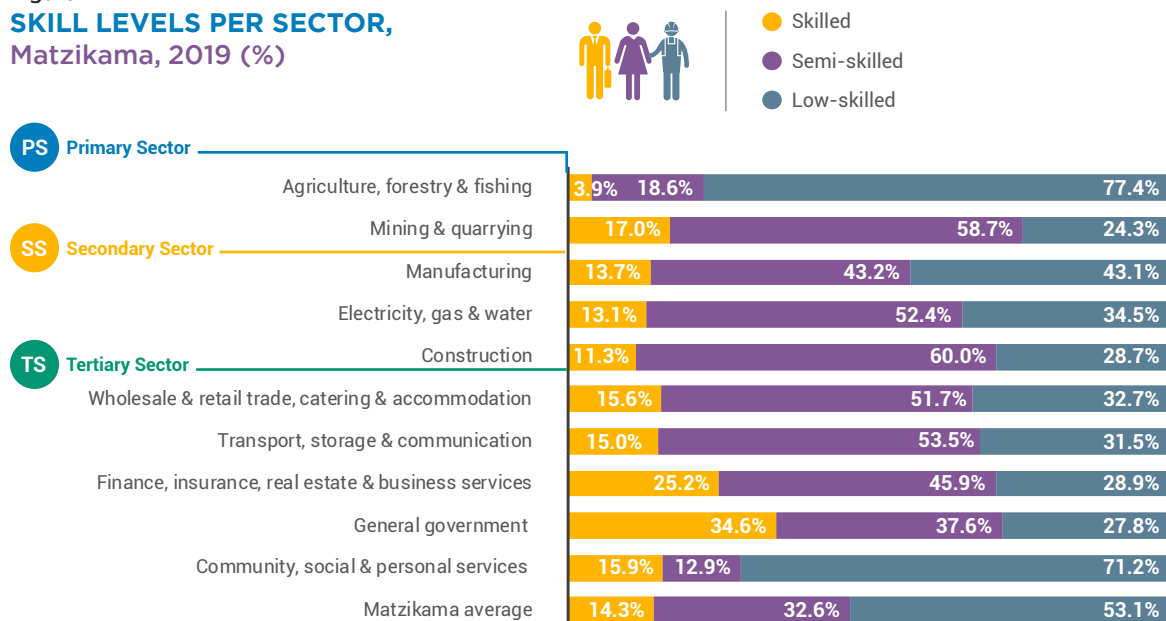


²⁵ In 2015 a new master sample was implemented in the Quarterly Labour Force Survey (QLFS), which may have impacted the data owing to variations in its design (Stats SA, 2015).

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

Figure 2.12

**SKILL LEVELS PER SECTOR,
Matzikama, 2019 (%)**



Source: Quantec Research, 2021

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

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

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



2.5 WEST COAST DISTRICT BERGRIVIER



GDP

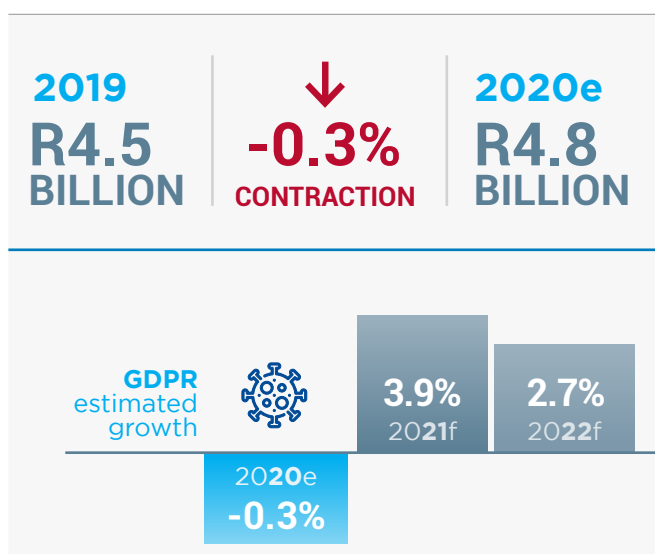
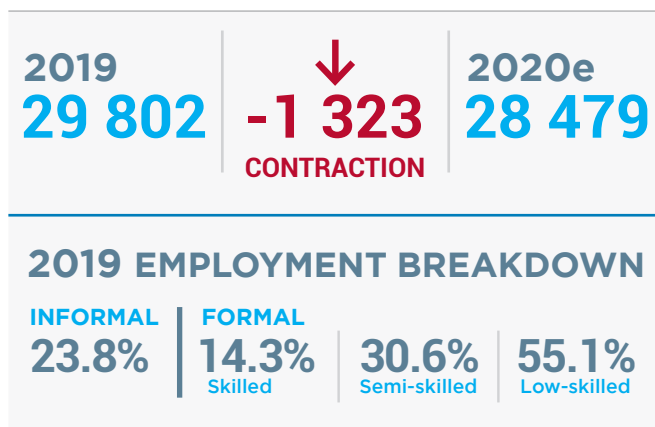


Diagram 2.4
GDPR (CURRENT PRICES) AND EMPLOYMENT,
Bergrivier, 2019 and 2020e

JOBS



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

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

2.5.1 GDPR and employment performance

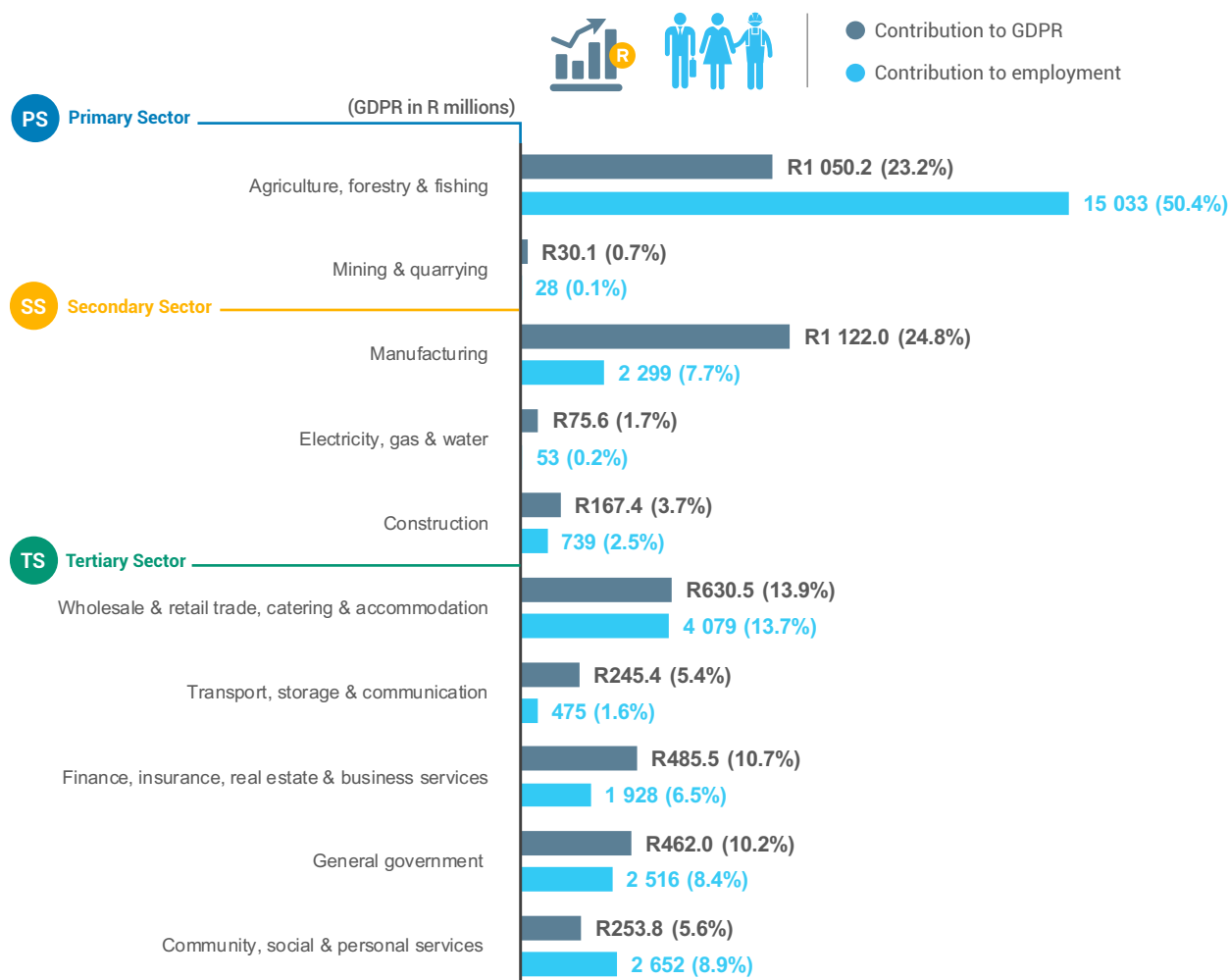
The size of the Bergrivier municipal area's economy was R4.5 billion (current prices) in 2019, with 29 802 people employed within the municipal area. Estimates for 2020 show that in current prices the economy was valued at R4.8 billion. However, in constant prices an economic contraction of 0.3 per cent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

²⁶ (Bergrivier Municipality, 2017).

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

Figure 2.13

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



Source: Quantec Research, 2021


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

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

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

Table 2.4

GDPR AND EMPLOYMENT PERFORMANCE PER SECTOR, Bergrivier

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

Source: Quantec Research, 2021 (e denotes estimate)

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

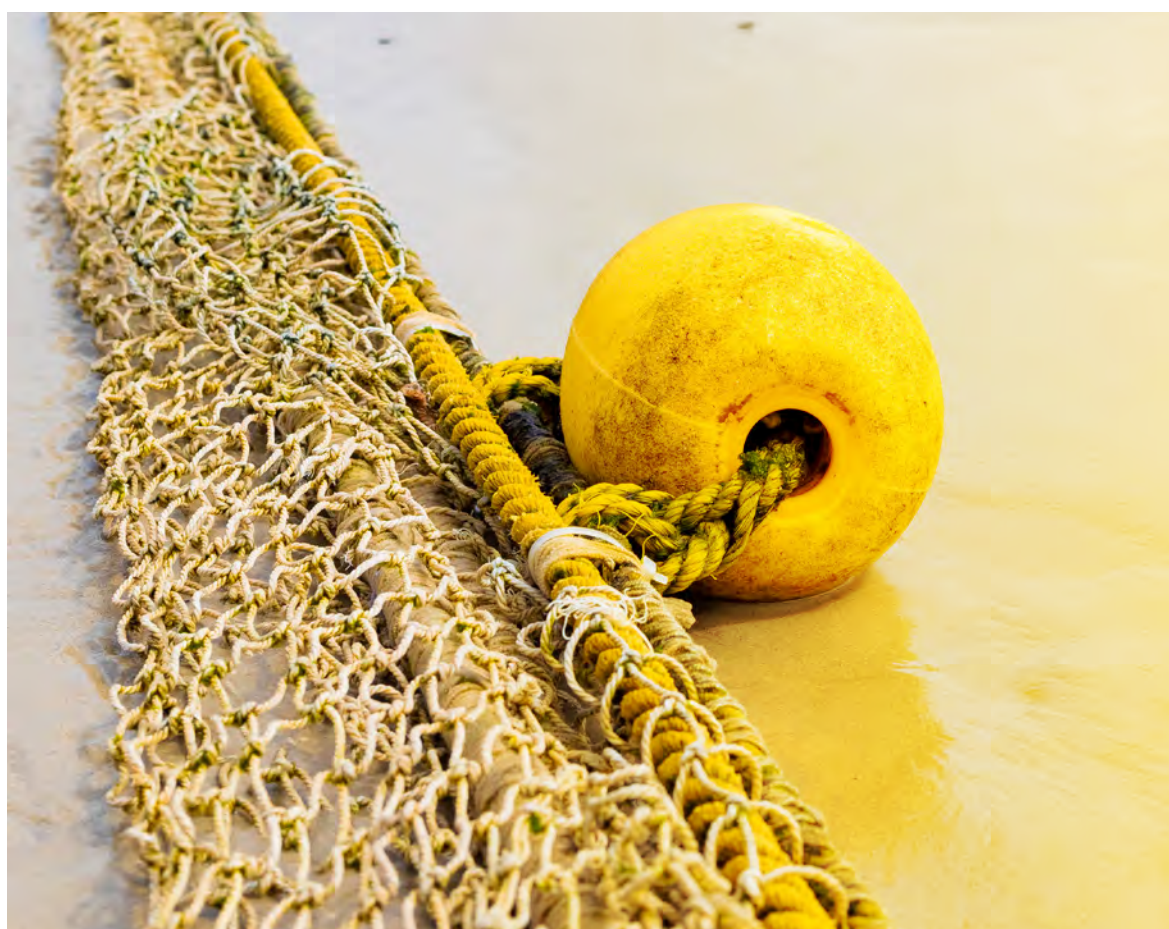
The agriculture sector contracted by 2.3 per cent between 2015 and 2019. This industry provides vital inputs to the local manufacturing sector, which is mostly focused on agro-processing industries. The reliance on agriculture in the municipal area makes it vulnerable to environmental conditions such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

²⁷ (Bergrivier Municipality, 2020).

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

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

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

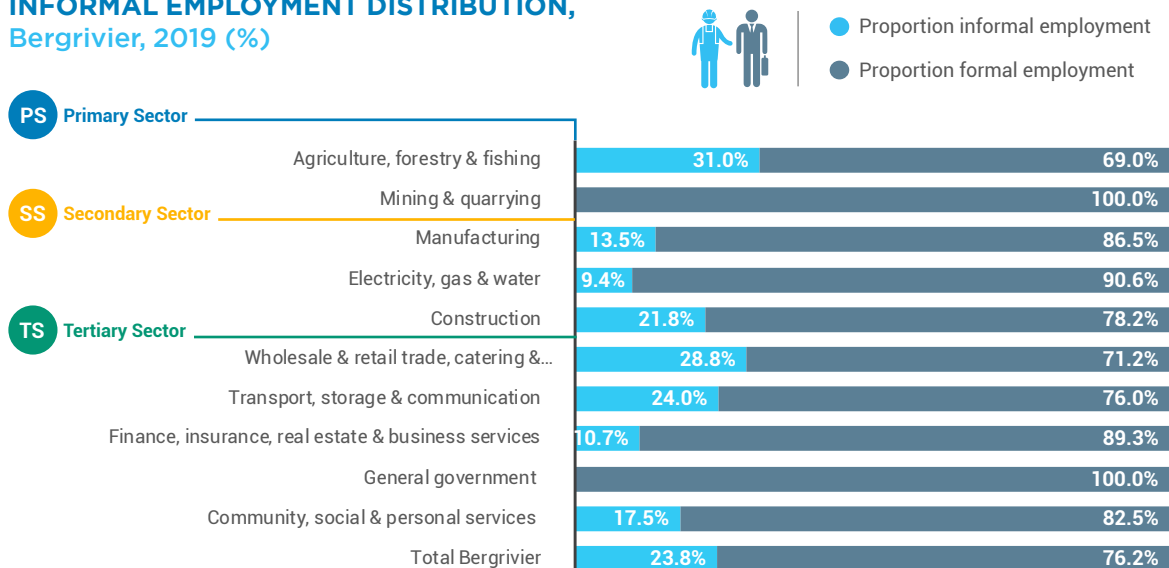


²⁸ (Bergrivier Municipality, 2021).

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

Figure 2.14

INFORMAL EMPLOYMENT DISTRIBUTION, Bergrivier, 2019 (%)



Source: Quantec Research, 2021

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

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



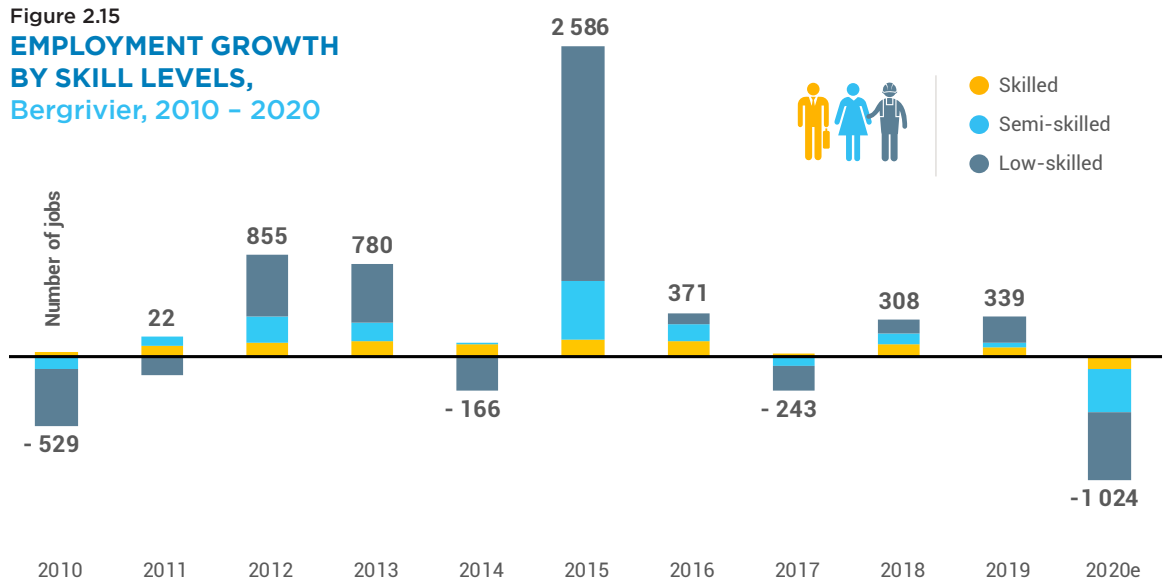
²⁹ (Bergrivier Municipality, 2021).

³⁰ (Creating Hope Africa, 2019).

2.5.2 Skills analysis

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

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



Source: Quantec Research, 2021 (e denotes estimate)

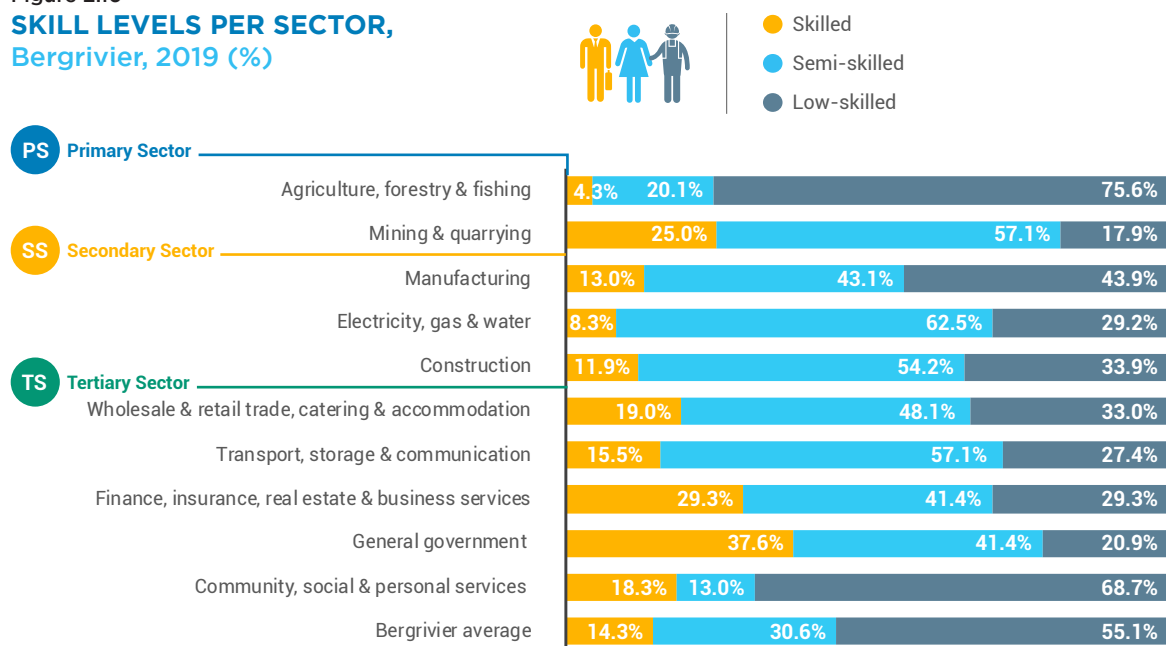
In 2010, 2014 and 2017, the municipal area experienced significant job losses owing to periods of poor economic performance, low commodity prices, higher consumer prices, lower investment levels, household dependency on credit and policy uncertainty. A total of 529 jobs were shed in 2010, 166 were shed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

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

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

Figure 2.16

SKILL LEVELS PER SECTOR, Bergrivier, 2019 (%)



Source: Quantec Research, 2021

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

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

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

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

³¹ (Bergrivier Municipality, 2020).



2.6 WEST COAST DISTRICT CEDERBERG



GDPR

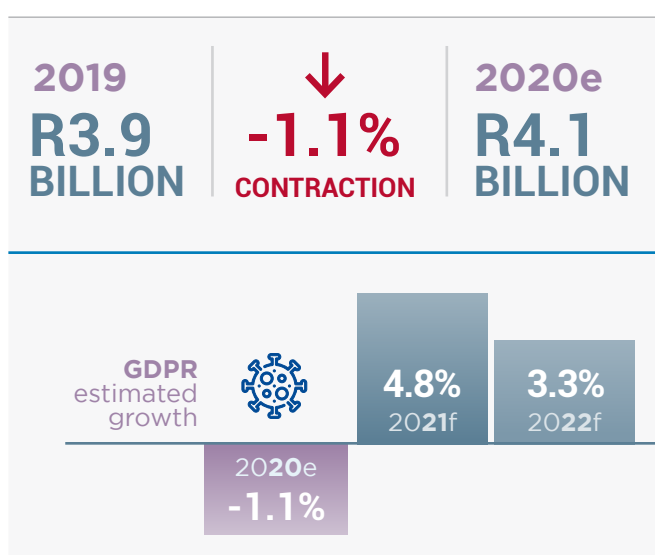
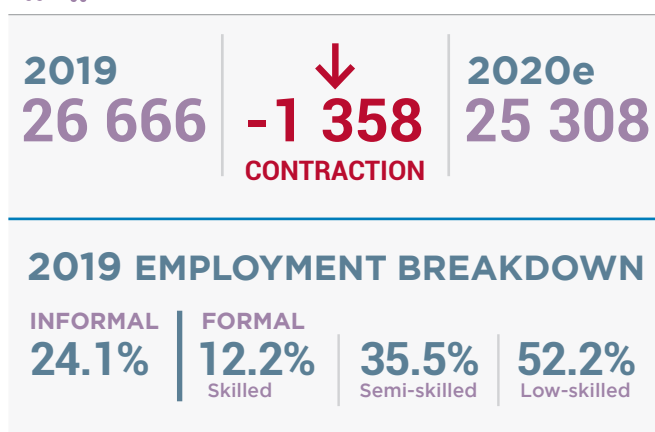


Diagram 2.5
GDPR (CURRENT PRICES) AND EMPLOYMENT,
Cederberg, 2019 and 2020e

JOBS



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

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

2.6.1 GDPR and employment performance

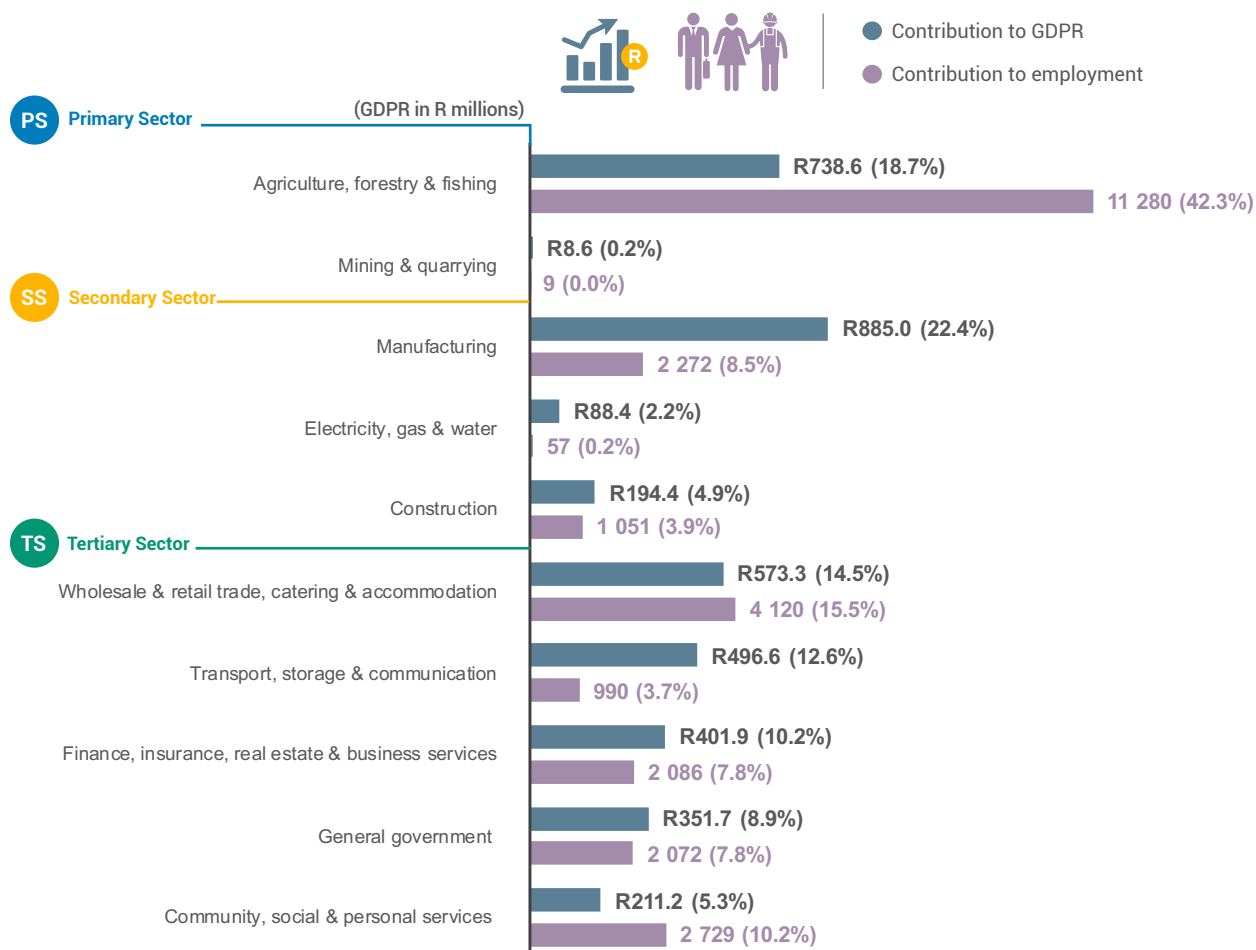
The Cederberg economy was valued at R3.9 billion (current prices) in 2019 and an estimated R4.1 billion (current prices) in 2020. The decrease in GDPR at constant prices between 2019 and 2020 is a result of the impacts of COVID-19, as the economy contracted by 1.1 per cent. However, it is important to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

³² (Cederberg Municipality, 2018).

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

Figure 2.17

SECTORAL GDPR AND EMPLOYMENT CONTRIBUTION, Cederberg, 2019 (%)




Source: Quantec Research, 2021

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

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

Table 2.5

GDPR AND EMPLOYMENT PERFORMANCE PER SECTOR, Cederberg

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

Source: Quantec Research, 2021 (e denotes estimate)

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

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

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

³³ (Cederberg Municipality, 2018).

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

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

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



INDUSTRY PERFORMANCE

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

To read more on key citrus industry trends:



³⁴ (Citrus Growers' Association of Southern Africa, 2020).

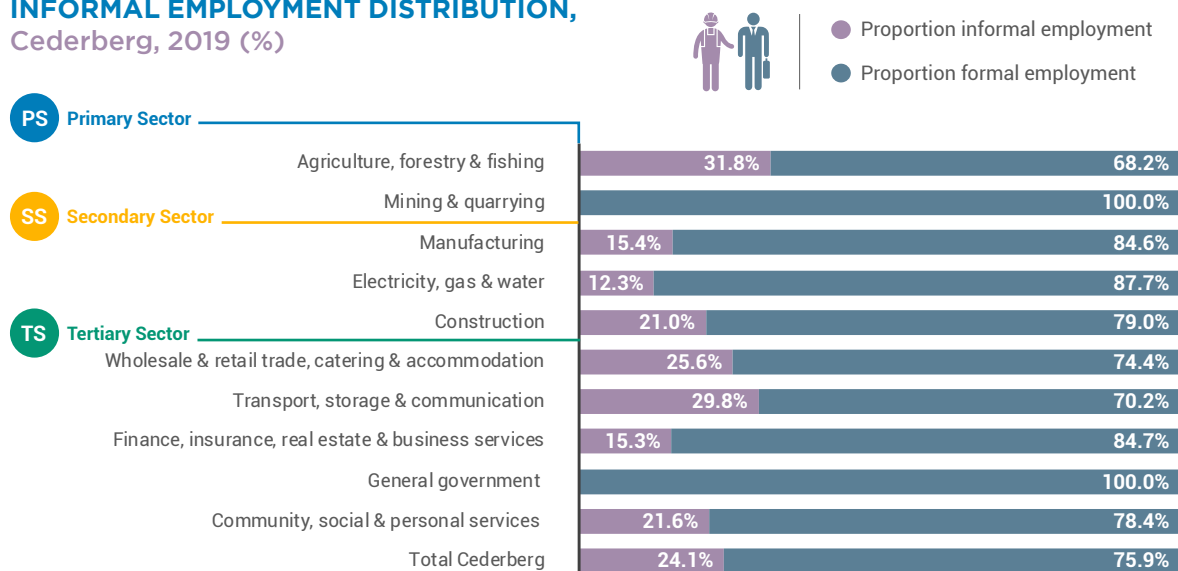
³⁵ (Farmer's Weekly, 2021).

³⁶ (Western Cape Department of Agriculture, 2021).

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

Figure 2.18

INFORMAL EMPLOYMENT DISTRIBUTION, Cederberg, 2019 (%)



Source: Quantec Research, 2021

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

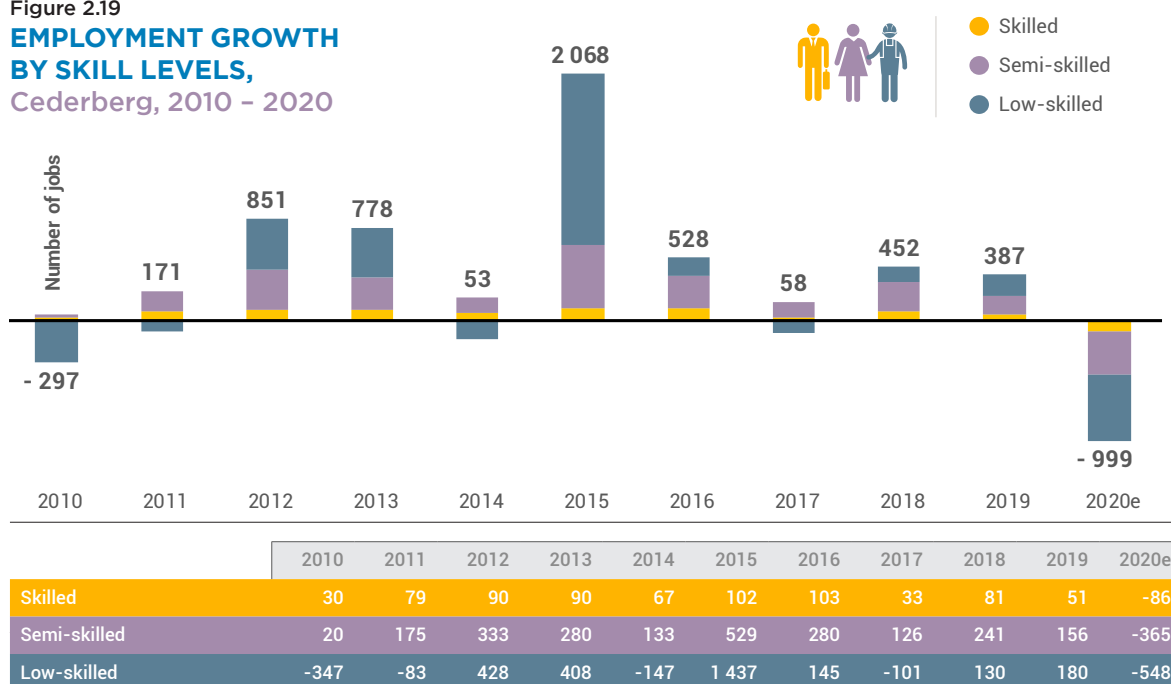


© Peter Holmes, Pixabay

2.6.2 Skills analysis

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

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



Source: Quantec Research, 2021 (e denotes estimate)

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

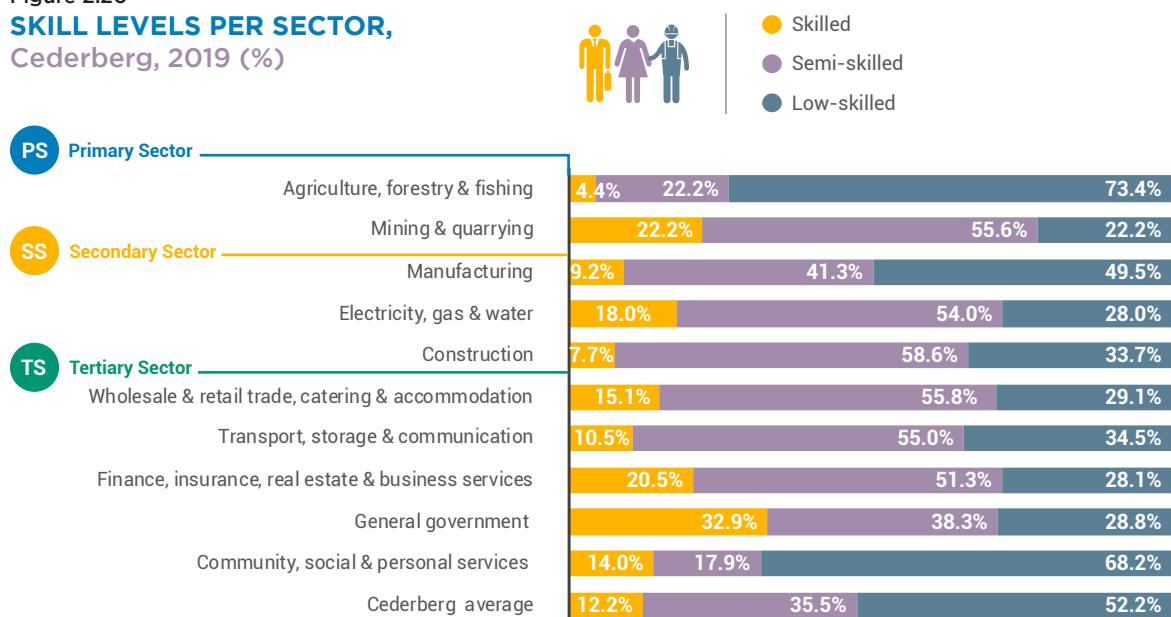
COVID-19 and the economic implication thereof resulted in an estimated 999 formal jobs lost in 2020, with the majority of workers in the low-skilled environment (548 jobs), followed by semi-skilled workers (365 jobs) and skilled workers (86 jobs).



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

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

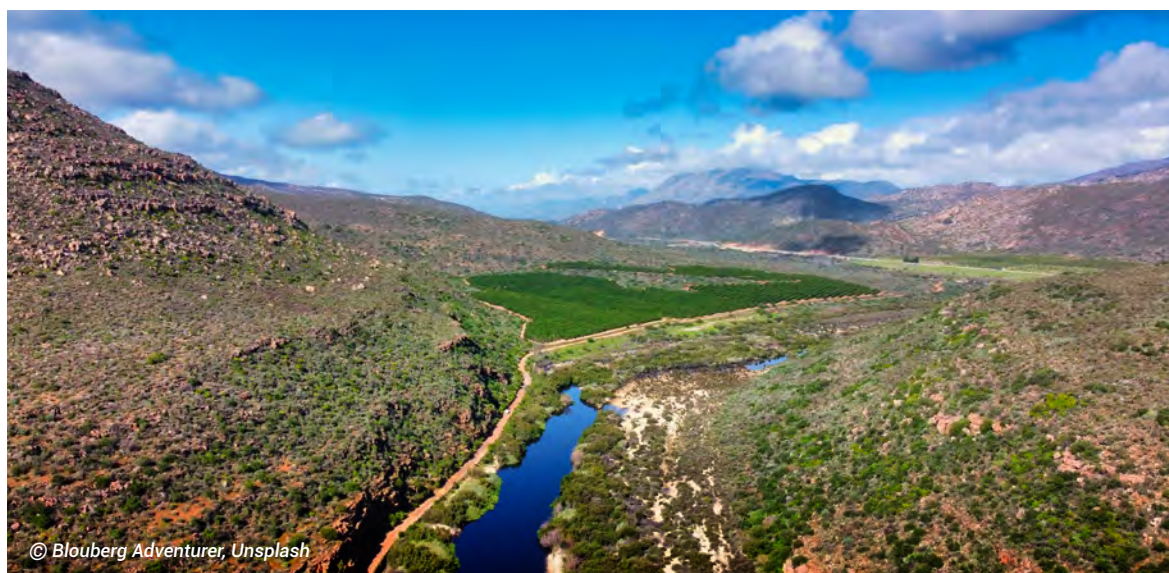
Figure 2.20
SKILL LEVELS PER SECTOR,
Cederberg, 2019 (%)



Source: Quantec Research, 2021

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

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



2.7 CONCLUDING REMARKS

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

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

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



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

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

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





3

TRADE, TOURISM AND INVESTMENT

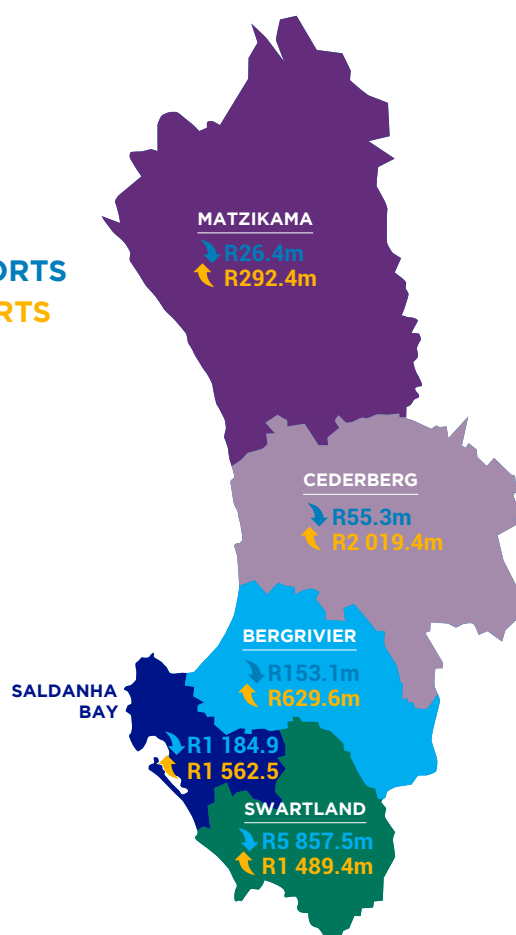
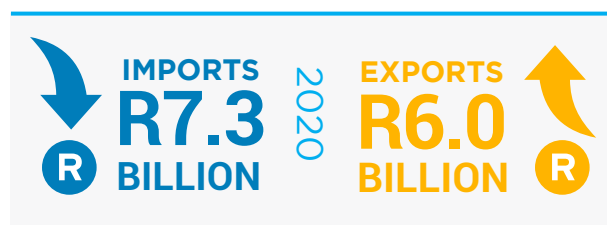
3.1 INTRODUCTION

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

WEST COAST TRADE AND TOURISM



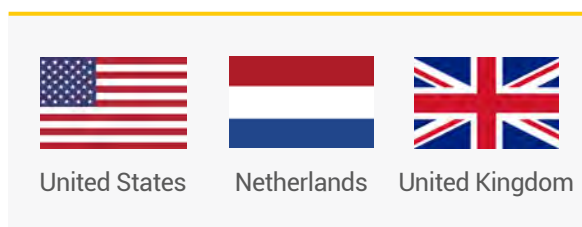
This chapter explores trade, tourism and investment dynamics at a District level and analyses the comparative advantages of the various economic sectors within the District to identify growth opportunities in the WCD.



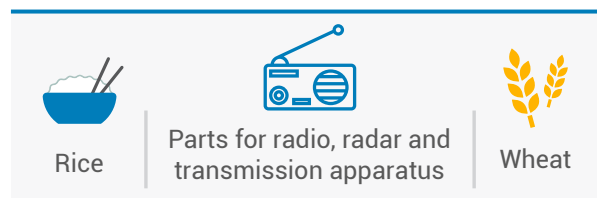
TOP 3 EXPORTED PRODUCTS



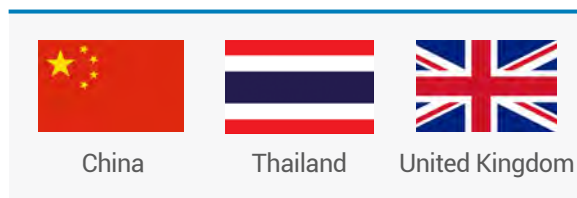
TOP 3 EXPORT DESTINATIONS



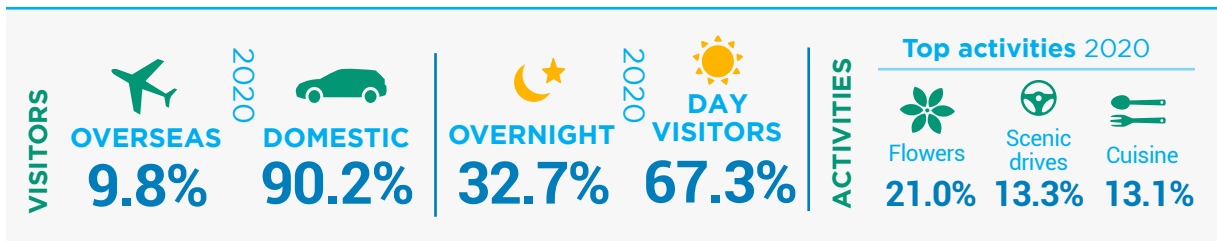
TOP 3 IMPORTED PRODUCTS



TOP 3 IMPORT DESTINATIONS



TOURISM

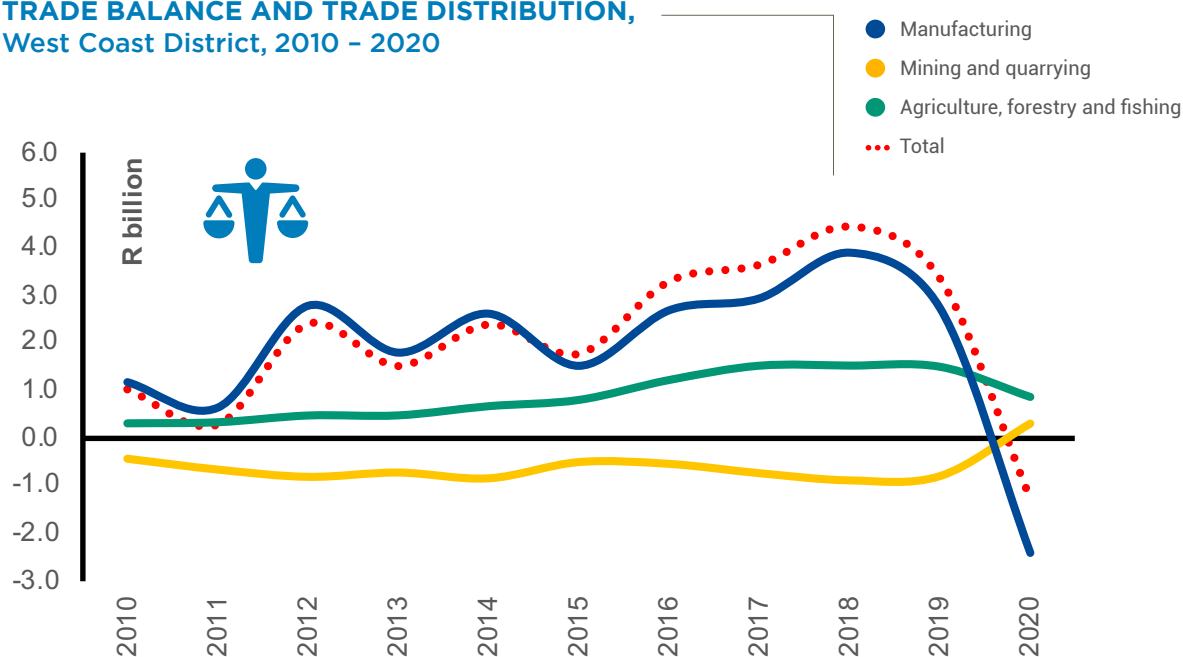




3.2 INTERNATIONAL TRADE

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

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



Source: Quantec Research, 2021

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

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

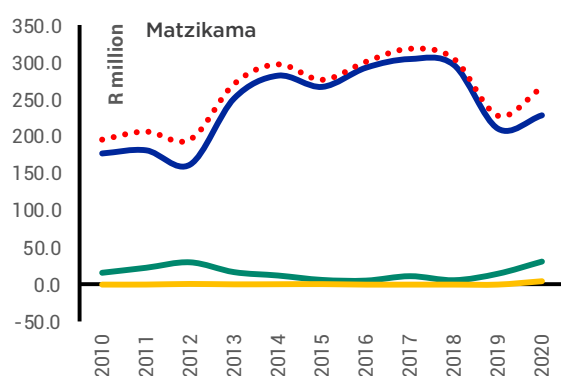
Manufacturing accounted for 82.1 per cent of the total imports into the District in 2020, whereas the agriculture sector accounted for 17.9 per cent. Manufacturing also accounted for 59.0 per cent of exports, agriculture accounted for 36.1 per cent of exports and mining accounted for 4.9 per cent of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

³⁸ (Castings SA, 2021).

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

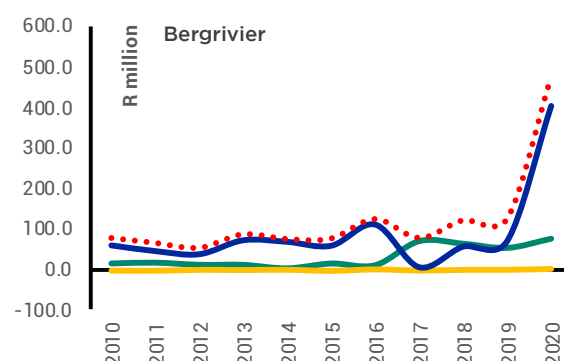
All municipal areas in the WCD experienced a trade surplus except for the Swartland municipal area, which experienced a trade deficit between 2010 and 2020.

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

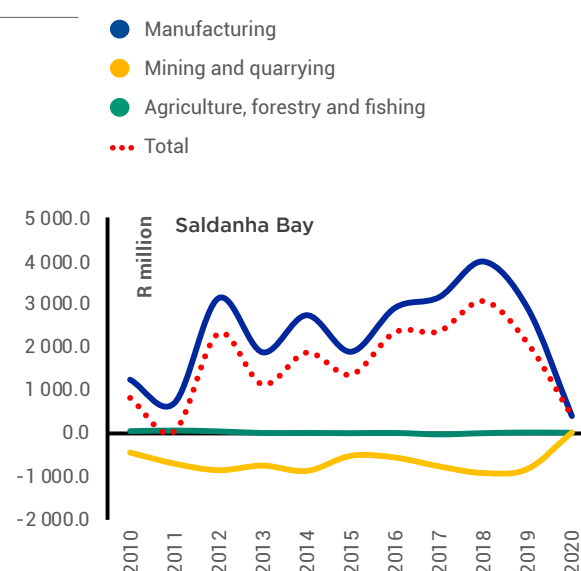


Source: Quantec Research, 2021

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



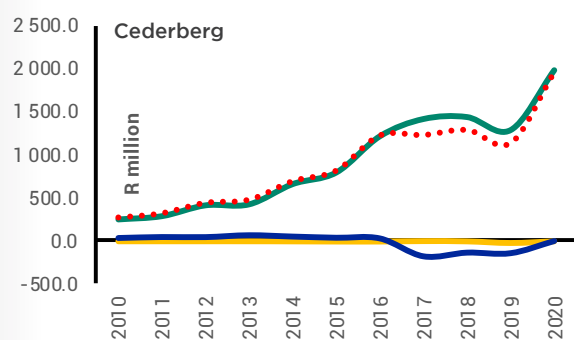
Source: Quantec Research, 2021



Source: Quantec Research, 2021

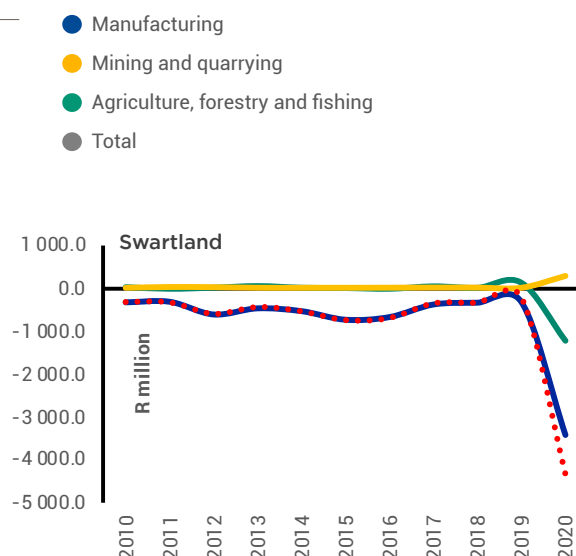
The Saldanha Bay municipal area experienced a trade surplus between 2010 and 2020. However, the trade balance was significantly lower, as it decreased from R2.1 billion in 2019 to R377.6 million in 2020. The surplus was mainly driven by the manufacturing sector. The manufacturing sector accounted for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

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



Source: Quantec Research, 2021

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



Source: Quantec Research, 2021

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



³⁹ (Nedbank, 2020).

3.2.1 IMPORTS



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

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

Table 3.1
MAIN IMPORT PRODUCTS,
West Coast District, 2020

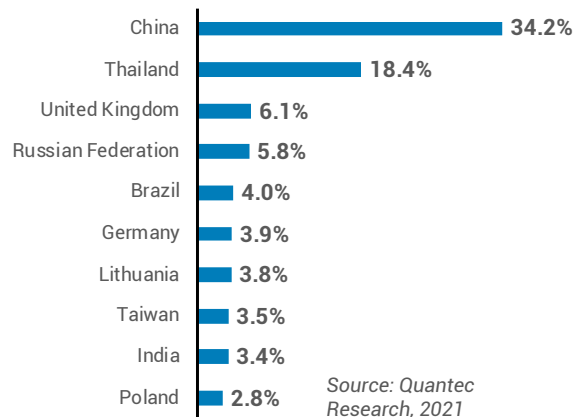
PRODUCT	R million 2020	% share	Main trading partners
Rice	1 593.9	21.9%	Thailand, India
Parts for radio, radar and transmission apparatus	1 249.7	17.2%	China
Wheat and meslin	1 098.4	15.1%	Russian Federation, Lithuania, Poland
Flat-rolled products of iron or non-alloy steel, of a width of 600mm or more,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

Source: Quantec Research, 2021

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

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

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



Source: Quantec
Research, 2021

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

3.2.2 EXPORTS



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

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

Figure 3.4
TOP 10 EXPORT PARTNERS,
West Coast District, 2020

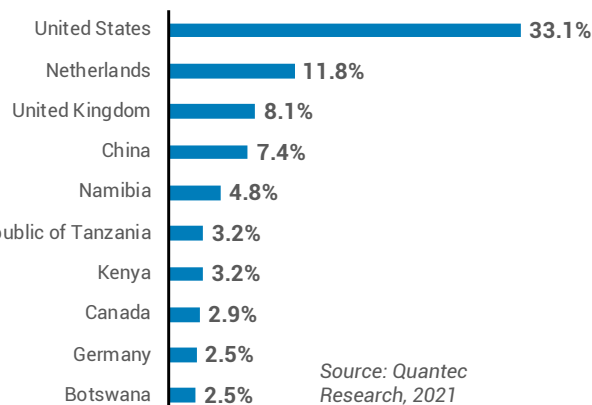


Table 3.2
MAIN EXPORT PRODUCTS,
West Coast District, 2020

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

Source: Quantec Research, 2021

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

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

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

⁴¹ (NAMC, 2020).

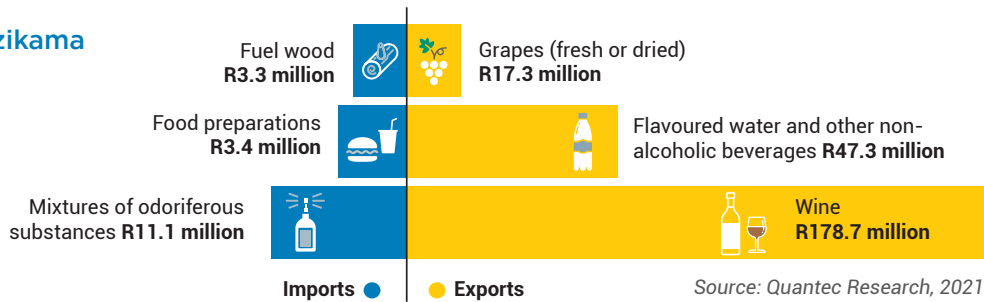
3.2.3 Municipal imports and exports

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

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

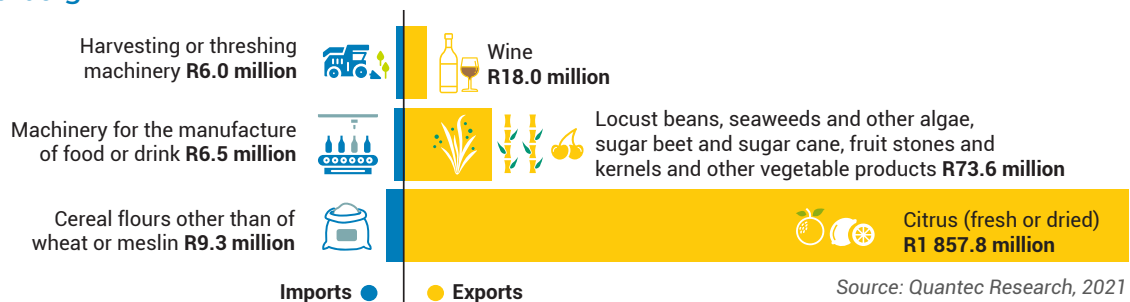


Matzikama



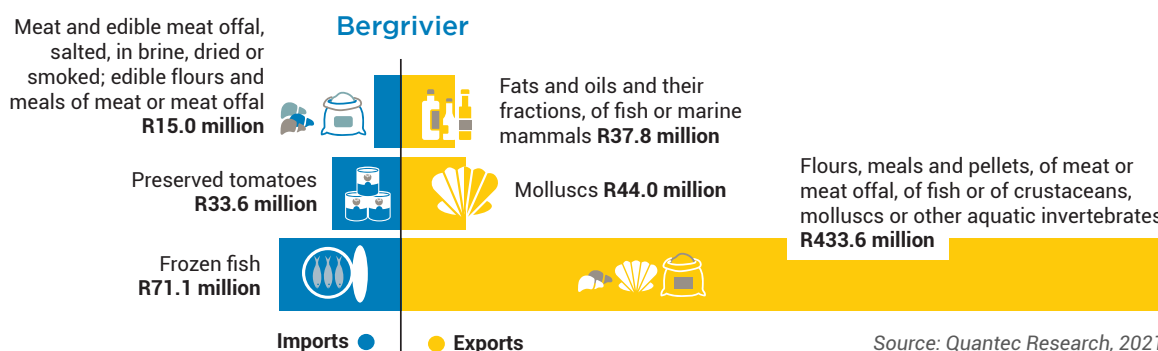
The three main products imported into the **Matzikama municipal area** in 2020 were mixtures of odoriferous substances with a value of R11.1 million, food preparations with a value of R3.4 million and fuel wood worth R3.3 million. The three major export products were wine, with a value of R178.7 million,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

Cederberg



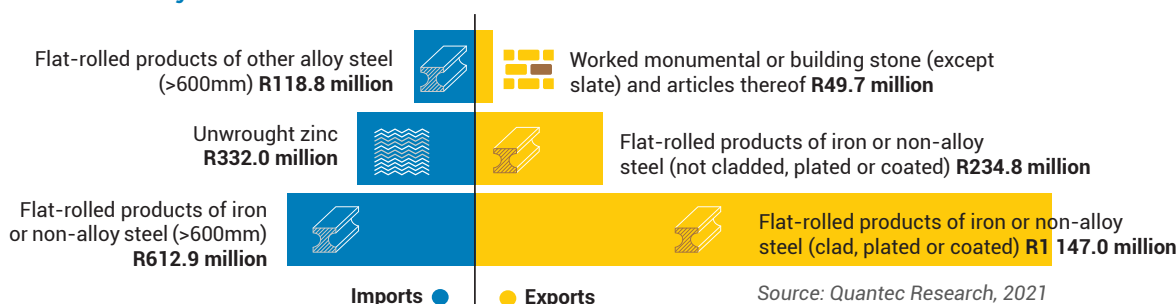
The three main import products into the **Cederberg municipal area** were cereal flours (other than of wheat or meslin) to the value of R9.3 million, machinery for manufacturing food or drink worth R6.5 million and harvesting or threshing machinery worth R6.0 million. These are all inputs utilised in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

⁴² (Mayson, et al., 2020).



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

Saldanha Bay



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

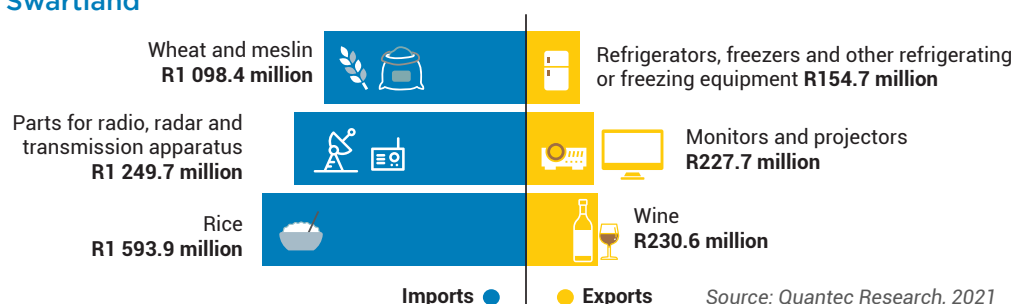
⁴³ (Institute for Poverty, Land and Agrarian Studies, 2017).

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

⁴⁵ (IOL, 2017).

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

Swartland



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

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

⁴⁶ (ArcelorMittal, 2019).

⁴⁷ (Business Day, 2020).

⁴⁸ (Transnet, 2013).

⁴⁹ (Pioneer Foods, 2021).

3.3 TOURISM PROFILE⁵⁰

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

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



3.3.1 The impact of COVID-19 on the tourism sector

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

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



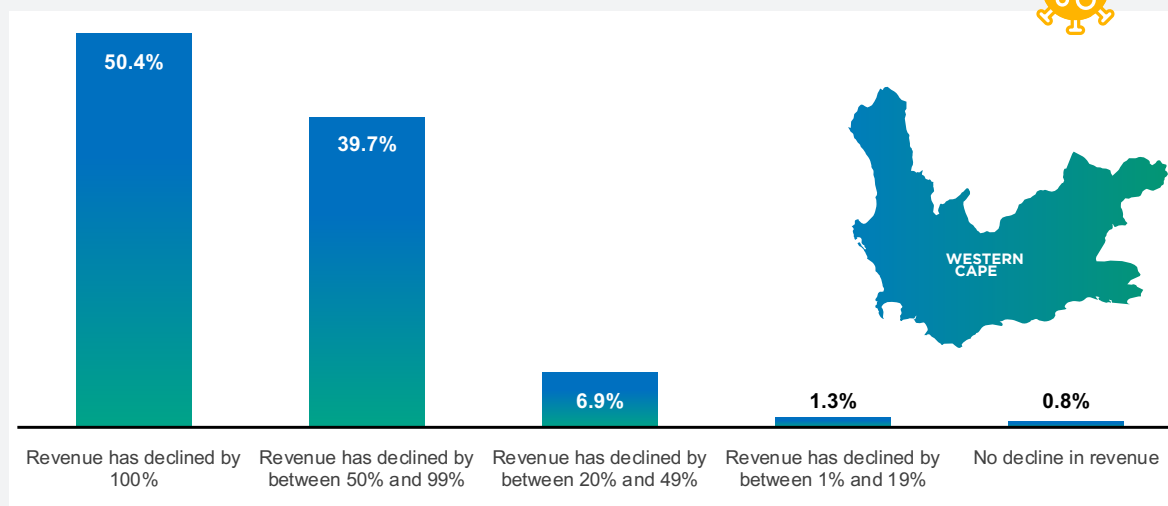
⁵⁰ The Regional Visitor Trends reports published by Wesgro were used to report on regional tourism performance. It is important to note that the regional visitor tracking surveys can only be used as a proxy to indicate the key trends within the region owing to their survey collection method and sample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

⁵¹ (SA Venues, 2020).

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

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

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



Source: Wesgro, 2021

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

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

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

⁵² (Wesgro, 2021).

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

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

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

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



⁵³ (Wesgro, 2021).

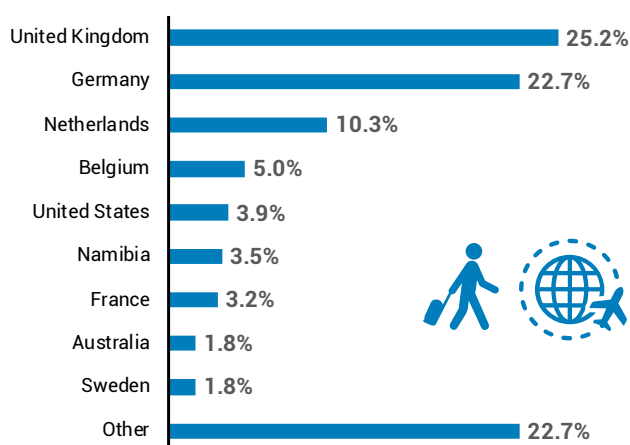
3.3.2 Demographic profile of visitors

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

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

Figure 3.7

PERCENTAGE SHARE OF INTERNATIONAL TRAVELLERS, West Coast District, 2020

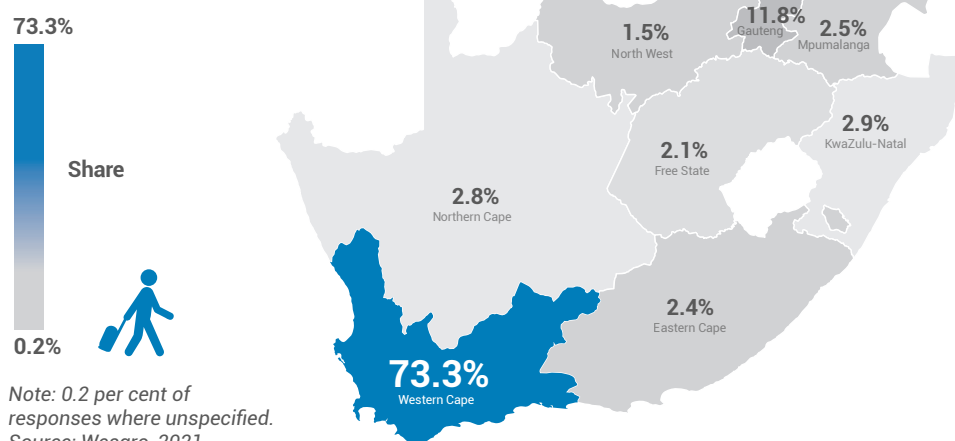


Source: Wesgro, 2021

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

Map 3.1

PERCENTAGE SHARE OF DOMESTIC TRAVELLERS, West Coast District, 2020

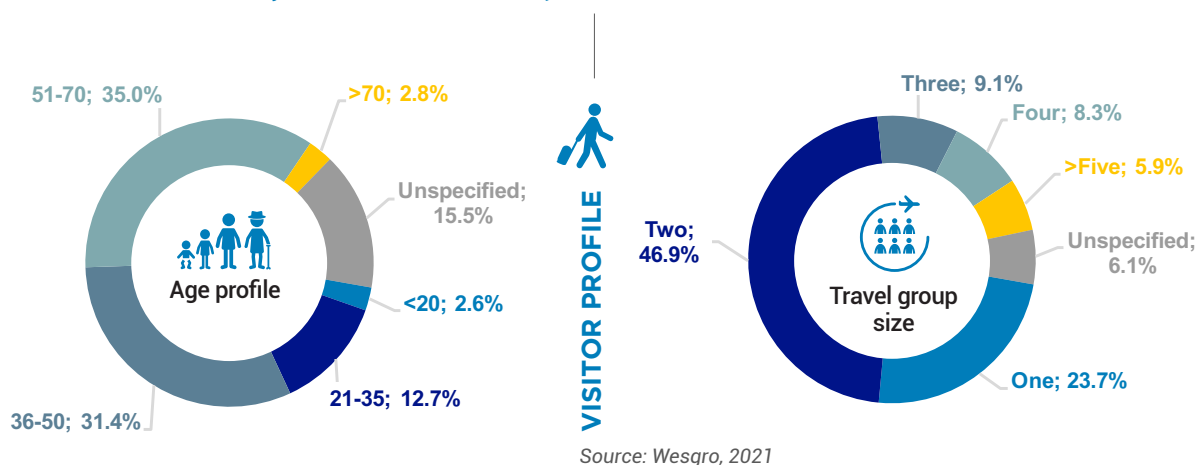


Note: 0.2 per cent of responses where unspecified.
Source: Wesgro, 2021

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

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

Figure 3.8
VISITOR PROFILE, West Coast District, 2020



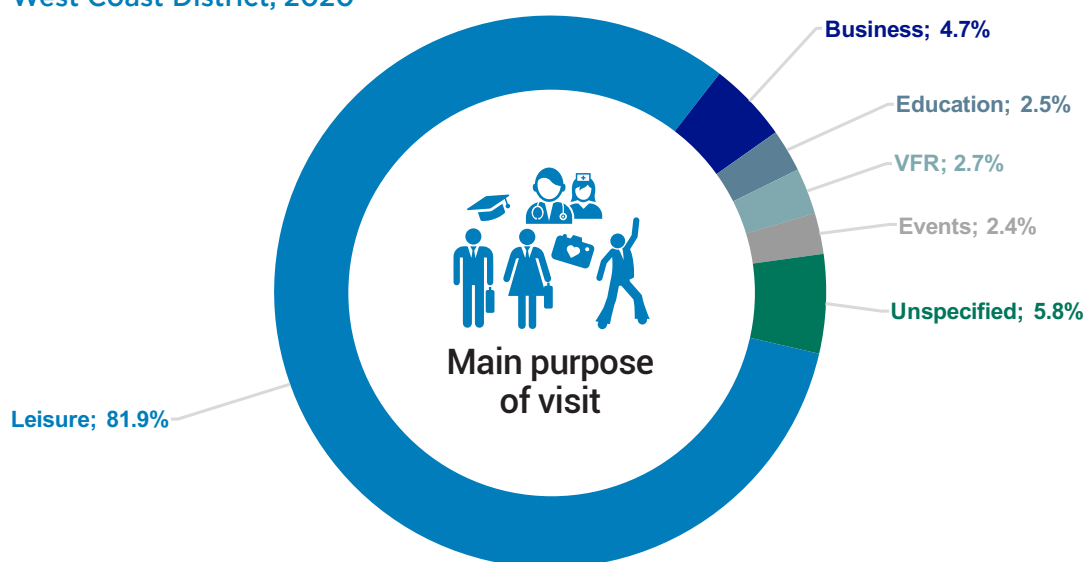
Visitors to the region mainly travelled in groups of two (46.9 per cent) or alone (23.7 per cent), with only 9.1 per cent travelling in groups of three. Of all the visitors to this region, 35.0 per cent were between the ages of 51 and 70, followed by 31.4 per cent between 36 and 50. It can be assumed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



3.3.3 Purpose and duration of visit

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

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

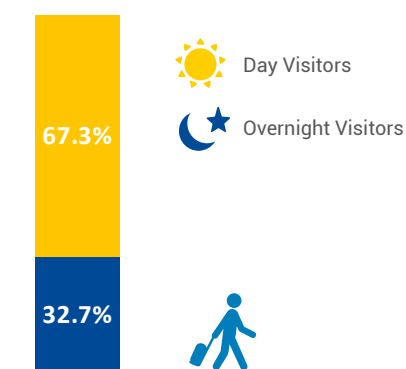


Source: Wesgro, 2021

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

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

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

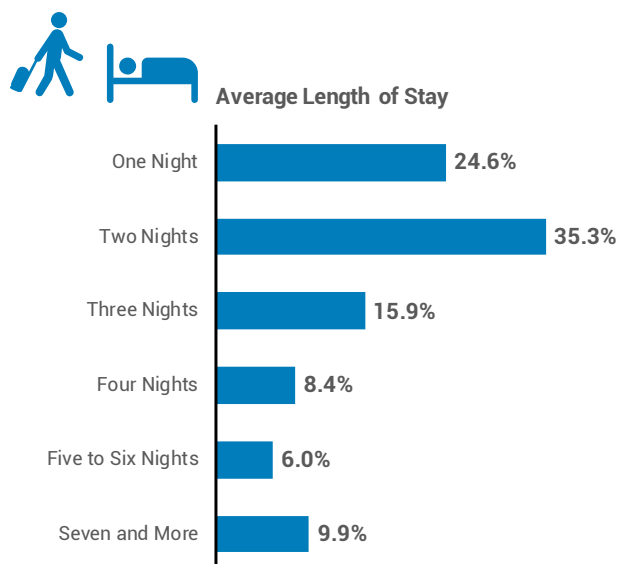


Source: Wesgro, 2021

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

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

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



Source: Wesgro, 2021

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



© Grant Durr, Unsplash

⁵⁴ (Breda University of Applied Sciences, 2010).

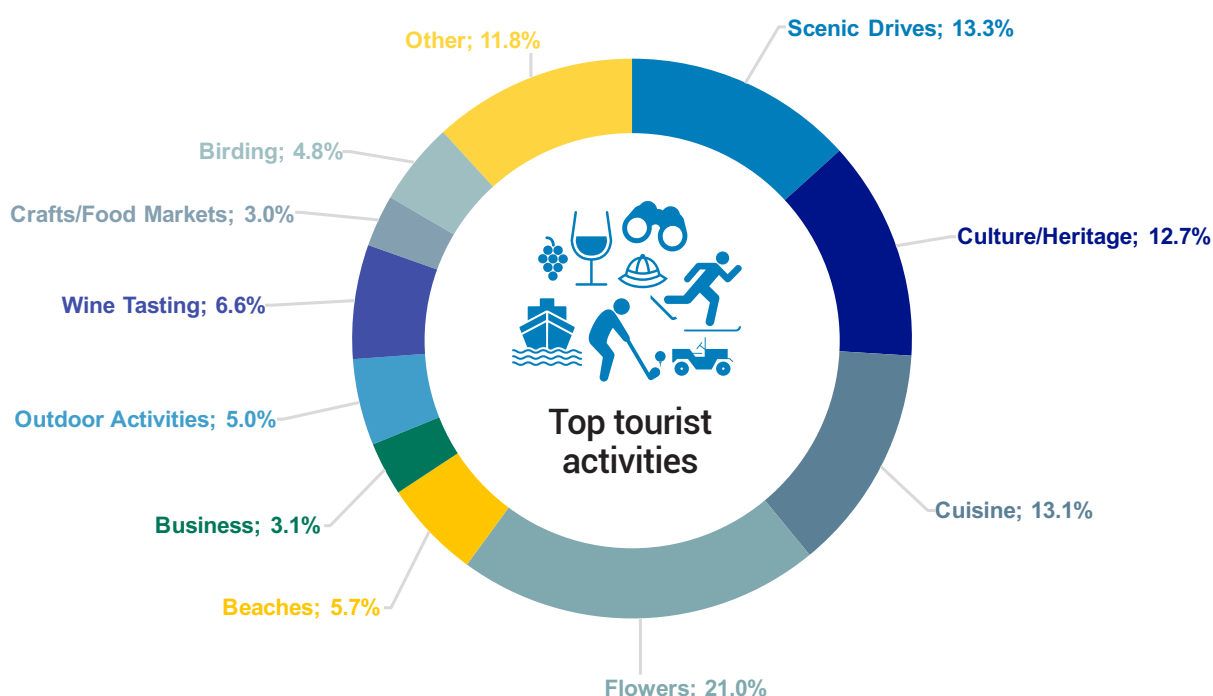
3.3.4 Activities, expenditure and transport

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

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

Figure 3.12

TOP TOURIST ACTIVITIES UNDERTAKEN, West Coast District, 2020



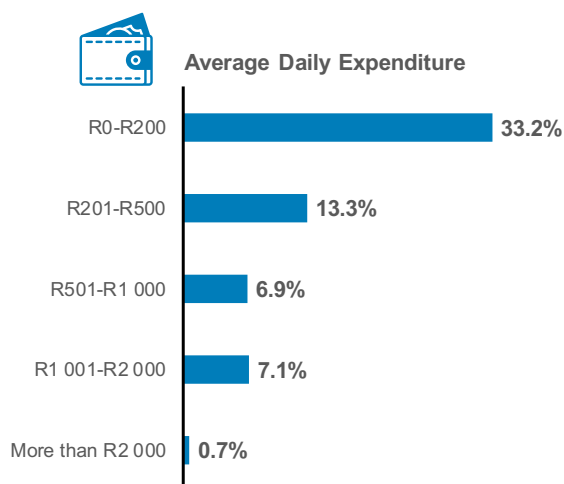
Source: Wesgro, 2021

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

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

Figure 3.13

AVERAGE DAILY EXPENDITURE BY VISITORS, West Coast District, 2020



Source: Wesgro, 2021

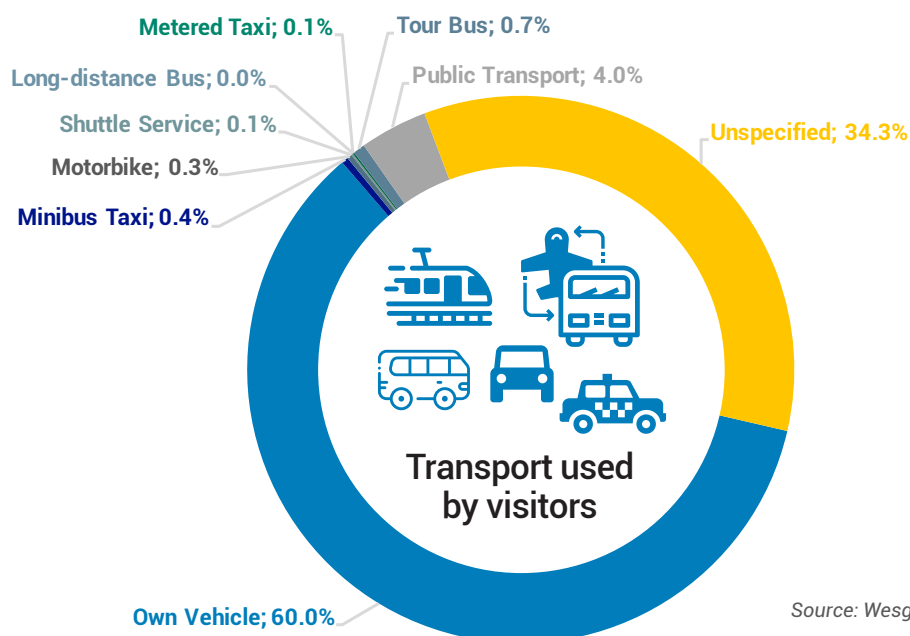
Note: 38.8 per cent of responses were unspecified

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

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

Figure 3.14

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



Source: Wesgro, 2021

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


3.4 COMPARATIVE ADVANTAGE AND EMPLOYMENT POTENTIAL

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

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

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

Table 3.3
LOCATION QUOTIENT INTERPRETATION

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

Source: Urban-Econ, 2021

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

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

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



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

Source: Quantec Research, 2021

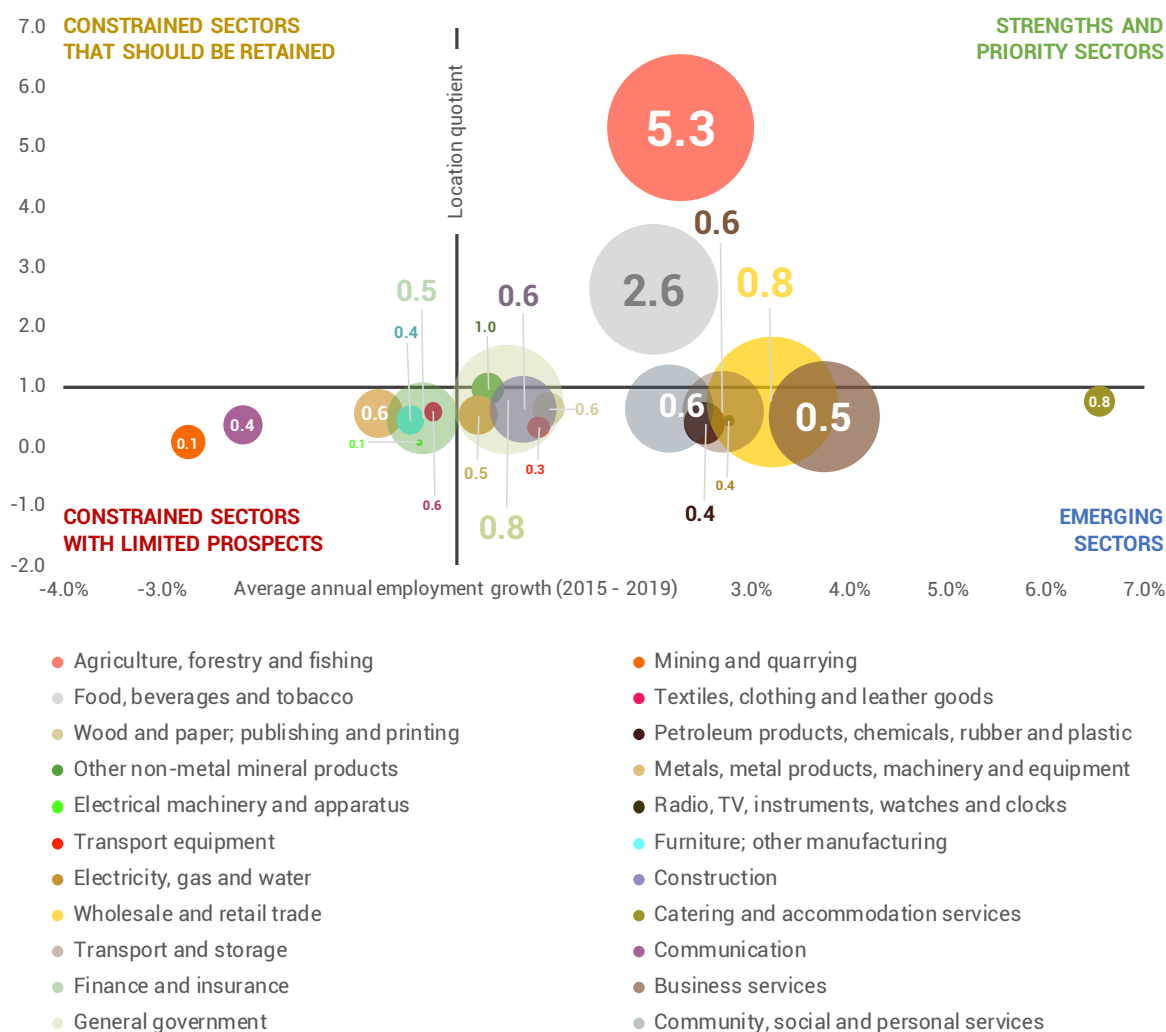
Compared with the structure of the South African economy, the WCD has a high comparative advantage in terms of GDPR and employment in the agriculture sector, as well as in the manufacturing and construction sectors in terms of GDPR. However, these two sectors only have a medium comparative advantage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

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

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

Figure 3.15

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



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

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

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

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

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

Source: Quantec Research, 2021

Food, beverages and tobacco Agriculture, forestry and fishing

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

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

Agriculture, forestry and fishing

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

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

Mining and mineral processing

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

Other emerging sectors

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

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

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

3.5 INVESTMENT

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

3.5.1 Private-sector investment

3.5.1.1 Sectoral investments and business expansion

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

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

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

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

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

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

⁵⁷ (EPCM, 2020).

⁵⁸ (Business Insider, 2021).

⁵⁹ (Swartland Municipality, 2021).

⁶⁰ (Enviro-EAP Environmental Consultants, 2021).

⁶¹ (Matzikama Municipality, 2021).

⁶² (Cederberg Municipality, 2021).

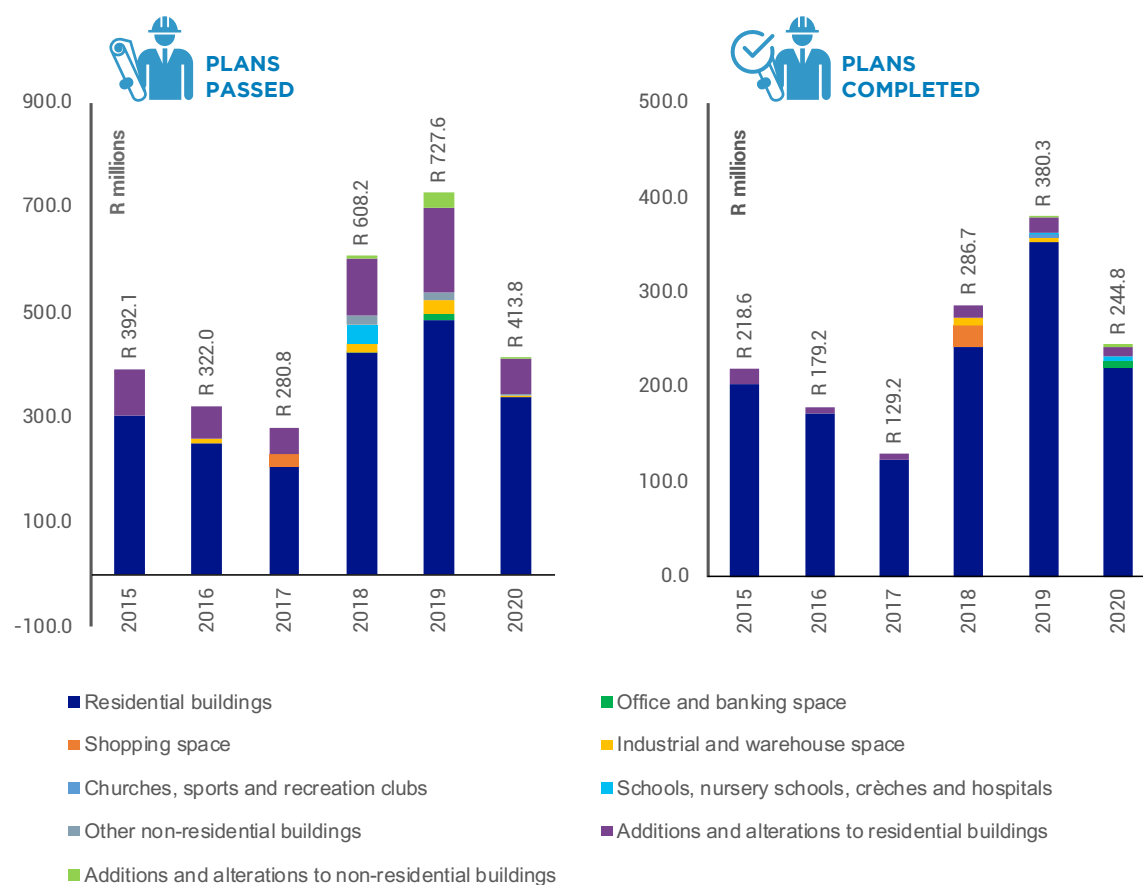
3.5.1.2 Building plans passed and completed

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

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

Figure 3.16

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



Source: Stats SA & Quantec Research, 2021

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

⁶³ Number of residential building plans passed larger than 80m².

⁶⁴ Value of non-residential buildings completed (constant prices).

⁶⁵ (Property24, 2021).

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

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

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



⁶⁶ (SBIDZ, 2021).

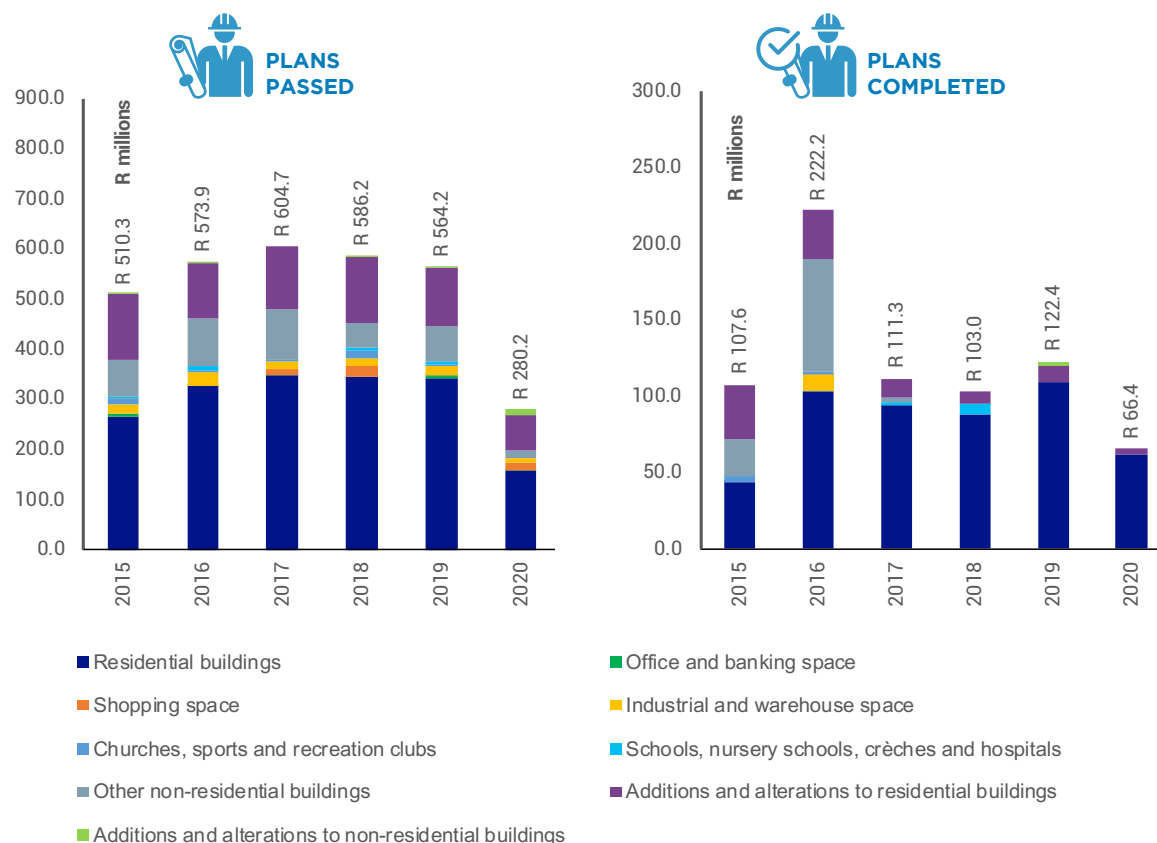
⁶⁷ (GIFS, 2019).

⁶⁸ (Business Day, 2021).

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

Figure 3.17

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



Source: Stats SA & Quantec Research, 2021

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

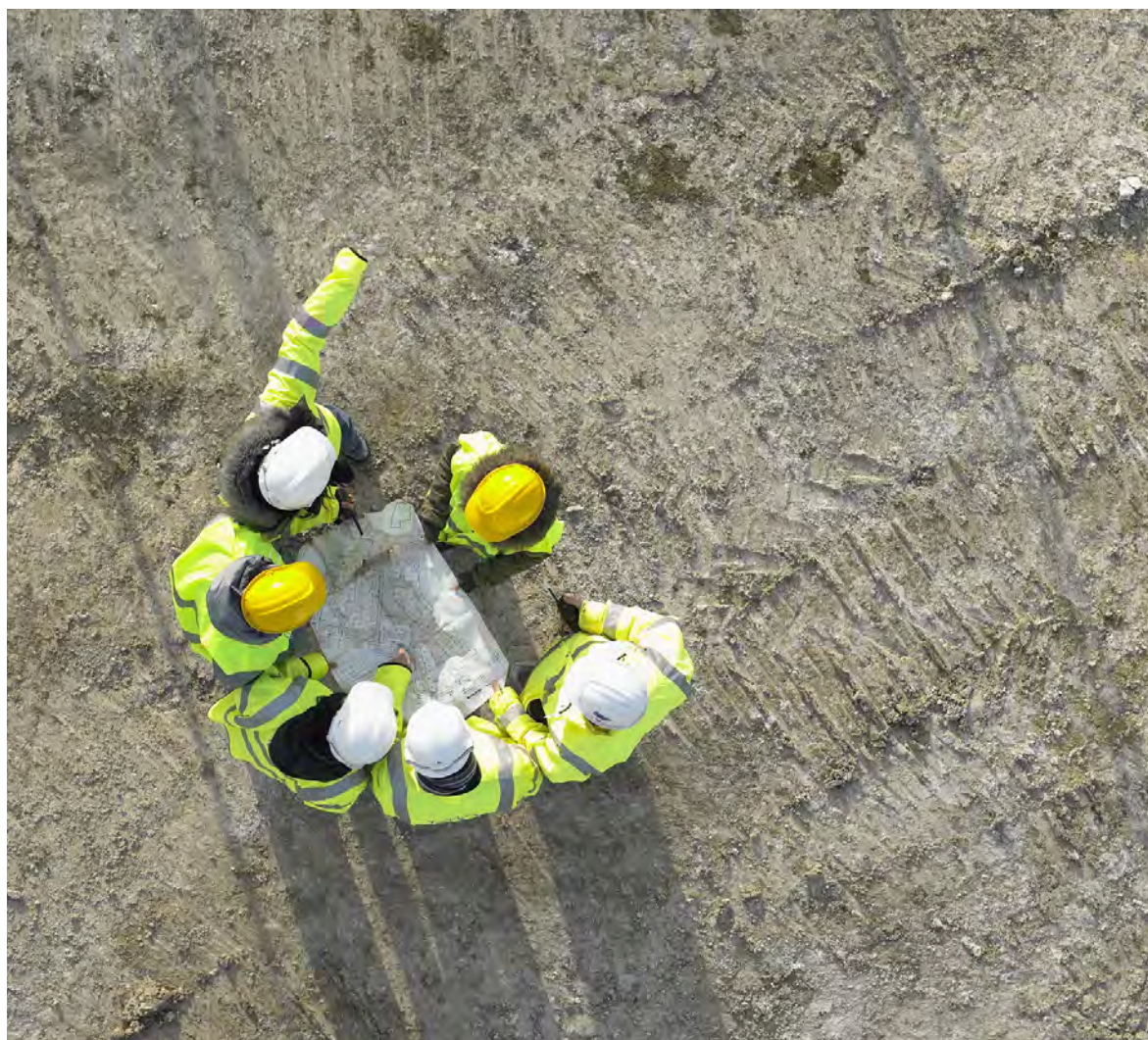
The majority of building plans completed were for residential buildings, the value of which decreased from R109.3 million in 2019 to R62.0 million. Other building plans completed during the period of review included mainly additions and alterations to residential buildings (R4.3 million in 2020). No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

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

⁶⁹ (Bergrivier Municipality, 2021).

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

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



⁷⁰ Industrial sizes include building plans passed for churches, sports halls and ablution facilities.

⁷¹ (Cederberg Municipality, 2021).

⁷² (Matzikama Municipality, 2021).

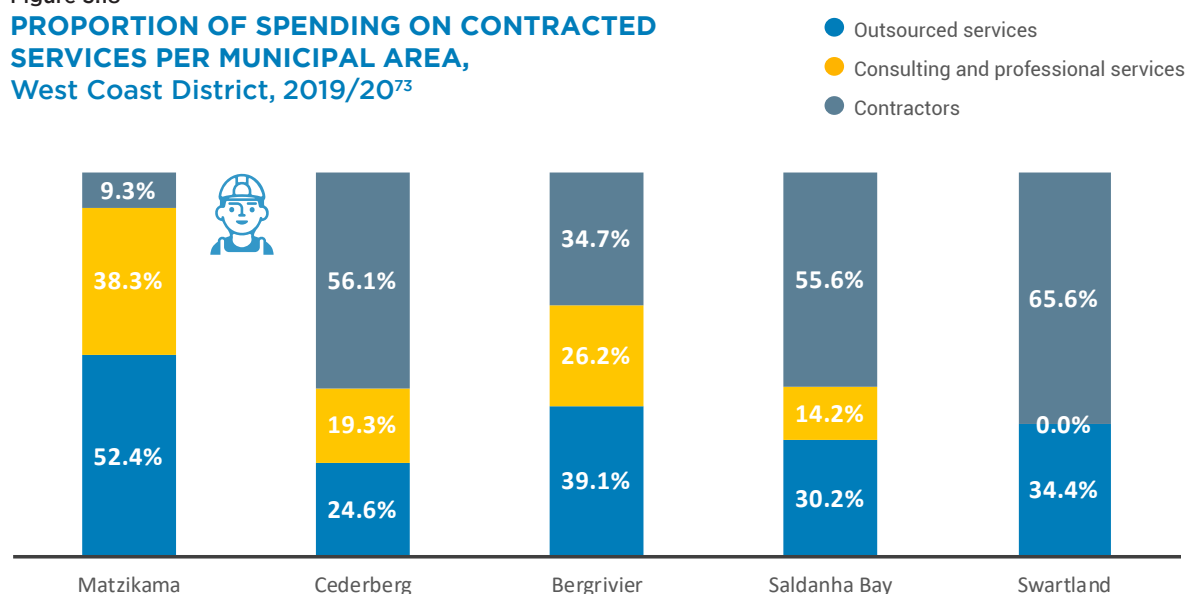
3.5.2 Public-sector investment

3.5.2.1 Municipal contracted services

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

Figure 3.18

PROPORTION OF SPENDING ON CONTRACTED SERVICES PER MUNICIPAL AREA, West Coast District, 2019/20⁷³



Source: National Treasury, 2021

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

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

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

⁷⁴ (Matzikama Municipality, 2021).

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

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

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

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

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

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



⁷⁵ (Cederberg Municipality, 2021).

⁷⁶ (Bergrivier Municipality, 2021).

⁷⁷ (Swartland Municipality, 2021).

⁷⁸ (West Coast District Municipality, 2021).

3.5.2.2 Infrastructure

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



JOINT DISTRICT AND METRO APPROACH

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

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

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

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

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

Source: Provincial Treasury, 2021

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

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

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



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

⁷⁹ (West Coast District Municipality, 2021).

⁸⁰ (West Coast District Municipality, 2021).

⁸¹ (Saldanha Bay Municipality, 2020).

⁸² (Cederberg Municipality, 2021).

⁸³ (Swartland Municipality, 2021).

⁸⁴ (Matzikama Municipality, 2021).

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

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

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

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

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

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

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



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



3.6 CONCLUDING REMARKS

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

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

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

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

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

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

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

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





4

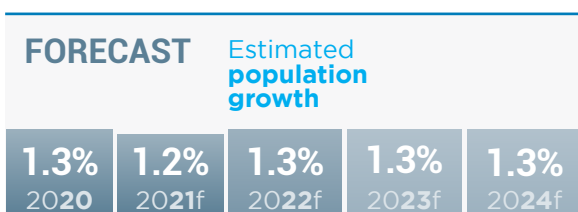
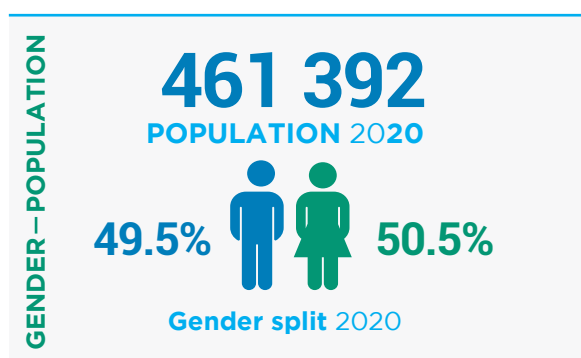
MUNICIPAL SOCIO- ECONOMIC ANALYSIS

4.1 INTRODUCTION

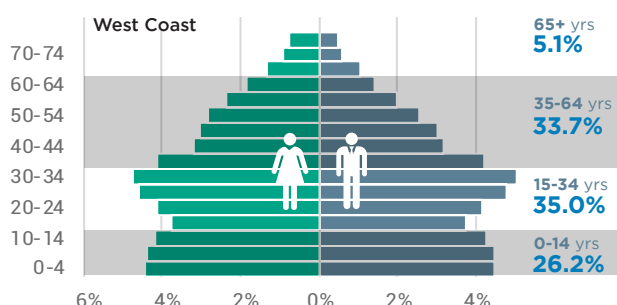
This chapter describes the economic and social circumstances of households living in the WCD by analysing population, human development, housing, crime and access to basic services. More specifically, human development in the region is assessed by exploring education levels, health and income.

WEST COAST DEMOGRAPHICS

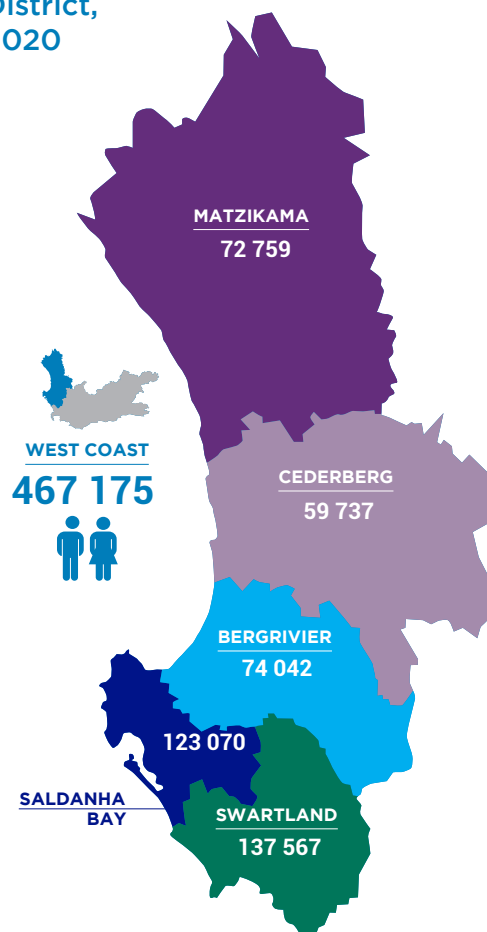
Some of the key indicators used in the socio-economic analysis include the population growth rate, GDP per capita, household income, the Gini coefficient, the Human Development Index (HDI), educational development and dwelling types. These indicators are discussed in detail in the sections below.



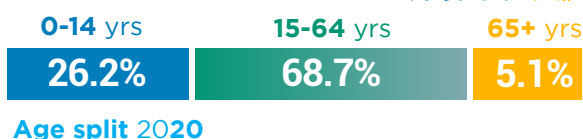
GENDER AND AGE DYNAMICS



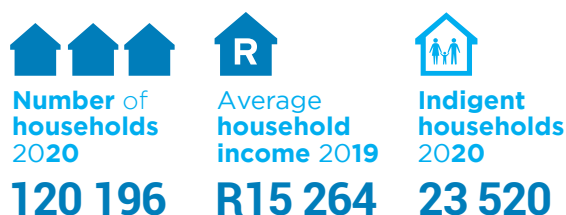
CURRENT POPULATION, West Coast District, 2020



AGE PROFILE



HOUSEHOLDS

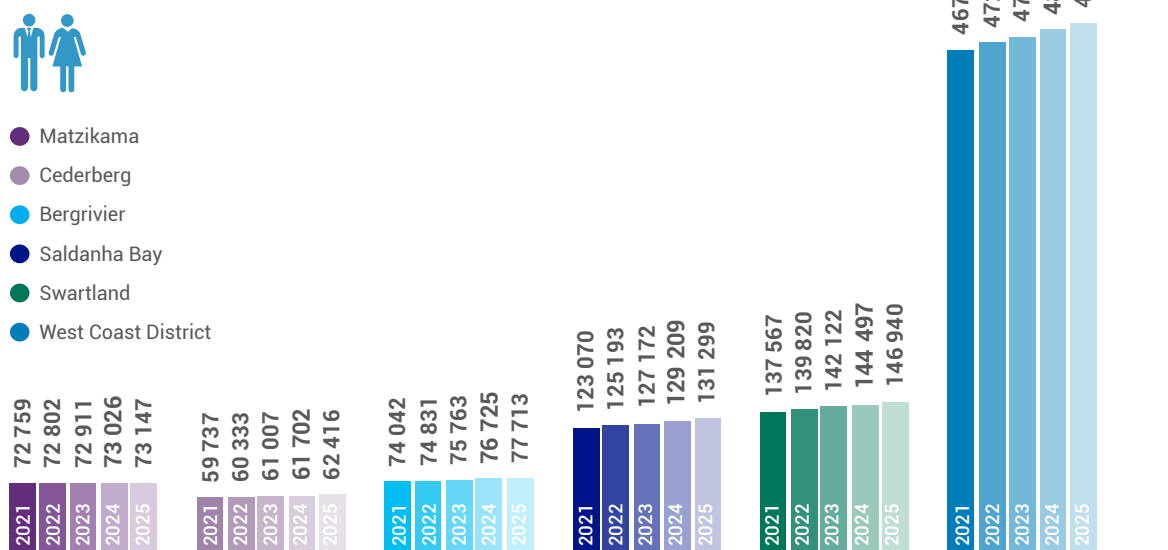


4.2 POPULATION PROFILE

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

Figure 4.1

FUTURE POPULATION GROWTH, West Coast District, 2021 – 2025

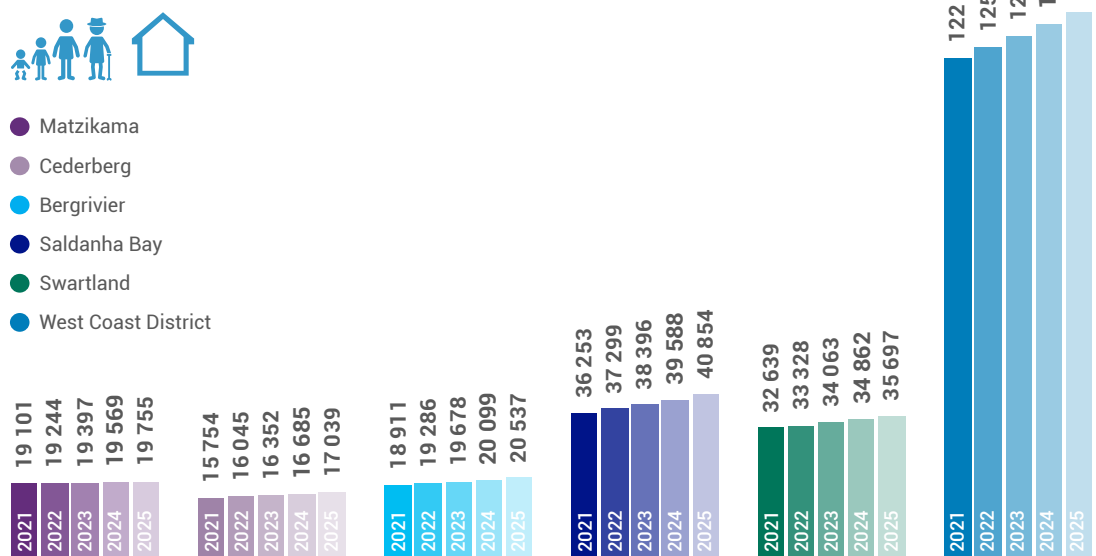


Source: Western Cape Government PPU, 2021. Provincial, District and local municipality population estimates by sex and age (2002 – 2036) based on Stats SA MYPE series 2021 and 2020

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

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

Figure 4.2
**FUTURE HOUSEHOLD GROWTH,
West Coast District, 2021 – 2025**



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

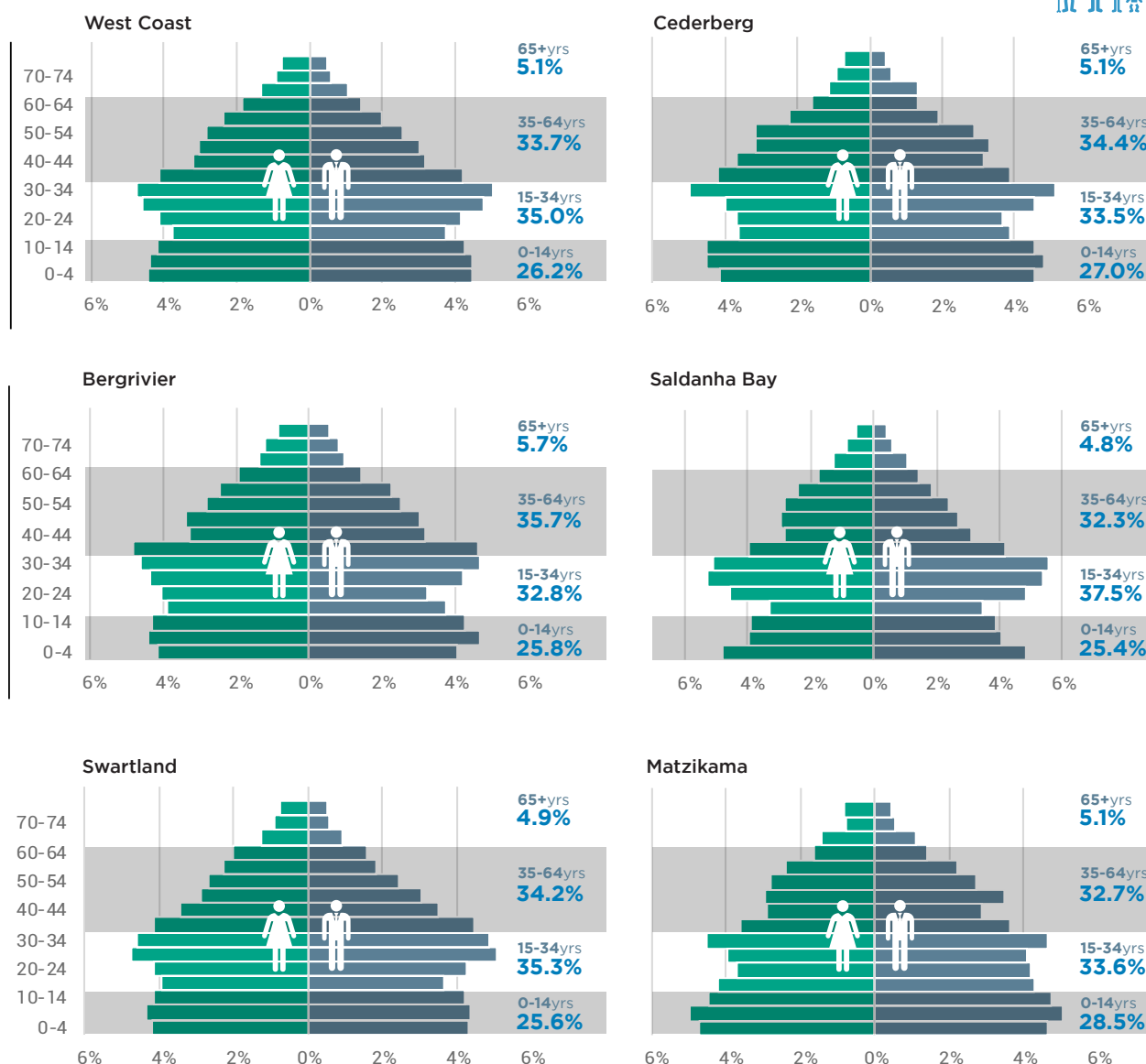
The Saldanha Bay municipal area, which has the second-highest estimated population growth, is forecast to experience the highest household growth in the District, with an average rate of 3.0 per cent per annum between 2021 and 2025. This indicates that household sizes in the Saldanha Bay municipal area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

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

⁸⁵ (West Coast District Municipality, 2021).

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

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



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

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

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

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

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

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



4.3 HUMAN DEVELOPMENT

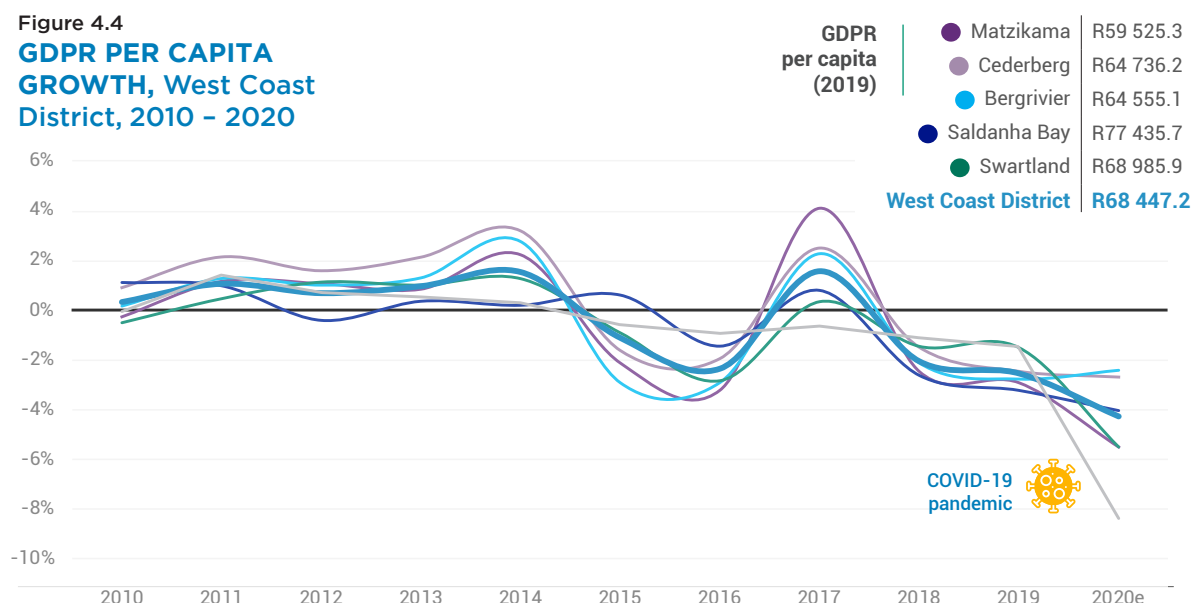
4.3.1 Income

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

The District's GDP per capita increased from R68 447.2 in 2019 to an estimated R69 250.7 in 2020 in current prices. However, in real prices, the GDP contracted substantially in 2020. Figure 4.4 illustrates the GDP per capita growth in the WCD between 2010 and 2020.

Figure 4.4

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



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

Source: Quantec Research, 2021 (e denotes estimate)

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

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

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

Table 4.1

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

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

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

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

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



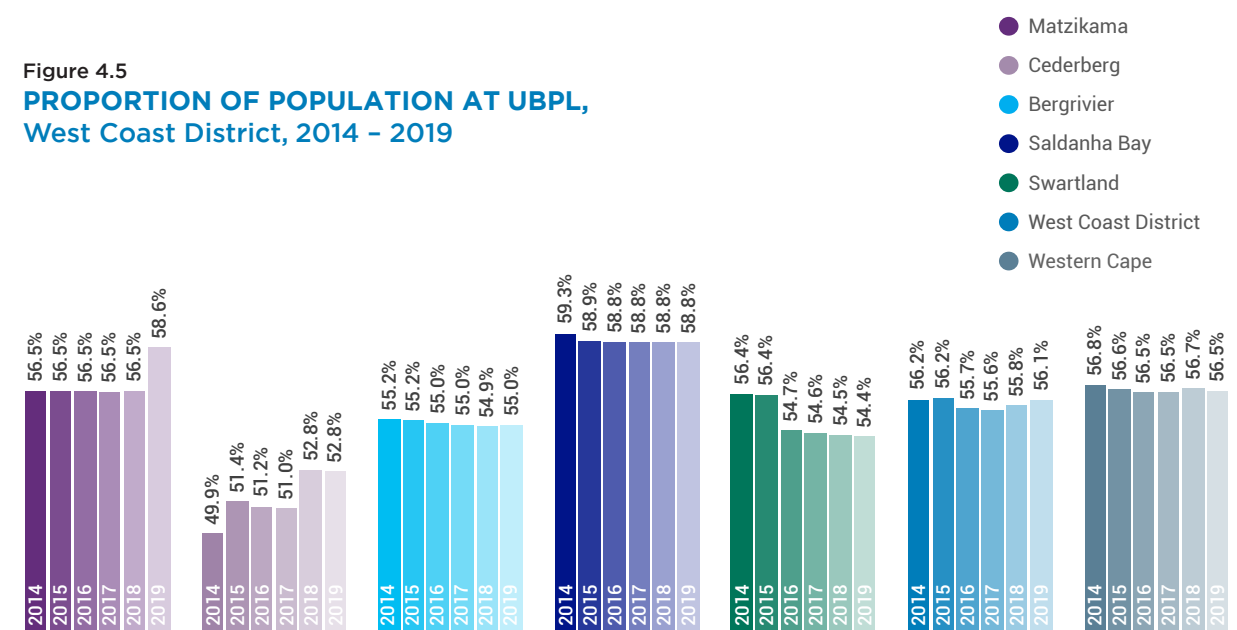
⁸⁶ (Stats SA, 2021).

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

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

Figure 4.5

PROPORTION OF POPULATION AT UBPL, West Coast District, 2014 – 2019



Source: Quantec Research, 2021

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

⁸⁷ (Stats SA, 2017).

⁸⁸ (Stats SA, 2020).

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

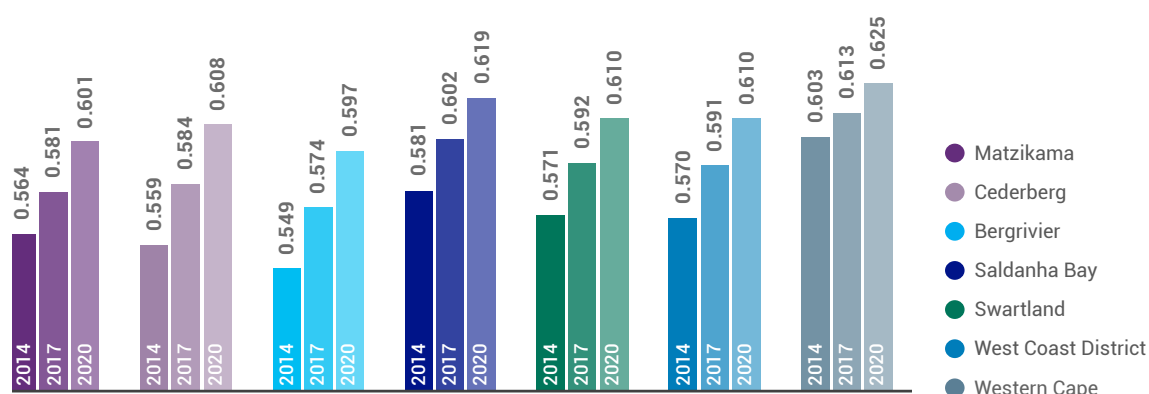


There are numerous measurements of inequality in a society, including income, expenditure, asset, employment, education, health, basic services and social mobility inequality. By utilising a multidimensional view of inequality, the broader context of the challenges South Africans face can be analysed.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

⁸⁹ (Stats SA, 2019).

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

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



Source: IHS Markit, 2021

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

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

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

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

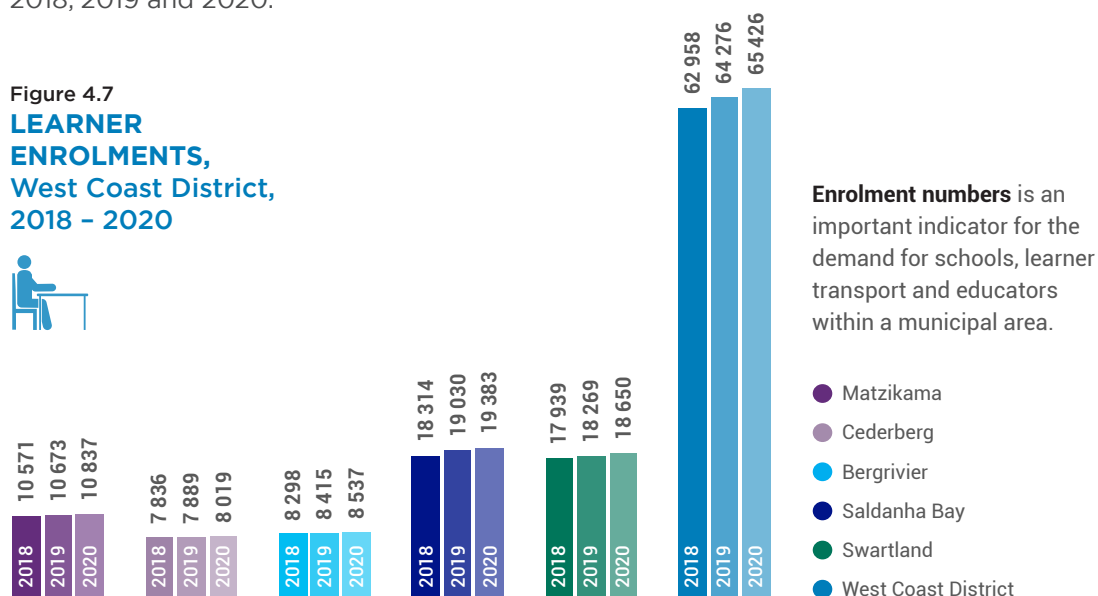


4.3.2 Education

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

Figure 4.7

LEARNER ENROLMENTS, West Coast District, 2018 - 2020



Source: Western Cape Education Department, 2021

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

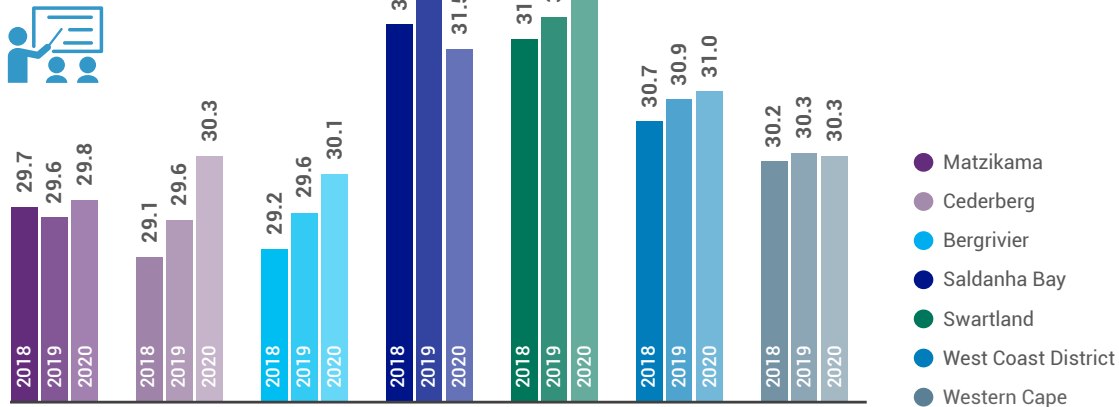
The Saldanha Bay municipal area experienced the largest increase in learner enrolments between 2018 and 2020, with learner enrolments increasing by 1 069 learners, followed by the Swartland municipal area (711 learners). The Cederberg municipal area had the lowest increase in learner enrolments, with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



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

Figure 4.8

LEARNER-TEACHER RATIO, West Coast District, 2018 - 2020



Source: Western Cape Education Department, 2021

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

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

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

⁹⁰ (Sephton, S, 2017).

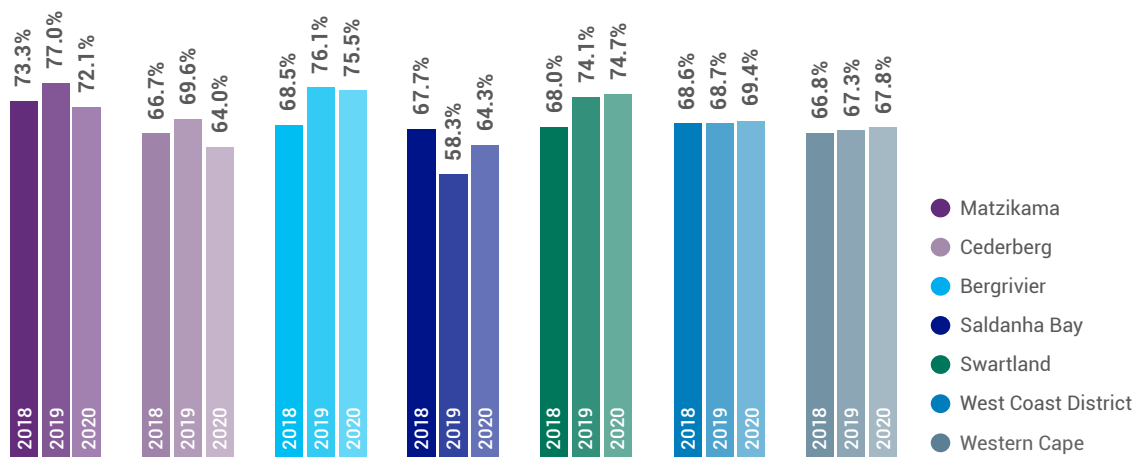
⁹¹ (Southern and Eastern Africa Consortium for Monitoring Educational Quality, 2011).

⁹² (The Hun School of Princeton, 2019).

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

Figure 4.9

GRADE 10 TO 12 RETENTION RATE, West Coast District, 2018 – 2020



Source: Western Cape Education Department, 2021

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

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

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

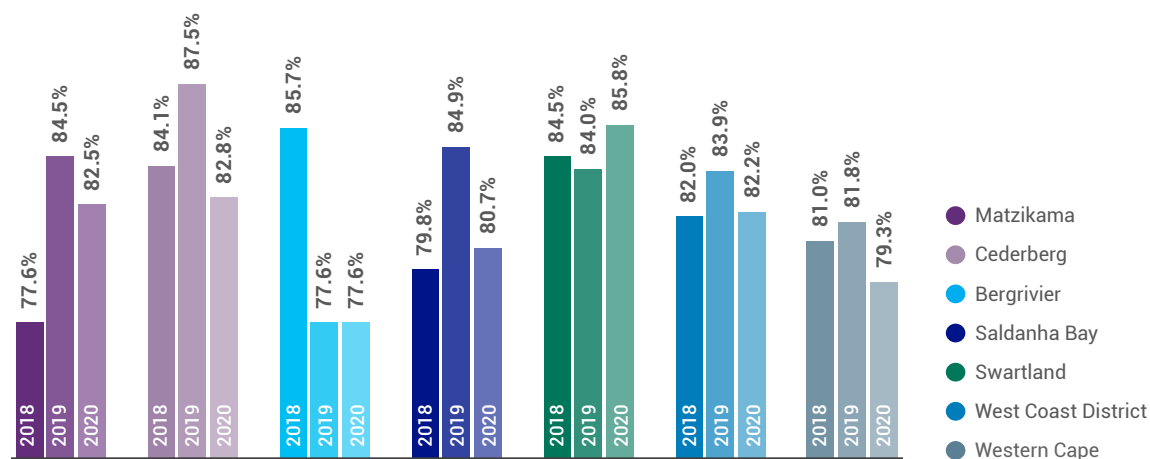
The Saldanha Bay municipal area recorded a considerable improvement in learner retention rates between 2019 and 2020 (6.0 percentage points). However, at 64.3 per cent, learner retention in 2020 was still below the retention rate recorded in 2018 (67.7 per cent).

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

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

Figure 4.10

MATRIC PASS RATE, West Coast District, 2018 – 2020



Source: Western Cape Education Department, 2021

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

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

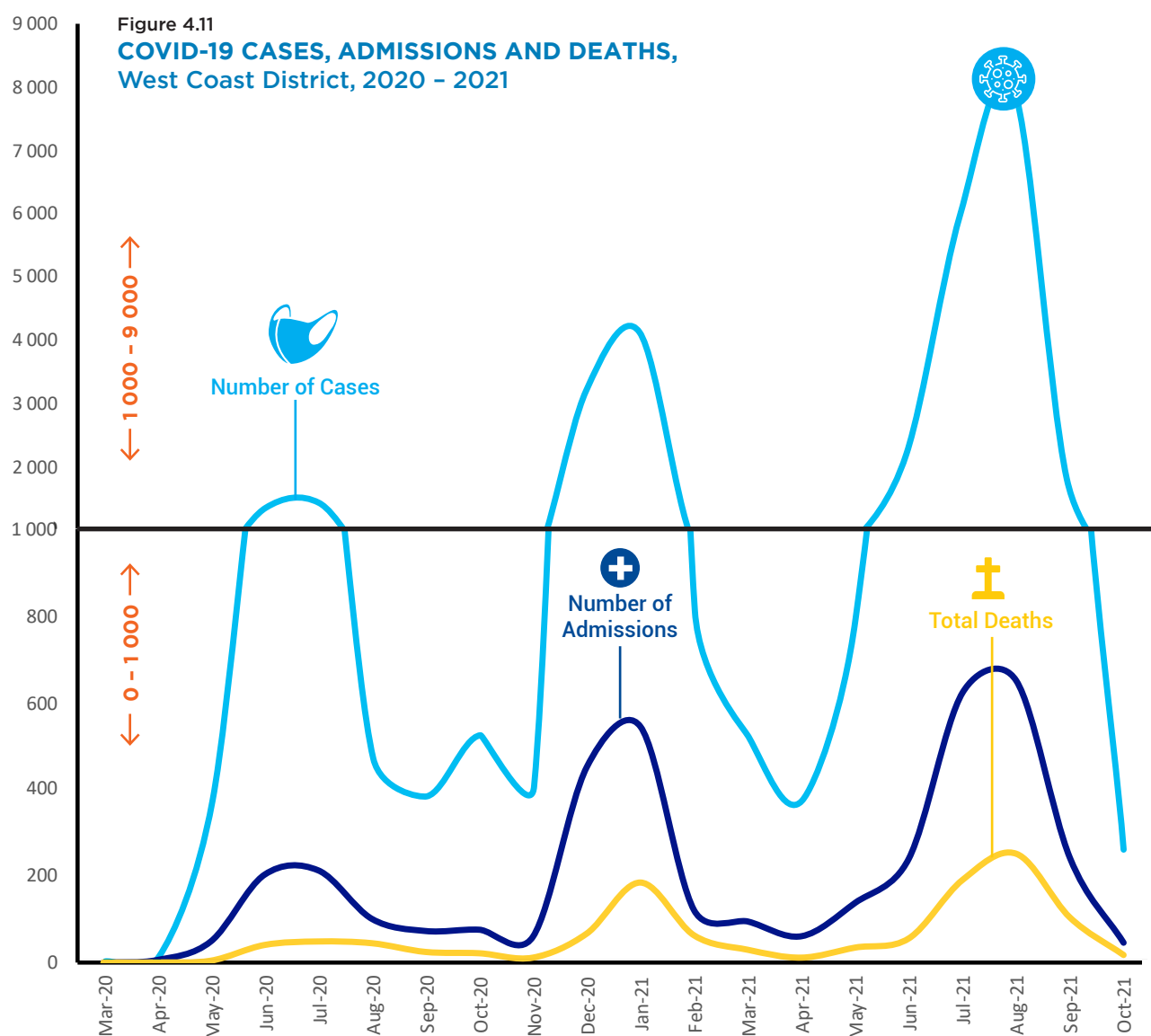


4.3.3 Health

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

4.3.3.1 COVID-19

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



Source: Western Cape Department of Health, 2021

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

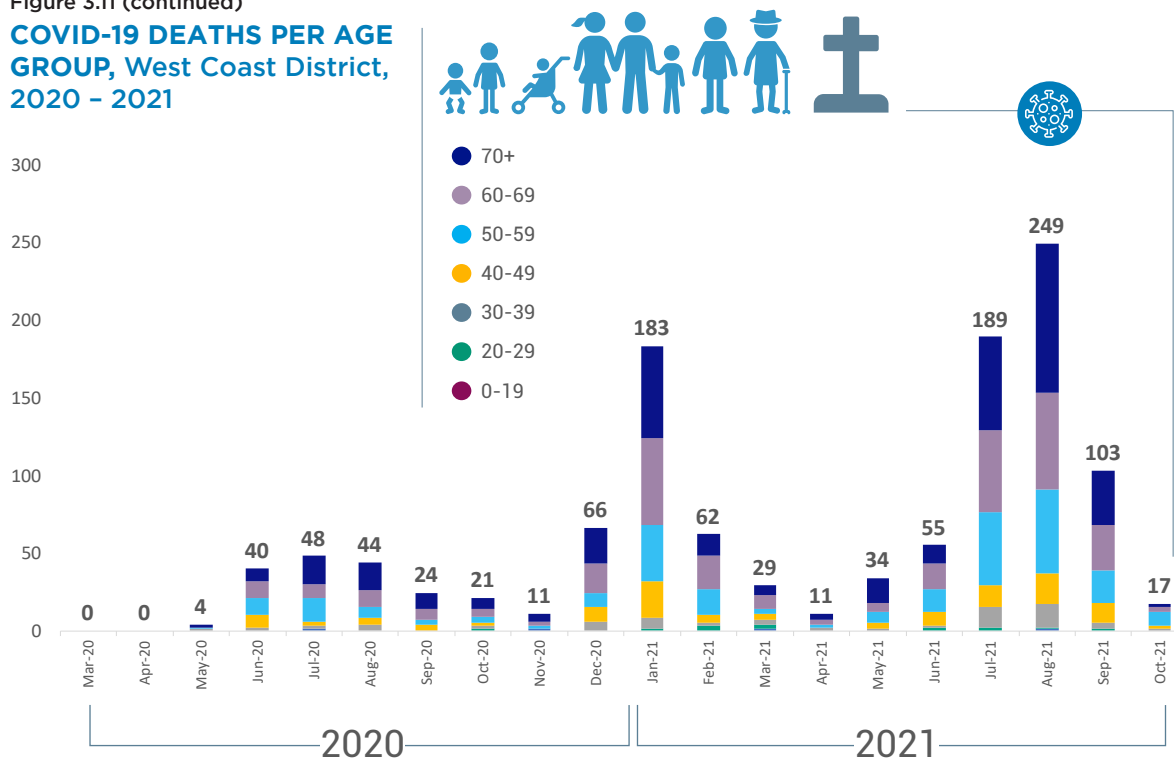
⁹³ Data for COVID-19 cases, admissions and deaths was extracted on 2 November 2021.

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

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

Figure 3.11 (continued)

COVID-19 DEATHS PER AGE GROUP, West Coast District, 2020 – 2021



Source: Western Cape Department of Health, 2021



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

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

4.3.3.2 Mortality

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

Table 4.2

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



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

Source: Stats SA, 2021

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

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



WELLBEING

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

4.3.3.3 HIV/AIDS and TB

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

Table 4.3

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



	2017/18	2018/19	2019/20	2020/21
Known HIV+ (Tested; n)	20 209	20 728	19 919	21 384
Of which: Clients started but no longer on ART	35.9%	47.6%	59.8%	55.7%
Of which: Clients on ART	51.3%	57.3%	26.4%	28.6%
Of which: Clients with confirmed viral suppression	71.4%	68.3%	67.9%	66.4%

Source: Western Cape Department of Health, 2021

The number of people who are known to have tested positive in the WCD increased over the reference period, from 20 209 in 2018/19 to 21 384 in 2020/21. Knowledge of HIV status is an important starting point to receiving treatment. Even though more people knew their status in 2020/21 than in 2019/20, the treatment of HIV was influenced by the disruption of the healthcare system as a result of the COVID-19 pandemic.

The Joint United Nations Programme on HIV/AIDS (UNAIDS) targeted that by 2020, 90.0 per cent of all people living with HIV would know their status, 90.0 per cent of people diagnosed with HIV would be receiving antiretroviral treatment (ART) and 90.0 per cent of people receiving ART would have viral suppression.⁹⁵ Despite the positive trend recorded between 2017/18 and 2019/20, the percentage of people who started ART but were no longer on ART decreased from 59.8 per cent in 2019/20 to 55.7 per cent in 2020/21. The percentage of people who were on ART has also been on a declining trend between 2018/19 and 2019/20 but recorded a marginal improvement in 2020/21.

Viral suppression is when HIV medicine is used to reduce the viral load in the body in such a way that the immune system is able to function.⁹⁶ The percentage of people with confirmed viral suppression in the WCD has also been on a declining trend, from 71.4 per cent in 2017/18 to 66.4 per cent in 2020/21.

The age group that is most susceptible to infection (those between the ages of 15 and 50) is also the most economically and socially active.⁹⁷ The economic impacts of HIV/AIDS include reduced labour supply, reduced labour productivity, reduced exports and increased imports.⁹⁸ Given the current economic challenges in the WCD, increasing ART and viral suppression is essential.

⁹⁵ (UNAIDS, 2014).

⁹⁶ (Centers for Disease Control and Prevention, 2021).

⁹⁷ (UNAIDS, 2000).

⁹⁸ (Dixon, et al., 2002).

Table 4.4 shows the trends in TB notification and outcomes in the WCD between 2018/19 and 2020/21.

Table 4.4
TRENDS IN TB NOTIFICATION AND OUTCOMES,
West Coast District, 2018/19 – 2020/21



	2018/19	2019/20	2020/21
TB programme success rate	83.4%	83.5%	80.9%
TB clients lost to follow-up	9.0%	12.0%	11.5%
TB client death rate	3.8%	3.3%	4.7%
TB/HIV co-infected	26.2%	37.8%	37.4%
TB MDR treatment success rate	53.1%	54.0%	45.9%

Source: Western Cape Department of Health, 2021

The success of the TB programme in the WCD declined from 83.4 per cent in 2018/19 to 80.9 per cent in 2020/21. TB clients lost to follow-up increased from 9.0 per cent in 2018/19 to 12.0 per cent in 2019/20 and slightly declined to 11.5 per cent in 2020/21. The multidrug-resistant (MDR) treatment success rate increased from 53.1 per cent in 2018/19 to 54.0 per cent in 2019/20, but significantly declined to 45.9 per cent in 2020/21.

The TB client death rate declined from 3.8 per cent in 2018/19 to 3.3 per cent in 2019/20, before increasing significantly to 4.7 per cent in 2020/21. The number of TB client deaths follows the trend of the MDR treatment success – if the MDR treatment success declines, the TB client death rate increases. This indicates the importance of treatment availability.

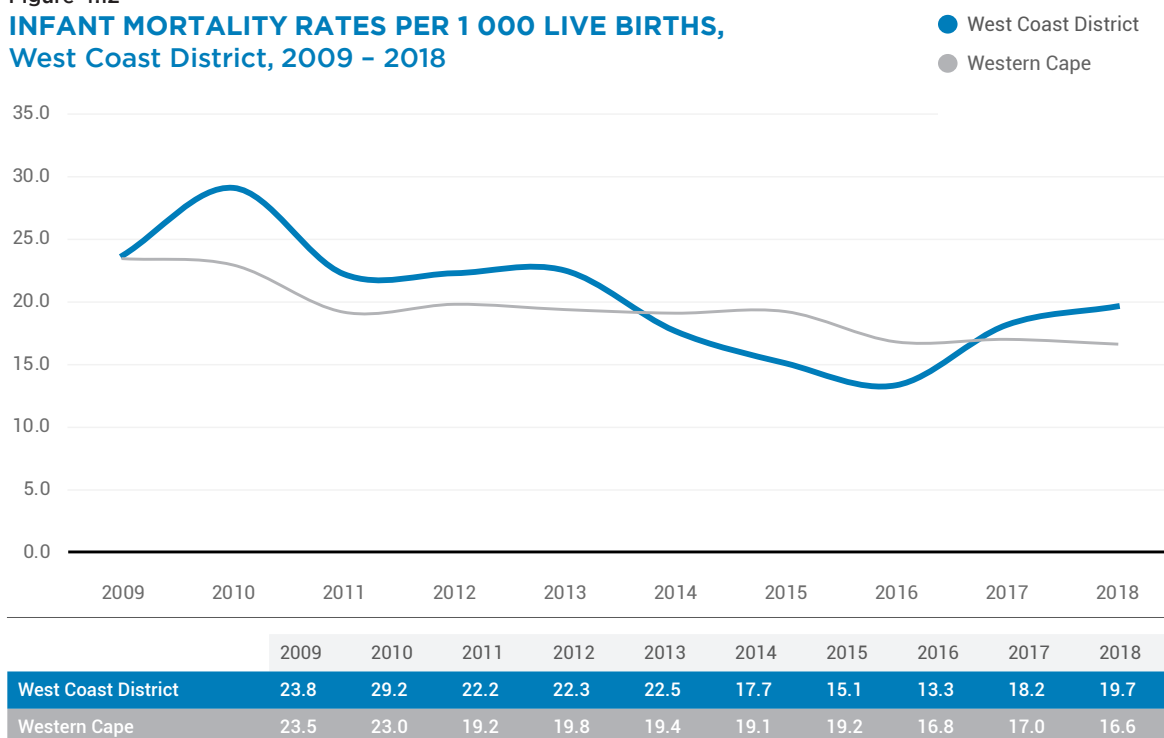


4.3.3.4 Infant, child and maternal health

Figure 4.12 provides the infant mortality rates per 1 000 live births in the WCD and the Western Cape between 2009 and 2018.

Figure 4.12

INFANT MORTALITY RATES PER 1 000 LIVE BIRTHS, West Coast District, 2009 – 2018



Source: Western Cape Department of Health, 2021

The infant mortality rates of the Western Cape and the WCD have been on a declining trend since 2009. Between 2009 and 2013, the infant mortality rate was higher in the WCD compared with the Province. The infant mortality rate of the WCD decreased from 17.7 deaths per 1 000 live births in 2014 to 13.3 in 2016 and increased to 18.2 and 19.7 in 2017 and 2018 respectively. Conversely, the infant mortality rate of the Western Cape was high in 2014 (19.1 deaths per 1 000 live births) and declined to 16.6 in 2018.



Table 4.5 outlines the maternal death rates per 100 000 live births in the WCD between 2018 and 2020.

Table 4.5

**MATERNAL DEATH RATES PER 100 000 LIVE BIRTHS,
West Coast District, 2018 – 2020**

MUNICIPALITY	2018	2019	2020
● Bergrivier	0	0	0
● Cederberg	0	0	129.7
● Matzikama	108.9	0	0
● Saldanha Bay	124.8	0	0
● Swartland	0	0	212.3
West Coast District	77.2	0	43.0

Source: Western Cape Department of Health, 2021

The maternal death rate is defined as maternal deaths per 100 000 live births in health facilities. Maternal death is death occurring during pregnancy, childbirth and the puerperium of a woman while pregnant or within 42 days of termination of pregnancy, irrespective of the duration and site of pregnancy and irrespective of the cause of death (obstetric and non-obstetric).

The maternal death rate in the WCD declined from 77.2 deaths per 100 000 live births in 2018 to zero in 2019, before increasing to 43.0 deaths per 100 000 live births in 2020. In 2018, only the Saldanha Bay municipal area (124.8 deaths per 100 000 live births) and the Matzikama municipal area (108.9 deaths per 100 000 live births) recorded maternal deaths, while in 2020, only the Swartland municipal area (212.3 deaths per 100 000 live births) and the Cederberg municipal area (129.7 deaths per 100 000 live births) recorded maternal deaths.



4.3.3.5 Teenage pregnancy

Table 4.6 provides the delivery rate of women between the ages of 10 and 19 years in the WCD between 2018 and 2020.

Table 4.6

DELIVERY RATE TO WOMEN 10 - 19 YEARS, West Coast District, 2018 - 2020

MUNICIPALITY	2018	2019	2020
● Bergrivier	16.1%	19.1%	16.0%
● Cederberg	19.3%	18.6%	15.5%
● Matzikama	17.3%	17.6%	15.5%
● Saldanha Bay	14.3%	13.6%	13.3%
● Swartland	14.9%	13.0%	15.8%
West Coast District	16.2%	16.3%	14.7%

Source: Western Cape Department of Health, 2021

The delivery rate to teenagers in the WCD declined from an average rate of 16.2 per cent in 2018 to 14.7 per cent in 2020. The delivery rate to teenagers in the Saldanha Bay municipal area was lower than the average delivery rate to teenagers in the WCD between 2018 and 2020. The Bergrivier municipal area had the highest delivery rate to teenagers in 2020 (16.0 per cent), followed by the Swartland municipal area (15.8 per cent).

Between 2019 and 2020, the delivery rate to teenagers in the WCD declined by 1.6 percentage points. All the municipal areas except the Swartland municipal area recorded a decline in the delivery rate to teenagers between 2019 and 2020. The Bergrivier and Cederberg municipal areas experienced the highest decline (both 3.1 percentage points) in the delivery rate to teenagers, while the Swartland municipal area recorded an increase of 2.8 percentage points between 2019 and 2020.

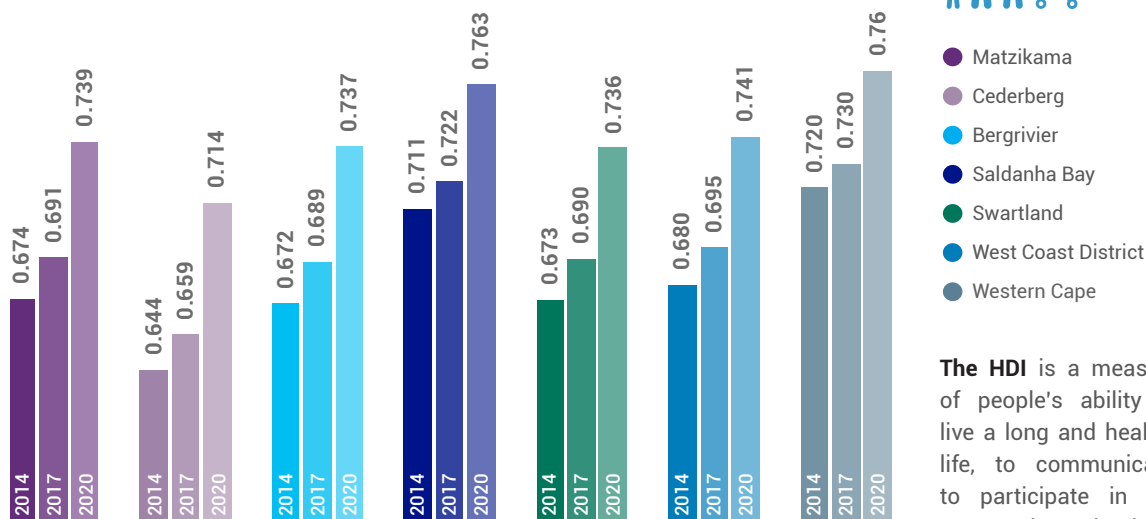
An increase in delivery rates to teenagers puts additional pressure on the public sector for support, as these teenagers often drop out of school and therefore struggle to find employment as a result of low skill levels.



4.3.4 Human Development Index

The HDI is defined as a composite indicator reflecting education levels, health and income, and is used to assess the relative level of socio-economic development in countries. Economic performance plays an important role in determining the quality of life of citizens; economists expect economic growth to result in improvements in human development, and economic decline to have an adverse effect on human development. Figure 4.13 provides an overview of the HDIs per municipal area for the WCD between 2014 and 2020.

Figure 4.13
HDI PER MUNICIPAL AREA, West Coast District,
2014 - 2020



Source: IHS
Markit, 2021

afford a decent standard of living. The HDI is represented by a number between 0 and 1, where 1 indicates a high level of human development and 0 represents no human development. Capturing and evaluating HDI can be useful in developing policies and can also be used as a means to assess the development of the population, as this plays a critical role in the development of the economy.

Despite the challenges in various economic and social spheres in 2020, the HDI of the WCD improved over the reference period – from 0.680 in 2014 to 0.741 in 2020. However, the WCD's HDI remains marginally lower compared with that of the Province (0.769). The Saldanha Bay municipal area had the highest HDI in 2020 (0.763), while the Cederberg municipal area recorded the lowest HDI (0.714) in the same period.

GLOBAL HDI COMPARISON

According to the United Nations Development Programme (UNDP),⁹⁹ South Africa was ranked 114th in the world, with an HDI of 0.709 in 2019, which was lower than the average world HDI of 0.737. However, the HDI in South Africa was still considered to be high and was above the average HDI of developing countries (0.689). Globally, Norway had the highest HDI in 2019 (0.957), while Niger was ranked lowest at 0.394. In 2019, the HDI in the Western Cape (0.757) was also considered to be high according to the UNDP, and was above the world average. The 2019 HDI in the WCD (0.727) was considered to be high according to the HDI classification, and was similar to that of Paraguay (0.728).

⁹⁹ (UNDP, 2021).

4.4 HOUSING AND ACCESS TO BASIC SERVICES

One of the important indicators of the level of human development within an economy is access to decent formal housing, which is regarded as a basic human right. Table 4.7 depicts the various types of dwellings of households in the WCD in 2020.

Table 4.7

NUMBER AND PROPORTION OF DWELLINGS, West Coast District, 2020



	West Coast District		● Matzikama		● Cederberg	
	Number	% of total	Number	% of total	Number	% of total
Formal	107 015	86.4%	18 546	87.6%	14 369	85.9%
Informal	14 511	11.7%	2 198	10.4%	2 000	12.0%
Other	2 311	1.9%	427	2.0%	353	2.1%

	● Bergrivier		● Saldanha Bay		● Swartland	
	Number	% of total	Number	% of total	Number	% of total
Formal	17 154	92.9%	27 925	79.3%	29 021	89.9%
Informal	716	3.9%	6 894	19.6%	2 703	8.4%
Other	593	3.2%	390	1.1%	548	1.7%

Source: Quantec Research, 2021

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

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

Most of the households in the WCD reside in formal dwellings (86.4 per cent). On a municipal level, the proportion of households residing in formal dwellings was higher in the Bergrivier (92.9 per cent), Swartland (89.9 per cent) and Matzikama (87.6 per cent) municipal areas compared with the District. In terms of informal dwellings, approximately 11.7 per cent of households in the District resided in this type of dwelling and the majority of households were in the Saldanha Bay (19.6 per cent), Cederberg (12.0 per cent) and Matzikama (10.4 per cent) municipal areas. In the Matzikama municipal area, an increase in illegally erected informal dwellings was observed in 2020, as well as in the Swartland municipal area.¹⁰⁰ These trends add pressure to the municipalities, as it is not always possible to provide basic services in informal areas, yet the demand remains.

The Saldanha Bay municipal area has the largest economy in the WCD. The prospects of job opportunities often attract people to more urban areas, such as Saldanha Bay and Vredenburg. This often leads to an increase in the demand for housing and results in higher instances of informal dwellings. The job losses in the agriculture sector also resulted in households migrating from farms to towns, which increases the need for housing.

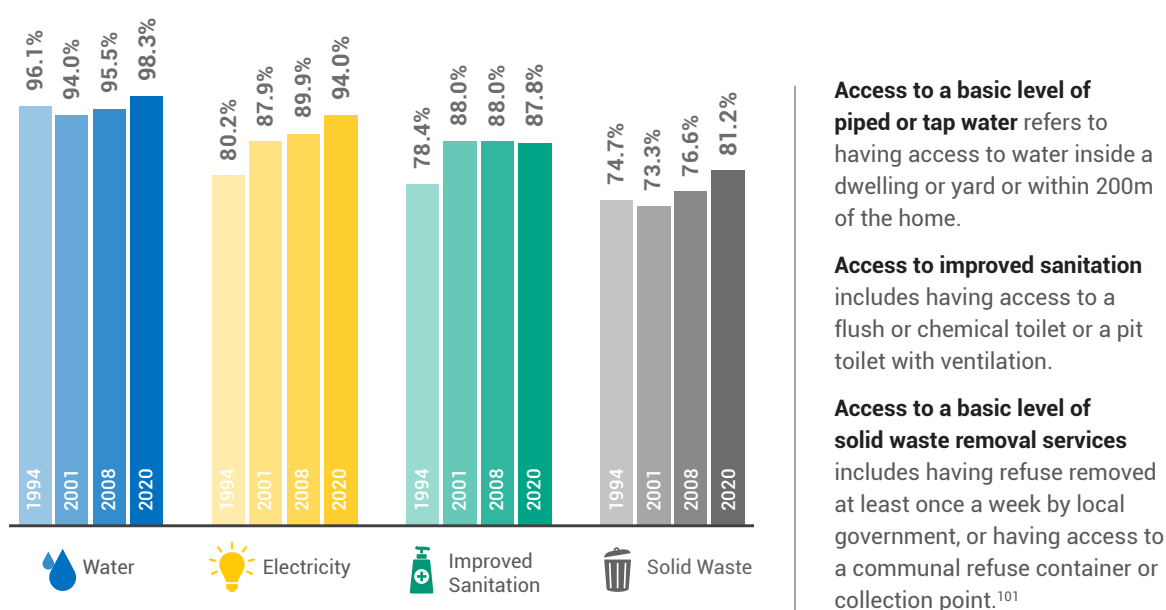
¹⁰⁰ (Swartland Municipality, 2021) and (Matzikama Municipality, 2021).

Access to basic services, particularly water and sanitation, can influence the health, safety and wellbeing of communities. Furthermore, by providing basic services to communities, municipalities are creating an enabling environment that will allow for private investment and entrepreneurship that can create local economic opportunities. In some instances, households have access to electricity directly from Eskom, and not through a local authority.

Figure 4.14 illustrates the household access to water, electricity, sanitation and solid waste removal services.

Figure 4.14

ACCESS TO BASIC SERVICES, West Coast District, 1994 – 2020



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

The proportion of households with access to piped or tap water declined between 1994 (96.1 per cent) and 2001 (94.0 per cent), from where it has been on an increasing trend, with 98.3 per cent of households having access to piped water in 2020. The proportion of households with access to electricity for lighting increased from 80.2 per cent in 1994 to 94.0 per cent in 2020, while the proportion of households with access to solid waste management services increased from 74.7 per cent in 1994 to 81.2 per cent in 2020. These are positive indicators for service delivery in the WCD, considering that the number of households that demand services has also increased over the period. Access to solid waste management services often lags that of other services, particularly in more rural municipal areas and those with a large number of farms, where it is not always financially feasible for regular collection services. Access to improved sanitation services increased from 78.4 per cent in 1994 to 88.0 per cent in 2001. However, between 2008 and 2020, the access to improved sanitation declined by 0.2 percentage points.

¹⁰¹ (Stats SA, 2017).

INDIGENT HOUSEHOLDS

A household is classified as indigent when the occupants of the household earn a combined income of less than a certain amount as specified by each local municipality in an indigent policy.

Table 4.8

NUMBER OF INDIGENT HOUSEHOLDS, West Coast District, 2018 – 2020

	2018		2019		2020	
	Number	% of households	Number	% of households	Number	% of households
● Matzikama	3 052	16.4%	3 291	17.5%	1 888	10.0%
● Cederberg	2 105	14.1%	2 041	13.4%	2 262	14.6%
● Bergrivier	1 753	9.8%	1 992	11.0%	1 862	10.0%
● Saldanha Bay	6 517	19.6%	7 384	21.6%	8 481	24.1%
● Swartland	8 738	28.5%	8 923	28.5%	9 027	28.2%
West Coast District	22 165	19.2%	23 631	20.1%	23 520	19.6%

Source: Department of Local Government, 2021

Despite the lack of income growth and increase in job losses, the number of indigent households in the WCD declined marginally between 2019 and 2020. This is mainly as a result of a large decline in indigent households in the Matzikama municipal area, which declined by 1 403 households between 2019 and 2020. The Matzikama Municipality adopted an indigent support policy for 2020/21, which states that in order to qualify for indigent support, the gross household income must not exceed the monthly government pension grant plus 35.0 per cent, which is approximately R2 551.5 per month. This is a significant reduction of the threshold of R5 000.0 per month as indicated in the indigent policy of 2019/20. The reduction of indigent households in the Matzikama municipal area is therefore not an indication of reduced poverty levels. The Bergrivier municipal area also recorded a decline of 130 indigent households between 2019 and 2020.

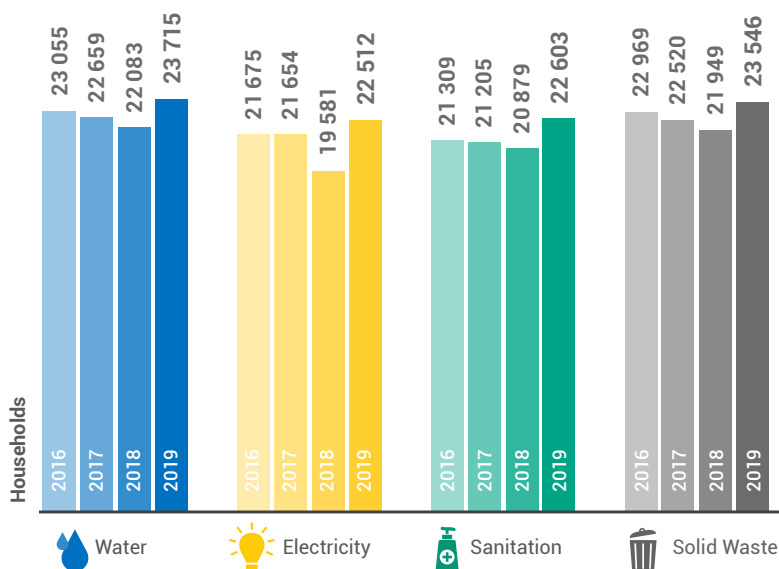
The Saldanha Bay and Swartland municipal areas recorded the highest number of indigent households in 2020, accounting for approximately 24.1 per cent and 28.2 per cent of households in the municipal areas respectively. Furthermore, the Saldanha Bay municipal area recorded an increase of 1 097 indigent households in 2020.



Figure 4.15 illustrates the number of households with access to free basic services. Free basic services are available to households that qualify as indigent households.

Figure 4.15

ACCESS TO FREE BASIC SERVICES, West Coast District, 2016 – 2019



Source: Non-financial Census of Municipalities, Stats SA, Quantec Research, 2021

The extent of free basic services support is determined by the indigent policy of each local municipality. Most municipalities offer free basic water services (up to 6kl) and free electricity up to 50kWh – with some providing partial support for sanitation and solid waste services as well. The provision of free basic services therefore differs according to the type of service, as access levels and policies differ across municipalities. For all services, the number of households receiving free basic services was on a downward trend between 2016 and 2018, but large increases were recorded in 2019. This is in line with the increase in indigent households recorded between 2018 and 2019. Between 2016 and 2019, access to free water services increased by 660 households, access to free electricity services increased by 837 households, access to free sanitation services increased by 1 294 households and access to free solid waste services increased by 577 households. The estimated future growth of households in the WCD is anticipated to increase the demand for services. However, poor economic growth and declining household incomes will influence households' ability to pay for these services.

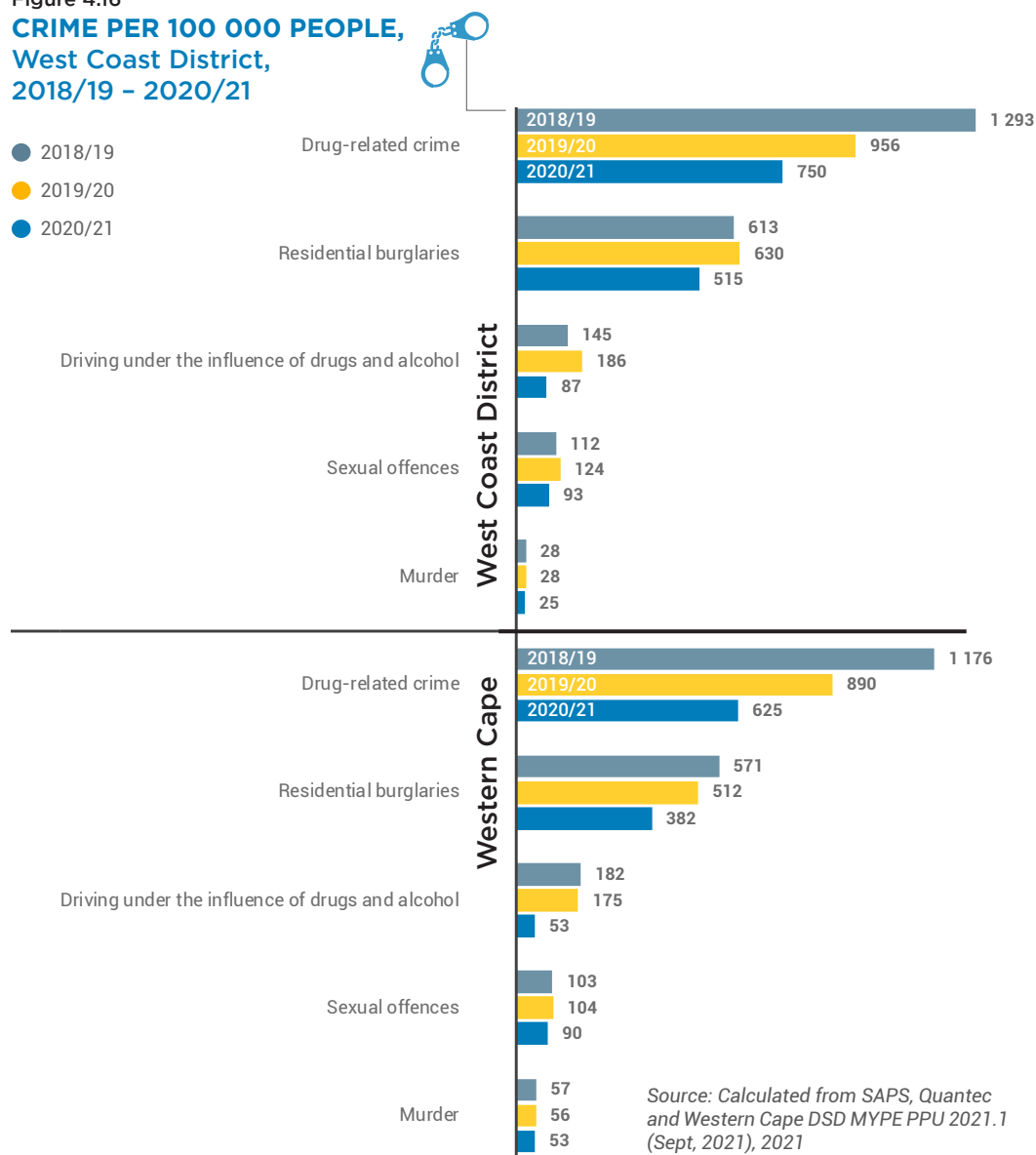


4.5 CRIME

Figure 4.16 provides an overview of the growth rates in the WCD between 2018/19 and 2020/2021 for selected crime categories. It is important to carry out an analysis of crime in the region to determine the typical criminal activities that are prevalent within the WCD.

Figure 4.16

**CRIME PER 100 000 PEOPLE,
West Coast District,
2018/19 – 2020/21**



The WCD recorded significantly fewer cases of murder per 100 000 people over the reference period compared with the Province. Positively, both the Province and the WCD recorded a decline in the murder rate over the reference period. In the WCD, the murder rate declined from 28 people per 100 000 in 2018/19 to 25 people per 100 000 people in 2020/21. A decline in the murder rate was not recorded in all municipal areas, with both the Matzikama and Cederberg municipal areas recording an increase in the murder rate per 100 000 people between 2018/19 and 2020/21. The Cederberg municipal area recorded a murder rate that is nearly double that of the WCD, at 49 murders per 100 000 people in 2020/21.

Cases of sexual offences, driving under the influence of drugs and alcohol, residential burglaries and drug-related crime also declined per 100 000 people over the reference period. However, the WCD recorded more crimes per 100 000 people in these crime categories, particularly residential burglaries and drug-related crimes, compared with the Province. In 2020/21, the WCD recorded 515 residential burglaries per 100 000 people and 750 cases of drug-related crime per 100 000 people, whereas the Province recorded 382 residential burglaries per 100 000 people and 625 drug-related crimes per 100 000 people. The Saldanha Bay municipal area recorded the most incidences of residential burglary, with 784 cases per 100 000 people recorded in 2020/21.

The Matzikama and Cederberg municipal areas recorded above-average incidences of sexual offences in 2020/21, with 141 cases and 107 cases per 100 000 people respectively, compared with 93 cases per 100 000 in the WCD and 90 cases per 100 000 people in the Province. Despite the large number of incidences, the Cederberg municipal area recorded a significant decline in cases between 2019/20 (151 cases per 100 000 people) and 2020/21.

Despite a decline in cases between 2019/20 and 2020/21, the Matzikama and Bergrivier municipal areas recorded above-average incidences of driving under the influence of drugs and alcohol, with 175 cases and 147 cases per 100 000 people recorded respectively, compared with 87 cases per 100 000 people in the WCD and 53 cases per 100 000 people in the Province.

As all the abovementioned types of crimes saw reduced incidences per 100 000 people, the lockdown measures implemented to curb the spread of the COVID-19 pandemic are likely to have reduced crime levels.



4.6 CONCLUDING REMARKS

The population of the WCD is predicted to increase by an average annual rate of 1.3 per cent from 467 175 people in 2021 to 491 515 people in 2025. The majority of the WCD's population resides in the Swartland and Saldanha Bay municipal areas. In terms of gender and age dynamics, the WCD's population comprised slightly more females (50.5 per cent) than males (49.5 per cent) in 2020, and the population was mainly between the ages of 15 and 34 years (35.0 per cent), followed by individuals between 35 and 64 years (33.7 per cent).

The WCD's GDP per capita declined by 2.6 per cent in 2019 and by an estimated 4.3 per cent in 2020. All the municipal areas in the District experienced a downturn owing to the economic slowdown, especially as a result of the COVID-19 pandemic. The District's average household income of R15 264 (in current prices) was R4 165 less than the Province's average for 2019. Despite the increase between 2017 and 2020, income inequality was lower in the WCD (0.610) than in the Western Cape (0.625). The Saldanha Bay and Swartland municipal areas had above-average household income, and these municipal areas also recorded higher levels of income inequality.

Although the matric pass rate for the WCD declined from 83.9 per cent in 2019 to 82.2 per cent in 2020, it was still higher than the pass rate for the Western Cape over the same period. Despite the challenges experienced by the education sector during the COVID-19 pandemic, the learner enrolments and Grade 10 to 12 retention rate in the WCD consistently increased during the period under review. However, the number of educators did not increase in proportion with the increase in learner enrolments in the District.

Disruptions to and pressure on the healthcare system as a result of the COVID-19 pandemic contributed to declines in several health outcomes, including a decline in the percentage of people with confirmed viral suppression and the success of the TB programme, as well as an increase in TB clients lost to follow-up and the infant mortality rate. Positively, the delivery rate to teenagers in the WCD declined from 16.2 per cent in 2018 to 14.7 per cent in 2020.

Although the WCD recorded a marginally lower HDI than the Western Cape, the District's HDI improved despite the challenges in various economic and social spheres in 2020.

Most of the households in the WCD reside in formal dwellings (86.4 per cent). The Saldanha Bay (19.6 per cent) and Cederberg (12.0 per cent) municipal areas had the highest presence of informal dwellings. In terms of access to basic services, the number of consumers with access to water, electricity, sanitation and solid waste removal services remained the same between 2019 and 2020.

There was a decline from 2019/20 to 2020/21 in all the crime categories under review. Although the WCD had fewer cases of murder per 100 000 people than the Western Cape in 2021, the District had more incidents of sexual offences, driving under the influence of drugs and alcohol, residential burglaries and drug-related crime per 100 000 people than the Province.



WEST COAST DISTRICT

GROWTH POTENTIAL STUDY 2018

The West Coast has the third-highest overall growth potential in the Western Cape, and the second-highest performance across the human capital and institutional themes. Indicators on social development, access to basic services and state of infrastructure show areas of challenges and needs.



PRECONDITIONS FOR GROWTH

ECONOMIC

- Extent and diversity of retail and services sector
- Tourism potential
- Economic size and growth
- Economic diversity
- Market potential
- Change in labour force
- Property market

PHYSICAL NATURAL

- Availability and quality of water
- Natural potential

INFRASTRUCTURE

- Land availability and use
- Transport and communication
- Availability of municipal infrastructure

INNOVATION POTENTIAL

INSTITUTIONAL

- Quality of governance
- Safety and security
- Administrative and institutional function
- Availability of community and public institutions

HUMAN CAPITAL

- Poverty and inequality
- Human resources
- Population structure and growth

DEVELOPMENTAL POTENTIAL

- Development potential reflects inherent preconditions for growth and innovation potential
- General improvement in human capital, economic, physical natural and infrastructure conditions
- General regression in institutional components

The Growth Potential Study (GPS) is an instrument for effective spatial decision-making and implementation. This support tool aims to inform strategic objectives, policy-making and spatially targeted investment, and strengthen allocative decisions for integrated management, service delivery and spatial alignment within the Provincial and municipal spheres of government in the Western Cape.

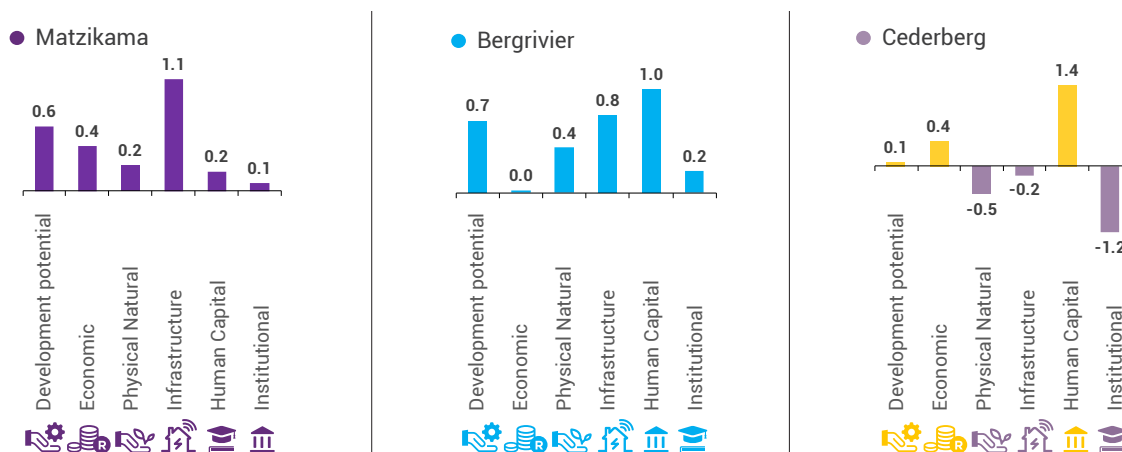
Economic, infrastructure and physical natural composite thematic indices form the basis for modelling growth preconditions, and institutional and human capital composite thematic indices model innovation potential. These interrelated composite indices and associated indicators are informed by local, national and international literature, and are the premise for forecasting where economic growth is likely to occur, i.e. growth or development potential.

The GPS2018 shows that the Bergrivier, Saldanha Bay and Swartland municipal areas have “high” growth potential, Matzikama has “medium” growth potential and Cederberg has “low” growth potential.

The **MATZIKAMA** and **BERGRIVER** municipal areas have had a change in classification from GPS2013 to GPS2018, up from **“low”** and **“medium”** growth potential, respectively. Bergrivier has made gains in the human capital and infrastructure themes, driven by stronger performance in indicators on access to basic services and labour force. Matzikama has shown improvements in the economic and infrastructure themes for indicators that showed challenges and needs in the past. Indicators on the labour force are showing promise.

The **CEDERBERG** municipal area has made gains in the human capital and economic themes; in the latter theme it was the **lowest-performing municipal area** in GPS2013. This too can be attributed to better performance in labour force indicators. The municipal area shows stronger performance in human capital theme indicators on economic empowerment and employment.

Difference between GPS18 Z-score and GPS13 Z-score¹⁰²



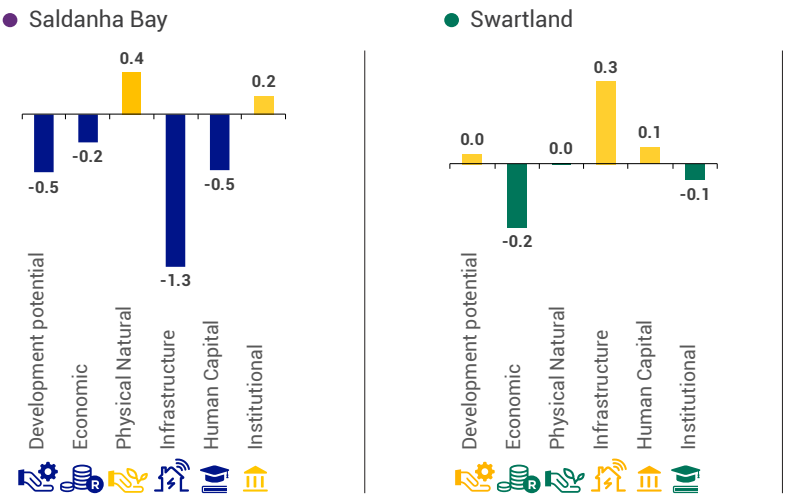
¹⁰²

The Z-Score is a method (statistical test) that can denote the range (gap) between the lowest- and highest-scoring municipalities, i.e. the greater the difference, the greater the gap. It signifies the extent of relative municipal performance. For instance, the further away from zero the indicator scores, the further away from the average score for municipalities, relative to one another. This type of scoring is useful to identify outliers and indicate areas for improvement or praise.

SALDANHA BAY municipal area has regressed in most themes. Indicators on access to basic services and infrastructure backlog reduction is one of the biggest challenges to growth potential.

SWARTLAND municipal area has had gains in the Human Capital theme and shows good performance in indicators in the Infrastructure theme. Gains in the infrastructure theme are due to improvements in indicators on access to basic services. Indicators on the state of infrastructure show challenges.

Difference between GPS18 Z-Score and GPS13 Z-Score¹



¹ The Z-Score is a method (statistical test) that can denote the range (gap) between the lowest- and highest-scoring municipalities, i.e. the greater the difference, the greater the gap. It signifies the extent of relative municipal performance. For instance, the further away from zero the indicator scores, the further away from the average score for municipalities, relative to one another. This type of scoring is useful to identify outliers and indicate areas for improvement or praise.





CAPE WINELANDS DISTRICT

21 473KM²



CAPE WINELANDS DISTRICT

WITZENBERG, DRAKENSTEIN,
STELLENBOSCH, BREEDE VALLEY,
LANGEBOEG

INFOGRAPHIC SUMMARY

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- Housing and access to basic services
- Crime
- Concluding remarks



GDPR

2019

2020

**GDPR
CONTRIBUTION**
**GDPR
GROWTH**


EMPLOYMENT

2019

2020

**EMPLOYMENT
CONTRIBUTION**
**EMPLOYMENT
GROWTH**

PRIMARY SECTOR

R
7.7%  **10.9%**
GDPR
R
21.1%  **-4.1%**
**AGRICULTURE,
FORESTRY & FISHING**
7.5%  **11.5%**
21.0%  **-4.1%**
**MINING &
QUARRYING**
0.2%  **-18.5%**
0.0%  **-9.2%**

SECONDARY SECTOR

24.4%  **-12.6%**
GDPR
13.7%  **-9.2%**
MANUFACTURING
15.6%  **-10.9%**
8.0%  **-7.3%**
**ELECTRICITY,
GAS & WATER**
2.4%  **-6.1%**
0.3%  **-2.2%**
CONSTRUCTION
6.5%  **-19.8%**
5.4%  **-12.3%**

TERTIARY SECTOR

67.9%  **-5.4%**
GDPR
65.3%  **-5.1%**
**WHOLESALE &
RETAIL TRADE,
CATERING &
ACCOMMODATION**
19.4%  **-9.5%**
23.0%  **-6.0%**
**TRANSPORT,
STORAGE &
COMMUNICATION**
9.6%  **-14.3%**
3.7%  **-3.5%**
**FINANCE,
INSURANCE,
REAL ESTATE
& BUSINESS
SERVICES**
20.2%  **-2.7%**
15.1%  **-4.2%**
**GENERAL
GOVERNMENT**
10.8%  **0.4%**
9.3%  **1.1%**
**COMMUNITY,
SOCIAL &
PERSONAL
SERVICES**
7.8%  **-1.9%**
14.2%  **-9.0%**



1

REGIONAL ECONOMIC REVIEW AND OUTLOOK

1.1 INTRODUCTION

The CWD is a landlocked area that borders five other regions¹ and covers 21 473km², constituting 16.6 per cent of the Western Cape's total area.² The CWD is the heart of the Provincial wine industry and consists of five local municipalities, namely Drakenstein, Stellenbosch, Witzenberg, Breede Valley and Langeberg. The CWD has an extensive agricultural industry that is mostly rural. However, several towns function as highly developed nodes, such as Worcester, Paarl and Stellenbosch.

¹ West Coast District, Cape Metro, Overberg District, Garden Route District and Central Karoo District.

² (MDB, 2018).

This chapter provides a macroeconomic outlook of the CWD in terms of GDPR performance and employment trends. The period under review for MERO 2021 is between 2015 and 2020.³ An outlook regarding GDPR for 2021 and 2022 is also provided.

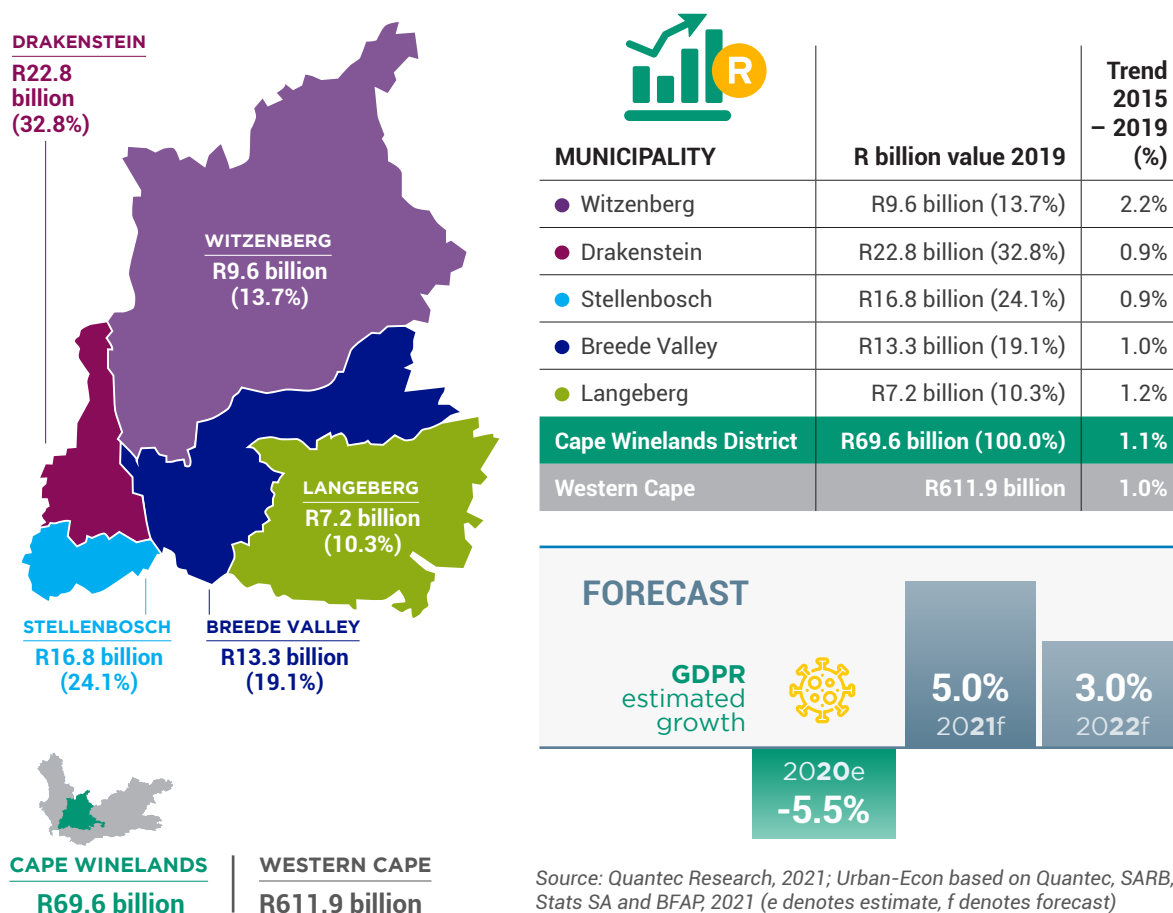
1.2 GROWTH IN GDPR PERFORMANCE

This section provides a concise discussion of the size of the CWD's economy, the average contribution to GDPR as well as the growth rates in the various municipal areas within the District.

1.2.1 GDPR performance per municipal area

Diagram 1.1

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



In 2019, the CWD economy was valued at R69.6 billion and contributed 11.4 per cent to the Provincial economy during the year. Between 2015 and 2019, the CWD experienced an average annual growth rate of 1.1 per cent, marginally higher than the 1.0 per cent growth rate of the Provincial economy over the same period.

³ Stats SA will only release official regional indicators for 2020 in 2022.

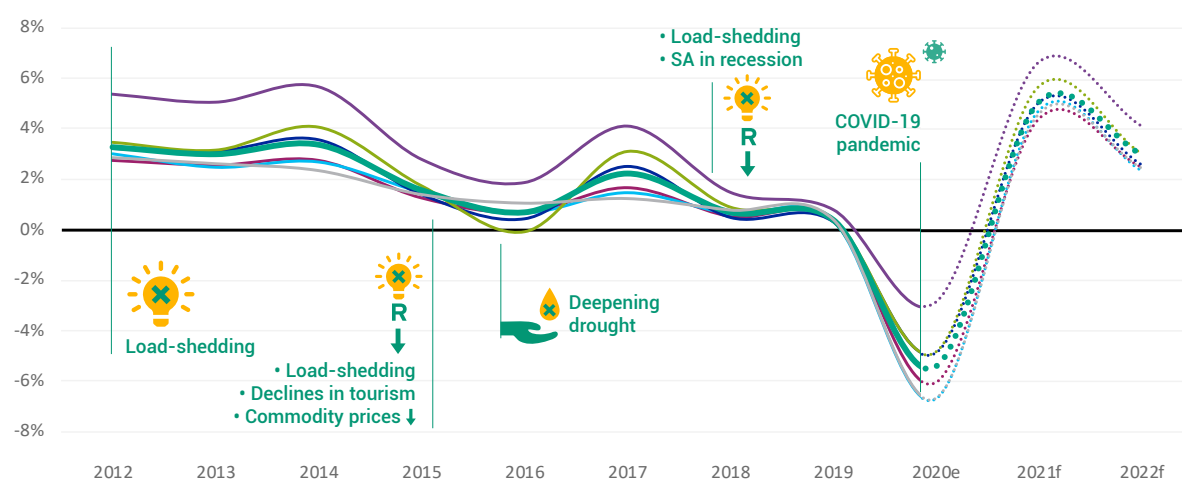
The Drakenstein municipal area was the leading contributor to GDP in 2019 at 32.8 per cent. The Stellenbosch and Breede Valley municipal areas were the second- and third-largest contributors to the Provincial economy, with contributions of 24.1 per cent and 19.1 per cent respectively. They were followed by the Witzenberg municipal area with a contribution of 13.7 per cent in 2019. The Langeberg municipal area contributed the smallest share to GDP (10.3 per cent).

Between 2015 and 2019, the Witzenberg municipal area experienced the highest average annual growth rate out of the five municipal areas that comprise the District. With an average annual growth rate of 2.2 per cent over the five-year period, the Witzenberg municipal area outpaced average growth in the District over the period. The Langeberg municipal area experienced a marginally higher growth rate than that of the District economy between 2015 and 2019, growing at an average rate of 1.2 per cent per year. The remaining three municipal areas, including the leading two contributors to GDP, all experienced average growth rates below that of the District.

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

Figure 1.1

GDP GROWTH PER MUNICIPAL AREA, Cape Winelands District, 2012 – 2022



	2012	2013	2014	2015	2016	2017	2018	2019	2020e	2021f	2022f
Western Cape	2.87%	2.63%	2.36%	1.41%	1.07%	1.25%	0.79%	0.41%	-6.7%	4.6%	2.5%
Cape Winelands District	3.28%	3.00%	3.38%	1.58%	0.70%	2.24%	0.70%	0.39%	-5.5%	5.0%	3.0%
Witzenberg	5.34%	5.03%	5.63%	2.78%	1.86%	4.09%	1.47%	0.79%	-2.9%	6.7%	4.2%
Drakenstein	2.75%	2.56%	2.75%	1.26%	0.68%	1.66%	0.52%	0.32%	-6.1%	4.4%	2.5%
Stellenbosch	2.99%	2.46%	2.66%	1.47%	0.65%	1.45%	0.62%	0.34%	-6.7%	4.7%	2.4%
Breede Valley	3.22%	3.11%	3.57%	1.39%	0.43%	2.51%	0.48%	0.31%	-4.9%	5.0%	2.6%
Langeberg	3.45%	3.14%	4.05%	1.72%	-0.10%	3.09%	0.88%	0.39%	-4.9%	5.7%	3.1%

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

Between 2012 and 2014, all municipal areas in the CWD experienced strong growth rates, with the District economy experiencing a higher annual growth rate than that of the Provincial economy over the three-year period.

In 2015, growth in the District slowed significantly to 1.6 per cent during the year. Growth in the CWD continued to decline in 2016, with the economy realising a growth rate of 0.7 per cent – a rate significantly lower than that of the 1.1 per cent growth rate of the Provincial economy. The downturn in growth over this two-year period was the result of domestic electricity supply constraints and drought conditions in the Province.⁴ As agricultural and agro-processing activities are some of the key drivers of the District economy, drought conditions adversely affected crop production in the District. While growth in the CWD recovered somewhat in 2017, the District was not able to achieve the growth rates realised pre-2015 in the remaining years under review.

Between 2018 and 2019, GDP growth in the District was on a downward trend. In 2018, growth in the District economy slowed to 0.7 per cent before declining to 0.4 per cent in 2019. The Witzenberg and Langeberg municipal areas were the only municipal areas that realised an annual growth rate higher than that of the District economy in 2018. However, this is likely due to their small economic bases. Furthermore, the South African economy entered a technical recession in both 2018 and 2019, further contributing to the poor performance of both the District and Province.

Estimates for 2020 indicate that growth in the District and Provincial economies deteriorated further. In 2020, GDP growth in the CWD registered an estimated contraction of 5.5 per cent, which is lower than the 6.7 per cent contraction recorded for the Provincial economy. This can be attributed to the COVID-19 pandemic and the implementation of lockdown measures to limit its spread. The two leading contributors to the District economy, the Drakenstein and Stellenbosch municipal areas, recorded the largest contractions during the year, estimated at 6.1 per cent and 6.7 per cent respectively. This was largely driven by contractions in the secondary and tertiary sectors. The Breede Valley and Langeberg municipal areas are expected to record contractions of a similar magnitude (4.9 per cent each), while the Witzenberg municipal area is expected to record the smallest contraction (2.9 per cent) in 2020.

GDP growth in the CWD is forecast to increase to 5.0 per cent in 2021 before easing to 3.0 per cent in 2022. The economy of the CWD is anticipated to recover faster than the Provincial economy. On a municipal level, the economies of the Witzenberg (6.7 per cent), Breede Valley (5.0 per cent) and Langeberg (5.7 per cent) municipal areas are anticipated to fully recover in 2021 from the contractions experienced in 2020. Partial recoveries are anticipated in the Drakenstein (4.4 per cent) and Stellenbosch (4.7 per cent) municipal areas. The improved growth rates observed in 2021 are as a result of the poor performance of the District economy in 2020 brought about by the COVID-19 pandemic. This should not be considered as an improved economic outlook for the District, as growth in 2021 originates from a constrained economic base.


⁴ (African Development Bank, Organisation for Economic Co-operation and Development, United Nations Development Programme, 2017).

1.2.2 Sectoral GDPR performance

Table 1.1 indicates the CWD's GDPR performance in 2019 by providing an overview of sectoral contributions. Furthermore, growth rates between 2015 and 2019, estimates for 2020 and forecasts for 2021 and 2022 are provided.

Table 1.1

GDPR PERFORMANCE PER SECTOR, Cape Winelands District, 2019 – 2022 (%)

SECTOR		R million value 2019	Trend 2015 – 2019	Real GDPR growth		
				2020e	2021f	2022f
PS Primary Sector		R5 350.2 (7.7%)	-3.6%	10.9%	5.0%	-1.2%
Agriculture, forestry & fishing		R5 211.6 (7.5%)	-3.6%	11.5%	4.9%	-1.2%
Mining & quarrying		R138.7 (0.2%)	-0.5%	-18.5%	9.0%	-1.4%
SS Secondary Sector		R16 983.0 (24.4%)	-0.1%	-12.6%	0.6%	6.7%
Manufacturing		R10 829.4 (15.6%)	-0.6%	-10.9%	0.4%	6.1%
Electricity, gas & water		R1 643.3 (2.4%)	0.0%	-6.1%	0.6%	4.8%
Construction		R4 510.3 (6.5%)	1.5%	-19.8%	1.2%	9.4%
TS Tertiary Sector		R47 242.9 (67.9%)	2.3%	-5.4%	6.3%	2.3%
Wholesale & retail trade, catering & accommodation		R13 501.5 (19.4%)	2.1%	-9.5%	10.3%	4.4%
Transport, storage & communication		R6 709.9 (9.6%)	1.8%	-14.3%	10.6%	-2.6%
Finance, insurance, real estate & business services		R14 075.0 (20.2%)	3.6%	-2.7%	6.1%	4.9%
General government		R7 521.2 (10.8%)	0.2%	0.4%	-2.8%	-0.6%
Community, social & personal services		R5 435.3 (7.8%)	1.9%	-1.9%	6.2%	-2.1%
Total Cape Winelands District		R69 576.2 (100.0%)	1.1%	-5.5%	5.0%	3.0%

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

In 2019, the tertiary sector was valued at R47.2 billion and contributed 67.9 per cent to GDPR in the CWD, while registering an annual growth rate of 2.3 per cent between 2015 and 2019. This rate was higher than that of the District economy over the same reference period, highlighting the importance of the tertiary sector to growth in the District. Within the tertiary sector, finance and trade sectors were the leading contributors to GDPR at 20.2 per cent and 19.4 per cent respectively in 2019. Between 2015 and 2019, the finance sector realised an average annual growth rate of 3.6 per cent, significantly higher than that of the tertiary sector. Furthermore, the trade sector grew at an average annual rate of 2.1 per cent over the five-year period.

Estimates for 2020 indicate that the tertiary sector contracted by 5.4 per cent. The finance sector is estimated to have contracted by 2.7 per cent during the year, while the trade sector is estimated to have contracted by 9.5 per cent. Travel and alcohol bans resulting in the closing of wine farms in 2020 significantly constrained the trade sector in the CWD. The general government sector is the only sector in the tertiary sector with a positive estimated growth rate in 2020 (0.4 per cent).

However, growth in the general government sector may be short-lived, given that the positive growth rate in this sector was mainly driven by the expansion of government services during the COVID-19 pandemic. Local municipalities are especially constrained owing to a reduction in income as households and businesses struggle to pay for services.

The secondary sector was the second-largest contributor to the District economy in 2019, with a contribution of 24.4 per cent. Between 2015 and 2019, the secondary sector remained near stagnant, with an average annual contraction of 0.1 per cent over the five-year period. The manufacturing sector was the largest contributor to economic activity in the secondary sector, at 15.6 per cent in 2019. Over the reference period, the manufacturing sector contracted by an average annual rate of 0.6 per cent and was thus the main contributor to the poor performance of the secondary sector. The poor performance of the manufacturing sector can be attributed to the drought conditions during the period, which affected agricultural output as well as the struggling wine industry.

In 2020, economic activity in the secondary sector contracted by an estimated 12.6 per cent. Although all individual sectors that collectively form part of the secondary sector contracted, the construction sector is estimated to have contracted the most (19.8 per cent), followed by the manufacturing sector (10.9 per cent). Alcohol bans as part of the lockdown measures aimed at curbing the spread of COVID-19 contributed significantly to the poor performance of the manufacturing sector in the CWD.



Valued at R5.3 billion in 2019, the primary sector contributed 7.7 per cent to GDPR in 2019 and registered an average annual contraction of 3.6 per cent between 2015 and 2019. The poor performance of the agriculture sector, which registered an average annual contraction of 3.6 per cent over the five-year period, was the largest contributor to the poor performance of the primary sector. The mining sector contributed a mere 0.2 per cent to GDPR in 2019.

Economic activity in the primary sector is expected to have increased by 10.9 per cent in 2020. The sector's positive performance is expected to be driven by the agriculture sector, with an expected annual growth rate of 11.5 per cent in 2020. This is likely due to the less severe impact of COVID-19 lockdown measures on the agricultural sector, as well as the strong recovery in international agricultural prices towards the end of 2020.⁵

In the 2021 forecast period, annual growth across all sectors is expected to increase significantly. The tertiary sector is expected to realise an annual growth rate of 6.3 per cent in 2021, driven by a strong anticipated recovery of the trade (10.3 per cent) and finance (6.1 per cent) sectors. The secondary sector is expected to grow by a marginal 0.6 per cent in 2021 owing to recoveries in growth across all individual sectors. The primary sector is anticipated to register a growth rate of 5.0 per cent in 2021, largely as a result of continued strong growth in the agriculture sector (4.9 per cent). Although the mining sector is expected to realise a substantial recovery in annual growth at 9.0 per cent, this effect is minimal given the sector's contribution to the economy of the CWD. Although sectoral growth rates are forecast to have significant recoveries in 2021, these strong rates are not sustainable in the long run.



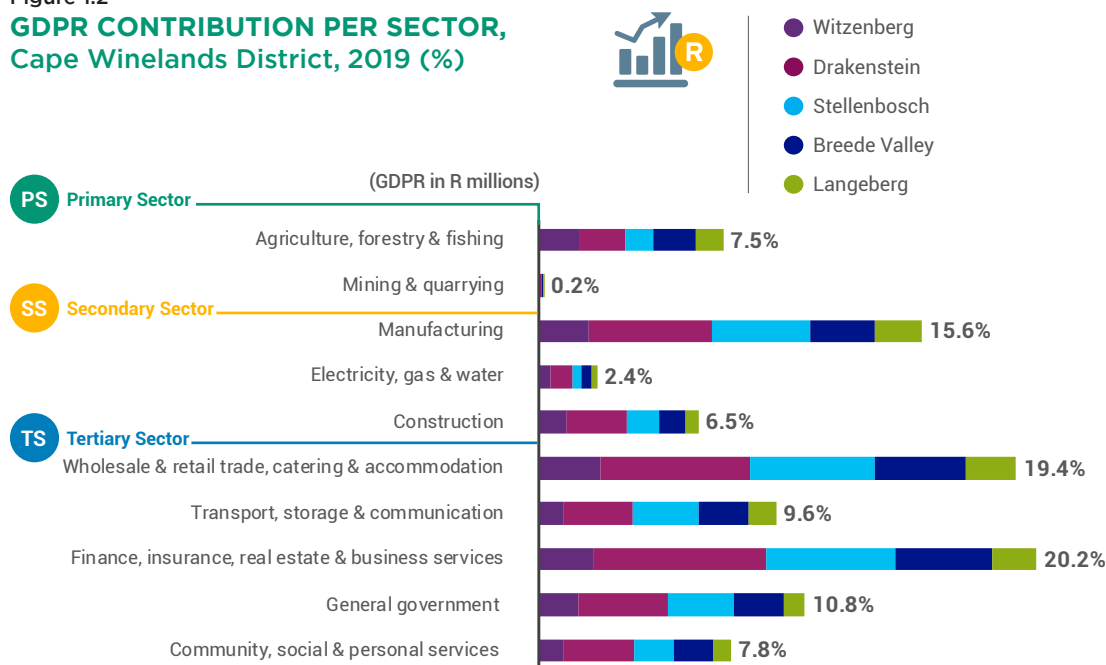
⁵ (World Bank Group, 2020).

Annual growth across most sectors is forecast to slow significantly in 2022. The secondary sector is anticipated to register substantial growth of 6.7 per cent, but the tertiary sector is expected to grow by a subdued 2.3 per cent in 2022, while the primary sector is expected to contract by 1.2 per cent during the same year.

Figure 1.2 illustrates the CWD's sectoral GDP contribution per municipal area in 2019.

Figure 1.2

GDP CONTRIBUTION PER SECTOR, Cape Winelands District, 2019 (%)



Source: Quantec Research, 2021

The leading contributor to economic activity in the CWD in 2019 was the finance sector in the Drakenstein (7.0 per cent) and Stellenbosch (5.2 per cent) municipal areas, followed by the trade sector, also in the Drakenstein (6.1 per cent) and Stellenbosch (5.1 per cent) municipal areas. Manufacturing sector activities were also more prominent in the Drakenstein (5.0 per cent) and Stellenbosch (4.0 per cent) municipal areas.

Most of the sectoral economic activity in the District was concentrated in the Drakenstein and Stellenbosch municipal areas. However, notable contributions to the agriculture sector were also made by the Witzenberg (1.7 per cent) and Breede Valley (1.7 per cent) municipal areas.



1.3 LABOUR TREND ANALYSIS

This subsection provides an overview of the key employment trends in the CWD by indicating which municipal areas contributed the largest share to employment in the District. Employment dynamics will also be discussed by identifying sectoral contributions in terms of the creation or shedding of job opportunities in the District.

1.3.1 Employment per municipal area

An overview of employment in the CWD in 2019 is provided in Table 1.2. Furthermore, average annual changes in employment and estimates for 2020 are also provided. In 2019, a total of 395 234 workers were employed in the District and contributed 15.3 per cent to Provincial employment during the year.

Table 1.2

EMPLOYMENT GROWTH, Cape Winelands District, 2019

MUNICIPALITY	Number of jobs 2019	Average annual change 2015 – 2019	Net change 2020e
● Witzenberg	64 930 (16.4%)	2 087	-2 812
● Drakenstein	112 599 (28.5%)	2 227	-6 452
● Stellenbosch	78 449 (19.8%)	1 346	-4 659
● Breede Valley	85 767 (21.7%)	1 917	-4 706
● Langeberg	53 489 (13.5%)	1 075	-2 921
Cape Winelands District	395 234 (100.0%)	8 653	-21 550
Western Cape	2 581 736	40 794	-159 299

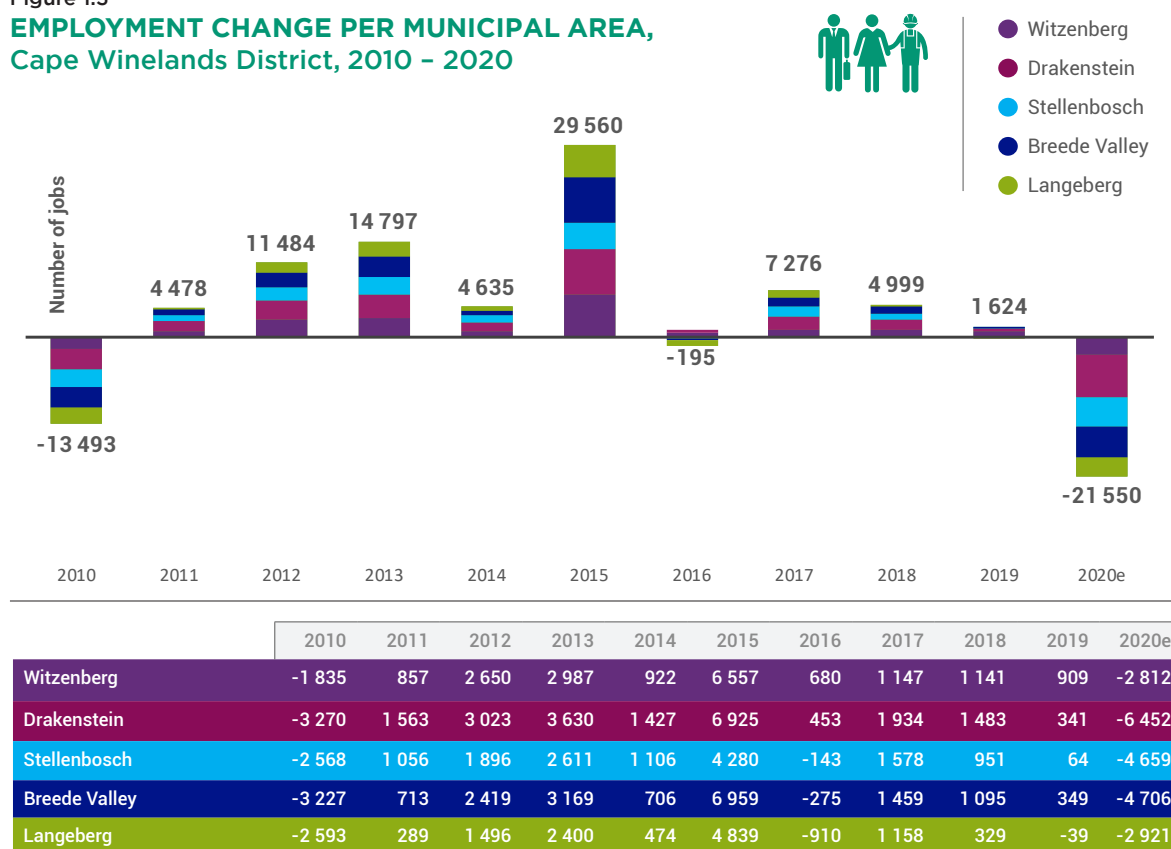
Source: Quantec Research, 2021 (e denotes estimate)

The Drakenstein and Breede Valley municipal areas contributed the most to employment in the CWD in 2019 at 28.5 per cent and 21.7 per cent respectively. This was followed by the Stellenbosch (19.8 per cent) and Witzenberg (16.4 per cent) municipal areas. The Langeberg municipal area contributed the smallest share to employment in the District at 13.5 per cent. Given the proximity to the Cape Metro area, there is significant labour movement between the Stellenbosch and Drakenstein municipal areas and the metro. This affects the flow of money in these economies, as income is spent in the area of residence.

Between 2015 and 2019, the CWD experienced an average annual increase of 8 653 jobs. The Drakenstein municipal area contributed the largest share to the average annual increase in jobs in the District, with an average annual increase of 2 227 jobs over the five-year period. This is reflective of the importance of the Drakenstein municipal area to economic activity and employment in the District. The Witzenberg municipal area experienced an average annual increase in jobs of similar magnitude, with 2 087 jobs contributed between 2015 and 2019.

Figure 1.3 illustrates the employment trends per municipal area in the CWD between 2010 and 2020.

Figure 1.3
EMPLOYMENT CHANGE PER MUNICIPAL AREA,
Cape Winelands District, 2010 – 2020



Source: Quantec Research, 2021 (e denotes estimate)

A significant amount of job-shedding was experienced in the CWD in 2010, with a total of 13 493 jobs lost in the District. This loss can be attributed to the lagged recovery of jobs from the global financial crisis and domestic electricity supply constraints. The Drakenstein municipal area accounted for the largest proportion of job-shedding in the District during the year, with a total of 3 270 jobs lost in 2010.

Between 2011 and 2013, the CWD experienced a sustained recovery in job creation, with 30 759 job opportunities created in the District over the three-year period. However, following the year-on-year increases in employment, the number of new job opportunities in the District declined to 4 635 jobs in 2014. In 2015, new job opportunities in the District peaked at 29 560 jobs.⁶ This substantial increase in job opportunities was followed by job-shedding in 2016, with a total of 195 jobs being lost in the CWD during the year.

Despite a recovery in job opportunities in 2017, a downward trend is evident until 2019. With a total of 7 276 jobs created in the District in 2017, new job opportunities in the CWD declined to an increase of 4 999 jobs and 1 624 jobs in 2018 and 2019 respectively. This trend was due to the deterioration of the South African economy's growth prospects over the same period and was amplified by periods of drought in the Province.

⁶ It should be noted, however, that in 2015, a new master sample was implemented in the Quarterly Labour Force Survey (QLFS), which may have impacted the data owing to variations in its design (Stats SA, 2015).


It is estimated that the CWD shed 21 550 jobs in 2020, with the Drakenstein municipal area being the largest contributor to this decline (6 452 jobs), followed by the Breede Valley (4 706 jobs) and Stellenbosch (4 659 jobs) municipal areas. As is evident in the broader Province, labour market conditions in the District worsened significantly in 2020 as a result of the COVID-19 pandemic and the implementation of local lockdown measures.

1.3.2 Sectoral employment

Table 1.3 depicts the sectoral spread of employment in the CWD in 2019, along with the number of jobs created between 2015 and 2019, and estimates for 2020.

Table 1.3

EMPLOYMENT PER SECTOR, Cape Winelands District, 2019

		Number of jobs 2019	Average annual change 2015 – 2019	Net change 2020e
SECTOR				
PS	Primary Sector	83 341 (21.1%)	1 532	-3 458
	Agriculture, forestry & fishing	83 178 (21.0%)	1 536	-3 443
	Mining & quarrying	163 (0.0%)	-4	-15
SS	Secondary Sector	53 985 (13.7%)	359	-4 966
	Manufacturing	31 524 (8.0%)	-22	-2 309
	Electricity, gas & water	1 023 (0.3%)	19	-23
	Construction	21 438 (5.4%)	362	-2 634
TS	Tertiary Sector	257 908 (65.3%)	6 762	-13 126
	Wholesale & retail trade, catering & accommodation	90 980 (23.0%)	3 172	-5 501
	Transport, storage & communication	14 546 (3.7%)	405	-511
	Finance, insurance, real estate & business services	59 560 (15.1%)	2 003	-2 495
	General government	36 787 (9.3%)	73	423
	Community, social & personal services	56 035 (14.2%)	1 108	-5 042
	Total Cape Winelands District	395 234 (100.0%)	8 653	-21 550

Source: Quantec Research, 2021 (e denotes estimate)

Similarly to GDP, the tertiary sector was the largest collective contributor to employment in the District, at 65.3 per cent in 2019. Furthermore, the tertiary sector had the strongest average annual increase in the number of jobs (6 762 jobs) between 2015 and 2019. The trade sector was the largest individual contributor to District employment (23.0 per cent), as well as to job creation, with an average annual increase of 3 172 jobs.

Other notable contributors to District employment include the finance (15.1 per cent) and community services (14.2 per cent) sectors. The finance sector also contributed substantially to job creation between 2015 and 2019 (2 003 jobs per annum).

The primary sector accounted for 21.1 per cent of total employment in the CWD in 2019. As the primary sector's employment contribution outweighs its GDP contribution, it is concluded that the sector is predominantly labour-intensive. The agriculture sector contributed to nearly all new job opportunities in the primary sector in 2019, with a contribution of 21.0 per cent.

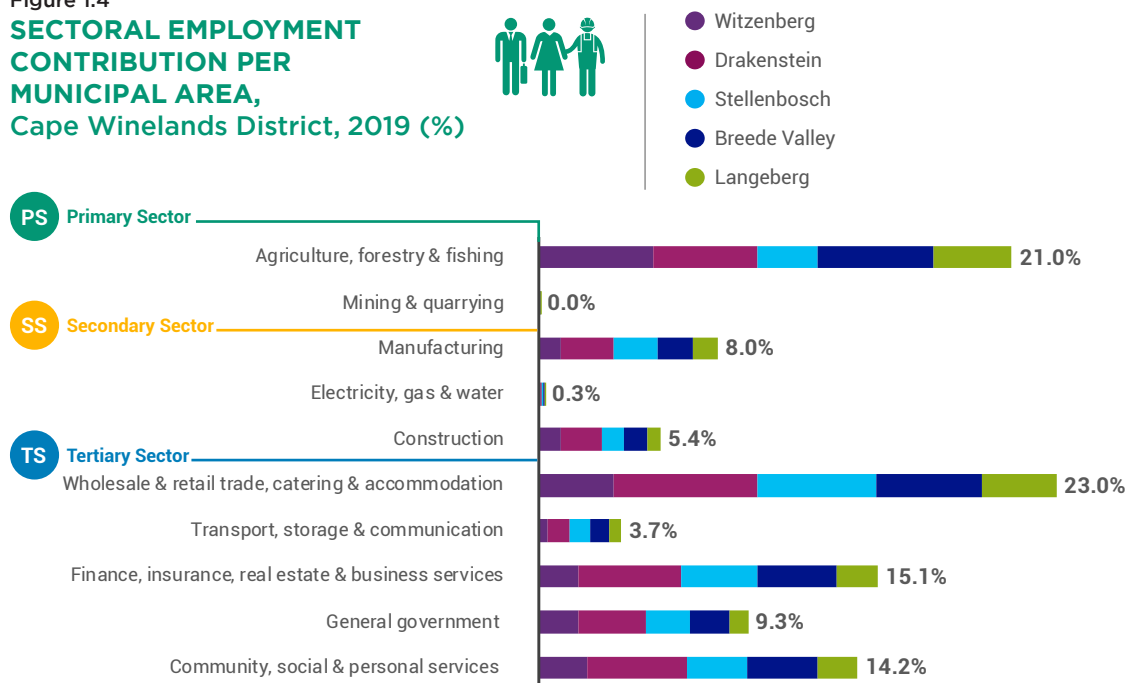
In 2019, the secondary sector accounted for 13.7 per cent of District employment, with the manufacturing sector contributing the largest proportion (8.0 per cent) during the year. Between 2015 and 2019, the secondary sector realised an average annual increase of 359 jobs, driven by increases in the construction sector. The manufacturing sector experienced an average annual decline of 22 jobs, which may be linked to the weakening performance of the agriculture sector, as well as an increase in mechanisation.

The estimated job losses in 2020 are mainly the result of significant job-shedding in the tertiary sector (13 126 jobs). However, job losses are also expected in the secondary (4 966 jobs) and primary (3 458 jobs) sectors. It is estimated that the trade sector shed the most jobs (5 501 jobs). This is followed by the community services sector, with expected job-shedding of 5 042 jobs in 2020. All other sectors, apart from the general government sector, are expected to have experienced job-shedding in 2020. The performance of employment in the general government sector is likely due to the government-led health response to the COVID-19 pandemic.

Sectoral employment contributions per municipal area in the CWD during 2019 are illustrated in Figure 1.4.

Figure 1.4

SECTORAL EMPLOYMENT CONTRIBUTION PER MUNICIPAL AREA, Cape Winelands District, 2019 (%)



Source: Quantec Research, 2021

The trade sector in the Drakenstein (6.5 per cent) and Stellenbosch (5.2 per cent) municipal areas contributed the most to employment in the CWD. This was followed by the agriculture sector in the Witzenberg and Breede Valley municipal areas, at 5.1 per cent each in 2019. The finance sector in the Drakenstein (4.6 per cent), Breede Valley (3.5 per cent) and Stellenbosch (3.4 per cent) municipal areas also made a notable contribution to employment in the District in 2019.

Diagram 1.2 illustrates the unemployment rate, labour force participation rate, labour absorption rate and the “not economically active” population as a proportion of the working-age population in each municipal area in the CWD.

Diagram 1.2

UNEMPLOYMENT PROFILE, Cape Winelands District, 2019 (%)



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

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

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

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



MUNICIPALITY	 Unemployment rate (%) 2019	2020e	 Labour force participation rate (%) 2019	2020e	Labour absorption rate (employment-to-population ratio) 2019	2020e	Not economically active 2019 (% of working-age population)	2020e
Witzenberg	7.1%	↓	73.2%	↓	68.0%	↓	26.8%	↑
Drakenstein	14.5%	↓	67.7%	↓	57.9%	↓	32.3%	↑
Stellenbosch	11.6%	↓	68.8%	↓	60.8%	↓	31.2%	↑
Breede Valley	11.1%	↓	69.5%	↓	61.8%	↓	30.5%	↑
Langeberg	7.3%	↓	71.4%	↓	66.2%	↓	28.6%	↑
Cape Winelands District	11.1%	↓	69.6%	↓	61.9%	↓	30.4%	↑
Western Cape	19.6%	↓	67.9%	↓	54.6%	↓	32.1%	↑

Source: Quantec Research, 2021

In 2019, the CWD recorded an unemployment rate of 11.1 per cent, which is below that of the 19.6 per cent recorded in the Province during the same year. The Drakenstein municipal area had the highest unemployment rate of all municipal areas in 2019 at 14.5 per cent, while the Witzenberg municipal area recorded the lowest unemployment rate (7.1 per cent).

The unemployment rate in the District is expected to have declined in 2020. This should not be considered as an improvement in the District's labour market, as a large number of individuals were moved from the employed and unemployed categories to the "not economically active" category.⁷ This is reflected as an increase in the proportion of "not economically active" individuals across all municipal areas in 2020.

Between 2019 and 2020, the labour force participation and labour absorption rates indicate a decline in job opportunities in the District's labour market. This is indicative of the effect of the national lockdown on the District economy's ability to absorb and sustain new employees.

The job losses in the CWD have influenced migration patterns, with municipalities noting an increase in informal settlements in areas such as Stellenbosch, Worcester, the Hex River Valley, Wellington and Paarl. This increases the demand for formal housing and services. However, constrained budgets and the lack of suitable land available for housing developments delay service delivery.⁸

1.4 CONCLUDING REMARKS

Valued at R69.6 billion in 2019, the economy of the CWD contributed 11.4 per cent to the Provincial economy during the year. Between 2015 and 2019, GDP growth in the District averaged at 1.1 per cent, marginally higher than that of the Provincial economy. Estimates for 2020 indicate that the economy of the CWD contracted by 5.5 per cent, which is below the 6.7 per cent contraction estimated for the Provincial economy.

The Drakenstein and Stellenbosch municipal areas were the largest contributors to GDP in the CWD at 32.8 per cent and 24.1 per cent respectively in 2019. When evaluating sectoral contributions to GDP, the tertiary sector was the main driver of economic activity in the District, with a contribution of 67.9 per cent in 2019. Sectoral GDP estimates indicate that economic activity across the tertiary and secondary sectors declined. However, the primary sector, driven by strong performance in the agriculture sector, grew by an estimated 10.9 per cent in 2020. Furthermore, the general government sector is the only other sector with a positive expected growth rate in 2020, owing to increased government spending as a response to the COVID-19 pandemic.

In terms of municipal employment contributions, the Drakenstein municipal area contributed the largest share to employment in the District in 2019, at 28.5 per cent. The trade sector accounted for the largest individual contribution to employment (23.0 per cent). This was followed by the agriculture (21.0 per cent) and finance (15.1 per cent) sectors.

Unemployment in the District is expected to have worsened significantly in 2020, in accordance with the expected contraction in economic activity in the District during the year. Although the unemployment rate in the District is expected to decline between 2019 and 2020, this should not be considered as an improvement in the District's labour market, but rather an increase in the proportion of "not economically active" individuals. In 2019, the total number of jobs in the District stood at 395 234 jobs, with estimates indicating that a total of 21 550 jobs were lost in 2020.

⁷ (Stats SA, 2020).

⁸ (Drakenstein Municipality, 2021), (Breede Valley Municipality, 2021), (Stellenbosch Municipality, 2021) and (Witzenberg Municipality, 2021).

An aerial photograph of a lush green vineyard in a valley. The rows of grapevines are neatly arranged in a grid pattern. In the background, there are rugged, brown mountains under a bright blue sky with scattered white clouds. A small cluster of buildings and a road are visible in the middle ground, nestled between the vineyard and the mountains.

2

SECTORAL GROWTH, EMPLOYMENT AND SKILLS PER MUNICIPAL AREA

2.1 INTRODUCTION

This chapter provides a more in-depth macroeconomic outlook by considering the trends in GDP, employment and skill levels between 2010 and 2020 for each of the municipal areas within the CWD.

2.2 CAPE WINELANDS DISTRICT WITZENBERG



GDPR

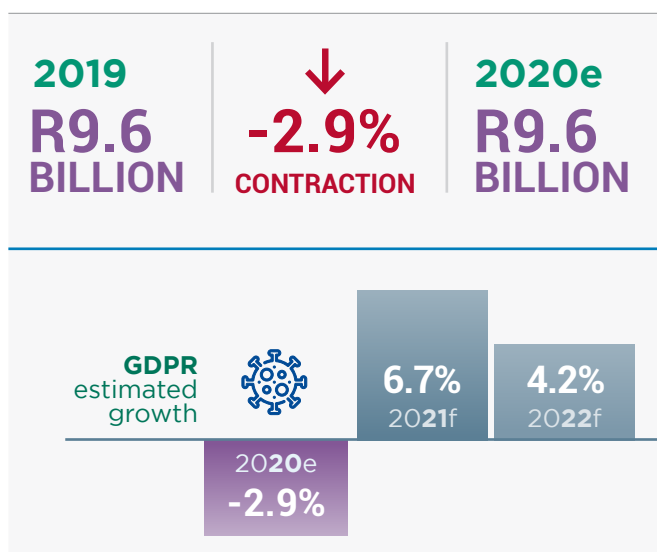
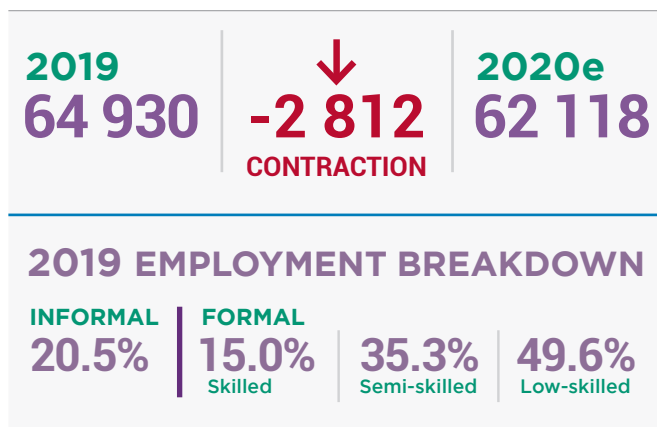


Diagram 2.1
GDPR (CURRENT PRICES) AND EMPLOYMENT,
Witzenberg, 2019 and 2020e

JOBS



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

The Witzenberg municipal area consists of five towns, namely Ceres, Tulbagh, Wolseley, Op die Berg and Prince Alfred Hamlet. These towns provide goods and services for the local agricultural industry, with some agro-processing also taking place. The Witzenberg municipal area is well known for producing export-quality deciduous fruit, vegetables and wine, and has also created a footprint as a family and adventure-tourist destination.⁹

2.2.1 GDPR and employment performance

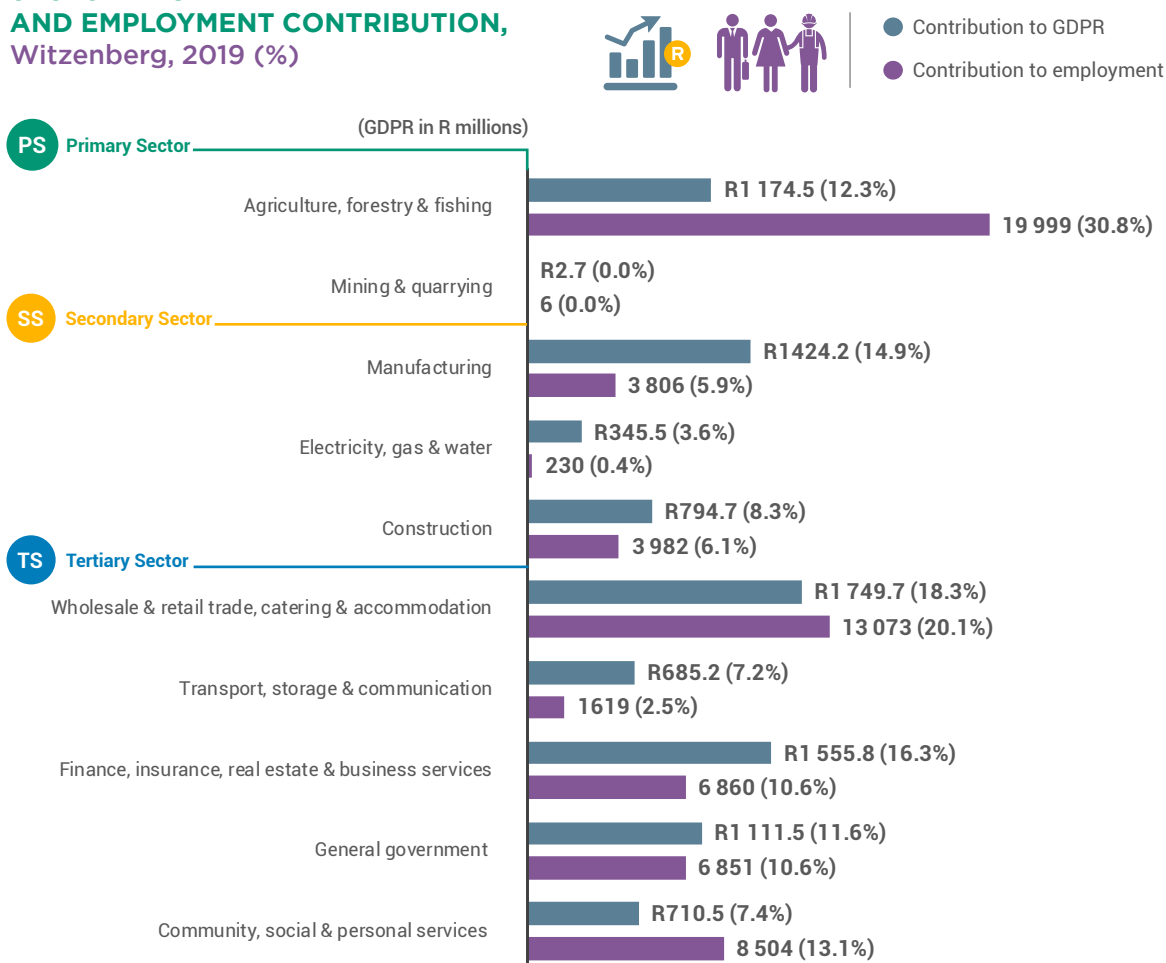
The Witzenberg municipal area's economy was valued at R9.6 billion (in current prices) in 2019. Although the GDPR at current prices remained the same between 2019 and 2020, the region's economy is estimated to have contracted by 2.9 per cent in real terms. In 2019, 64 930 people were employed in the Witzenberg municipal area, with expected job losses of 2 812 jobs estimated for 2020. It is forecast that the economy will recover by 6.7 per cent in 2021, but decrease to 4.2 per cent in 2022.

⁹ (Witzenberg Municipality, 2020).

Figure 2.1 provides a breakdown of the sectoral contribution to GDP and employment in the Witzenberg municipal area in 2019.

Figure 2.1

SECTORAL GDP AND EMPLOYMENT CONTRIBUTION, Witzenberg, 2019 (%)



Source: Quantec Research, 2021


In the Witzenberg municipal area, the trade sector and the finance sector contributed the most to GDP in 2019, with 18.3 per cent and 16.3 per cent respectively. In terms of employment in the municipal area, the agriculture sector (30.8 per cent) and the trade sector (20.1 per cent) were the main sectors of employment in the region in 2019. In 2019, the mining sector and the electricity, gas and water sector contributed the least to employment and GDP. This is primarily due to the region's lack of mineral resources.

The agriculture sector contributed substantially more to employment than to GDP, which is indicative of the sector's high labour-intensive nature. The community services sector is also more labour-intensive, contributing 13.1 per cent to employment but only 7.4 per cent to GDP. In 2019, the manufacturing sector contributed 14.9 per cent to GDP but only 5.9 per cent to employment, and the finance sector also contributed more to GDP than to employment, indicating that these sectors are more capital-intensive.

Table 2.1 illustrates the sectoral changes in GDPR and employment between 2015 and 2019, and provides the estimated performance for 2020.

Table 2.1

GDPR AND EMPLOYMENT PERFORMANCE PER SECTOR, Witzenberg



SECTOR	GDPR		Employment	
	Trend 2015 – 2019	Real GDPR growth 2020e	Average annual change 2015 – 2019	Net change 2020e
Primary Sector	-3.1%	12.2%	413	-786
PS Agriculture, forestry & fishing	-3.1%	12.3%	413	-785
Mining & quarrying	3.2%	-15.5%	0	-1
Secondary Sector	2.4%	-11.4%	214	-672
SS Manufacturing	2.2%	-8.9%	67	-199
Electricity, gas & water	1.5%	-4.9%	8	-3
Construction	3.0%	-19.1%	139	-470
Tertiary Sector	3.8%	-3.4%	1 459	-1 354
TS Wholesale & retail trade, catering & accommodation	2.9%	-9.0%	606	-648
Transport, storage & communication	2.2%	-11.9%	60	-54
Finance, insurance, real estate & business services	5.7%	-0.5%	314	-215
General government	2.6%	2.6%	157	186
Community, social & personal services	3.7%	-0.5%	323	-623
Total Witzenberg	2.2%	-2.9%	2 087	-2 812

Source: Quantec Research, 2021 (e denotes estimate)

The Witzenberg municipal area achieved an average growth rate of 2.2 per cent between 2015 and 2019. The tertiary sector had the highest average growth rate (3.8 per cent) during this period, followed by the secondary sector (2.4 per cent). The primary sector had a contraction of 3.1 per cent owing to the contraction in the agriculture sector. The contraction can be attributed to the drought experienced in the region, as well as low commodity prices. The finance sector and community services sector drove GDPR growth in the municipal area between 2015 and 2019, with average annual growth rates greater than the local average. Although the mining sector achieved a noteworthy growth rate of 3.2 per cent in 2019, this sector's contribution to the overall GDPR is very small and is unlikely to contribute substantially to the region's economy.

The estimates for the Witzenberg municipal area in 2020 show that the economy contracted by 2.9 per cent. The large contraction of 9.0 per cent for the municipal area's largest economic sector, trade, impacted the total economy significantly. The contraction in this sector can be related to the decline in the tourism industry owing to the travel restrictions and lockdowns imposed by COVID-19.

With limited movements and less use of transport facilities for both personal and business purposes, the transport sector was also negatively impacted by the lockdown restrictions, and contracted by 11.9 per cent. The agriculture sector is estimated to have had a significant increase of 12.3 per cent in 2020. The agriculture sector's strong performance helped the total municipal area's economy not to contract as significantly as anticipated in 2020. The main commodities in the municipal area are wheat, apples and pears. The growth in this sector is related to the price increase in wheat owing to the high exchange rate in 2020. Apples and pears are two of the top five most popular fruits in the country, and consumption is expected to increase by 25.0 per cent in the next decade. This will have a positive impact on purchasing power for local consumption, resulting in positive growth.¹⁰

In terms of employment, the Witzenberg municipal area created an average of 2 087 jobs per annum between 2015 and 2019. Employment creation was mainly driven by employment opportunities in the tertiary sector, which experienced an average annual increase of 1 459 jobs during this period. Between 2015 and 2019, the primary and secondary sectors experienced an annual average increase of 413 and 214 jobs respectively. The largest growth experienced for individual sectors was in the trade sector (606 jobs), followed by the agriculture sector with 413 jobs.

The municipal area is estimated to have lost 2 812 jobs in 2020 owing to the significant impact of COVID-19 on the local economy. Most of the jobs lost were in the tertiary sector (1 354 jobs), with the trade sector shedding 648 jobs. The agriculture sector is estimated to have contracted by 785 jobs, the largest portion of the total number of jobs lost within the municipal area. The potential explanation for the decline in jobs despite the positive economic growth is that agriculture employment could be related to endogenous labour. Some agricultural operations have been affected by the COVID-19 regulations, for example the wine industry was not able to operate under level five regulations. The other possible explanation is that the increase of the minimum wage from R18.68 to R21.69 per hour might have driven job losses in the sector.¹¹



¹⁰ (BFAP, 2020).

¹¹ (BFAP, 2021).



INDUSTRY PERFORMANCE

The multibillion-rand apple and pear industry is expecting a positive 2021 harvest after good rainfall in 2020, which will be welcome news for farmers from the Ceres and Grabouw regions. In 2020 farmers increased their hectareage of pome fruit planted in anticipation of future industry growth in years to come.^{12,13}

The total value of pear production from the Province's 17 million trees was up 13.0 per cent in 2020. Exports (which make up 47.0 per cent of total pear volumes) were marginally down in 2020, but this was countervailed by increased average international prices per tonne.

A total of 34 million apple trees are planted on more than 23 000ha in the Western Cape, and both of these metrics have grown steadily over the past few years. Apple export volumes were their highest level in more than a decade as total production also peaked in 2020. The industry's fortunes were further supported by high export prices.

Looking ahead, the recent opening of a Tissue Culture Facility in Paarl will help the local pome fruit industry to remain globally competitive. Beginning with apple rootstocks, the three-million-plants-a year facility will aid the industry in developing market-ready drought- and disease-resistant cultivars quicker than traditional methods.¹⁴

To read more on the performance of the deciduous fruit industry:



¹² (Hortgro, 2020a).

¹³ (Hortgro, 2020b).

¹⁴ (Tissue Culture Facility, 2020).

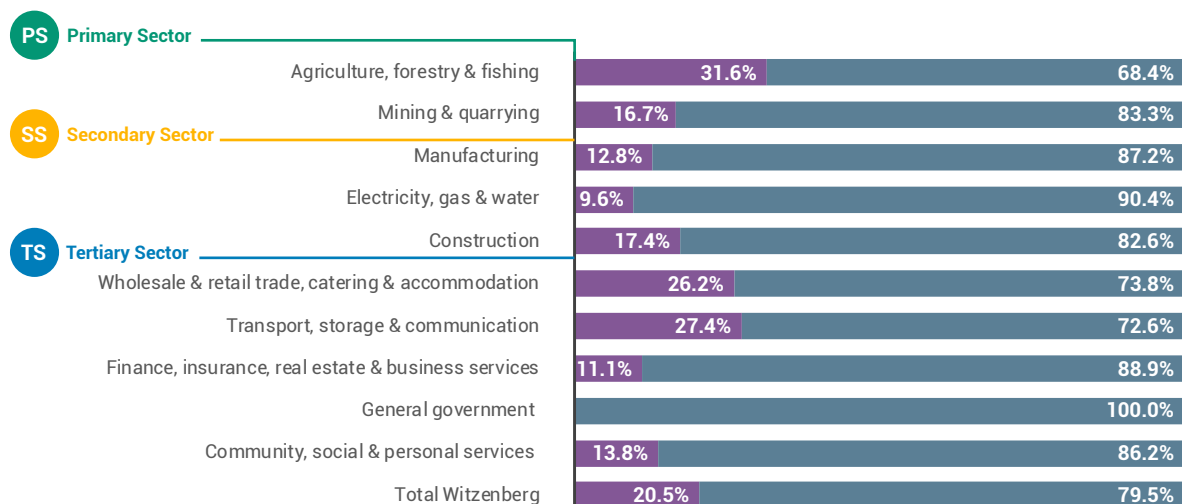
Figure 2.2 illustrates the distribution of formal and informal employment in the Witzenberg municipal area in 2019.¹⁵

Figure 2.2

INFORMAL EMPLOYMENT DISTRIBUTION, Witzenberg, 2019 (%)



● Proportion informal employment
● Proportion formal employment



Source: Quantec Research, 2021

In 2019, formal employment accounted for 79.5 per cent of workers in the Witzenberg municipal area, while informal employment accounted for 20.5 per cent. Agriculture (31.6 per cent), transport (27.4 per cent) and trade (26.2 per cent) were the sectors with the highest proportion of informal employment in the municipal area. Informal employment is important in the municipal area, since it contributes critically to job creation. The lack of availability of affordable trading space for informal businesses is a constraining factor for growth. During the COVID-19 pandemic, the municipality implemented a variety of services to support both formal and informal businesses. These included frequent communication on funding opportunities and support, providing permits that enabled businesses to operate during lockdown periods, providing sanitiser toolkits in conjunction with the Department of Economic Development and Tourism, and allowing informal traders to trade with old permits.¹⁶



¹⁵ Throughout this chapter, it should be noted that the number of informal sector workers is determined by using labour data from the Quarterly Employment Statistics (QES) and the Quarterly Labour Force Survey (QLFS). Quantec uses the QES formal figure, to which it adds formal agricultural and domestic workers. Using the total employment from the QLFS, informal employment is calculated as a residual. This residual is higher than the figure given in the QLFS owing to the inclusion of small, medium and micro enterprises, which are not accounted for in the QES.

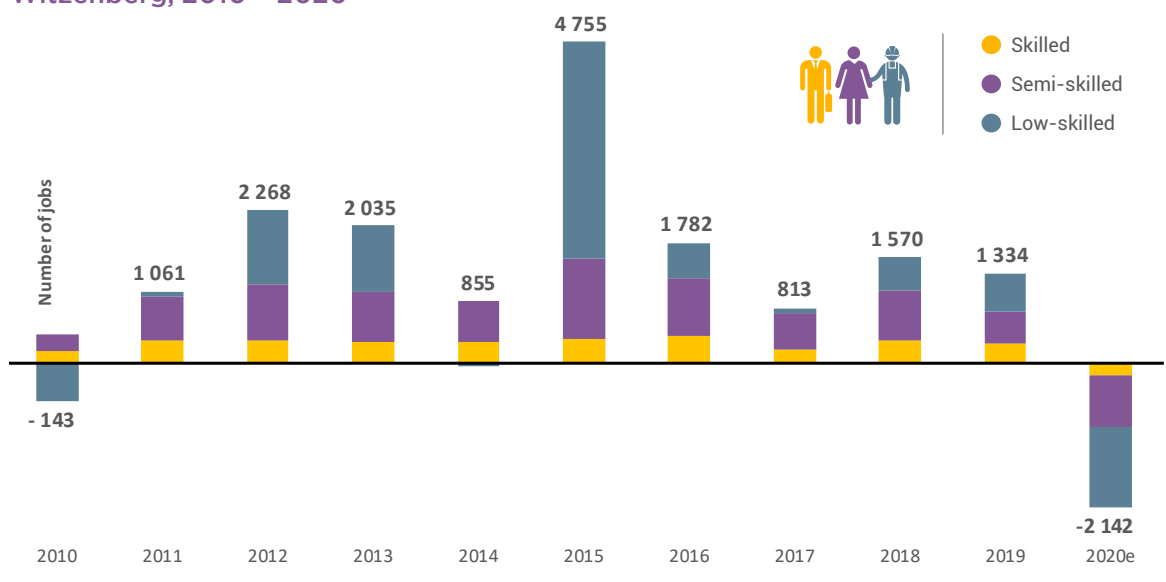
¹⁶ Employment estimates in the Quarterly Labour Force Survey (QLFS) of the first quarter of 2015 were based on the new Stats SA master sample. It is therefore hard to determine whether the significant employment growth is due to the adjusted master sample or an actual increase in employment (Stats SA, 2015).

2.2.2 Skills analysis

Figure 2.3 provides an overview of the changes in formal employment by skill levels in the Witzenberg municipal area between 2010 and 2020.

Figure 2.3

EMPLOYMENT GROWTH BY SKILL LEVELS, Witzenberg, 2010 - 2020



Source: Quantec Research, 2021 (e denotes estimate)

Owing to the global financial crisis aftershock, a net loss of 143 jobs was recorded in the Witzenberg municipal area in 2010, with low-skilled workers in particular experiencing a significant number of job losses (557). It should be noted that despite the economic downturn, there was no job-shedding for skilled and semi-skilled workers during this period. This illustrates the resilient nature of skilled and semi-skilled jobs.

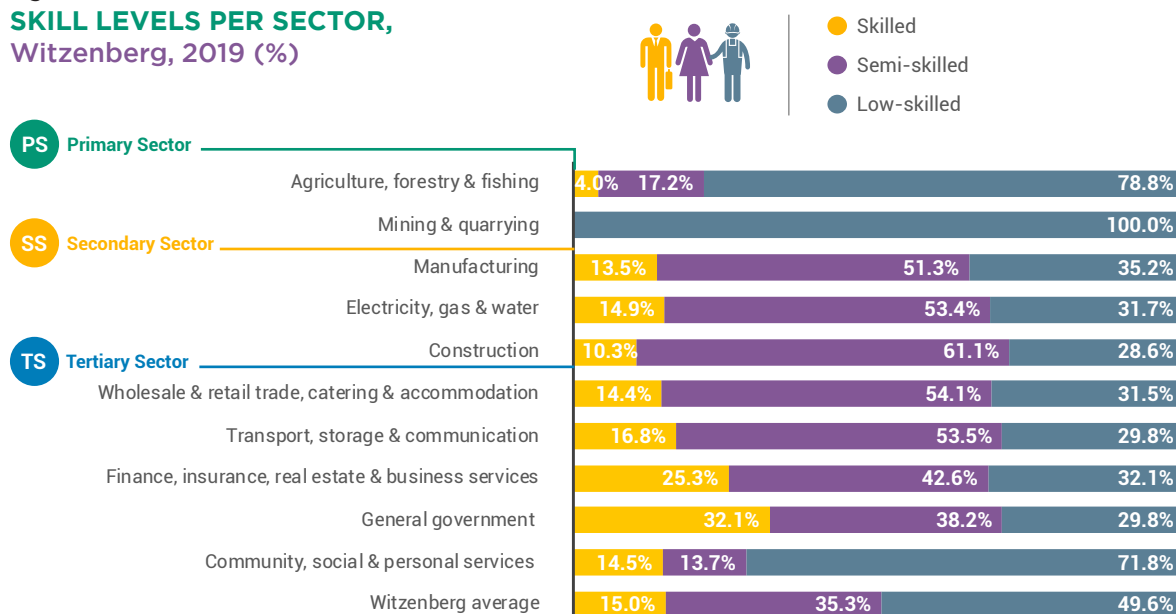
Between 2012 and 2013, most employment opportunities created in the region were for low-skilled workers. In 2014, however, low-skilled workers experienced further job-shedding, with 55 jobs lost. Employment opportunities in the region experienced a significant increase in 2015, with 4 755 job opportunities created, mainly for low-skilled and semi-skilled workers.¹⁷ The total number of formal jobs lost owing to the COVID-19 pandemic in 2020 was an estimated 2 142 jobs. A total of 173 jobs were lost in the skilled workforce and 1 191 in the low-skilled workforce.

Given that employment often lags economic growth, it is anticipated that despite the GDP growth forecast for 2021 and 2022, employment will not recover in the short term, which will have a significant impact on poverty in the local municipal area.

¹⁷ Employment estimates in the Quarterly Labour Force Survey (QLFS) of the first quarter of 2015 were based on the new Stats SA master sample. It is therefore hard to determine whether the significant employment growth is due to the adjusted master sample or an actual increase in employment (Stats SA, 2015).

Figure 2.4 illustrates the skill levels per sector for formal employment in the Witzenberg municipal area.

Figure 2.4
SKILL LEVELS PER SECTOR,
Witzenberg, 2019 (%)



Source: Quantec Research, 2021

Low-skilled employees made up most of the formal employment in the Witzenberg municipal area, accounting for almost half of all workers in the region (49.6 per cent) in 2019. The region also had a high concentration of semi-skilled workers (35.3 per cent). In 2019, 15.0 per cent of the region's workforce was classed as skilled.

Semi-skilled workers were prevalent in most sectors in the region. The construction sector was a particularly significant source of semi-skilled employment, with 61.1 per cent of workers in this sector being semi-skilled. Skilled workers were more prevalent in the tertiary sector. In the general government sector, nearly a third (32.1 per cent) of all workers were classified as skilled. Employment in the finance sector also largely comprised skilled workers (25.3 per cent).

Low-skilled workers contributed the most to employment in the following sectors: the agriculture sector (78.8 per cent), the mining sector (100.0 per cent) and the community services sector (71.8 per cent). The significant job losses in the agriculture sector indicate that the sector will largely shed low-skilled workers in 2020. This will put pressure on the local municipality, as revenue will be lost and the need for basic service delivery will increase. Additional skills development programmes for low-skilled workers will be vital to help increase their ability to work in other economic sectors as the economy fluctuates.



© Ales Maze, Unsplash



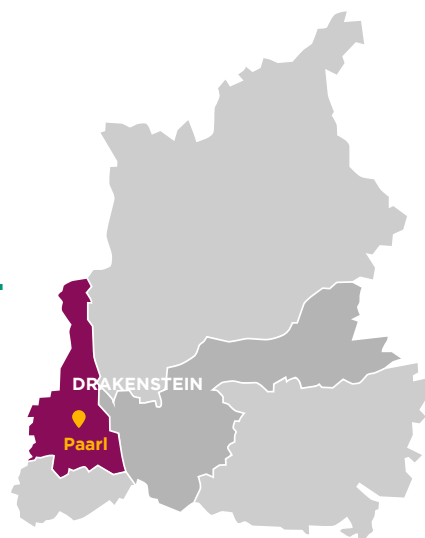
CABERNET
SA VIGNON

SAUVIGNON
BLANC

LON

CHARDONNAY

2.3 CAPE WINELANDS DISTRICT DRAKENSTEIN



GDP

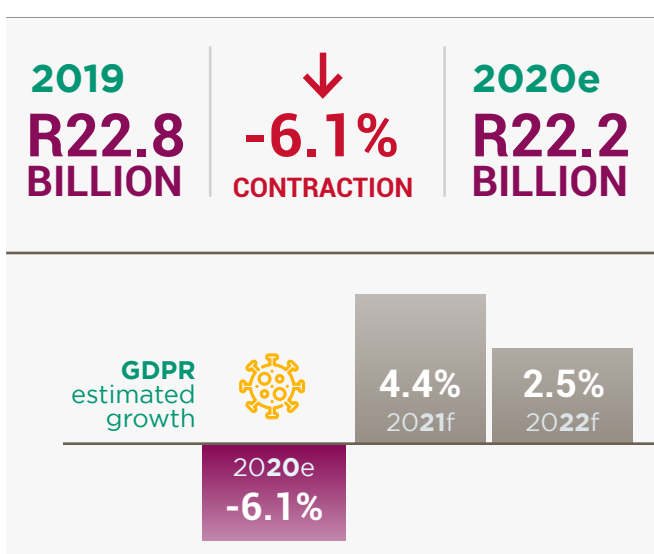
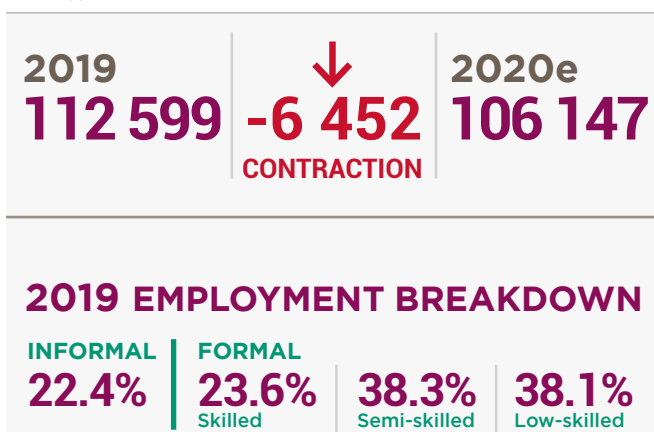


Diagram 2.2

GDP (CURRENT PRICES) AND EMPLOYMENT,
Drakenstein, 2019 and 2020e

JOBS



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

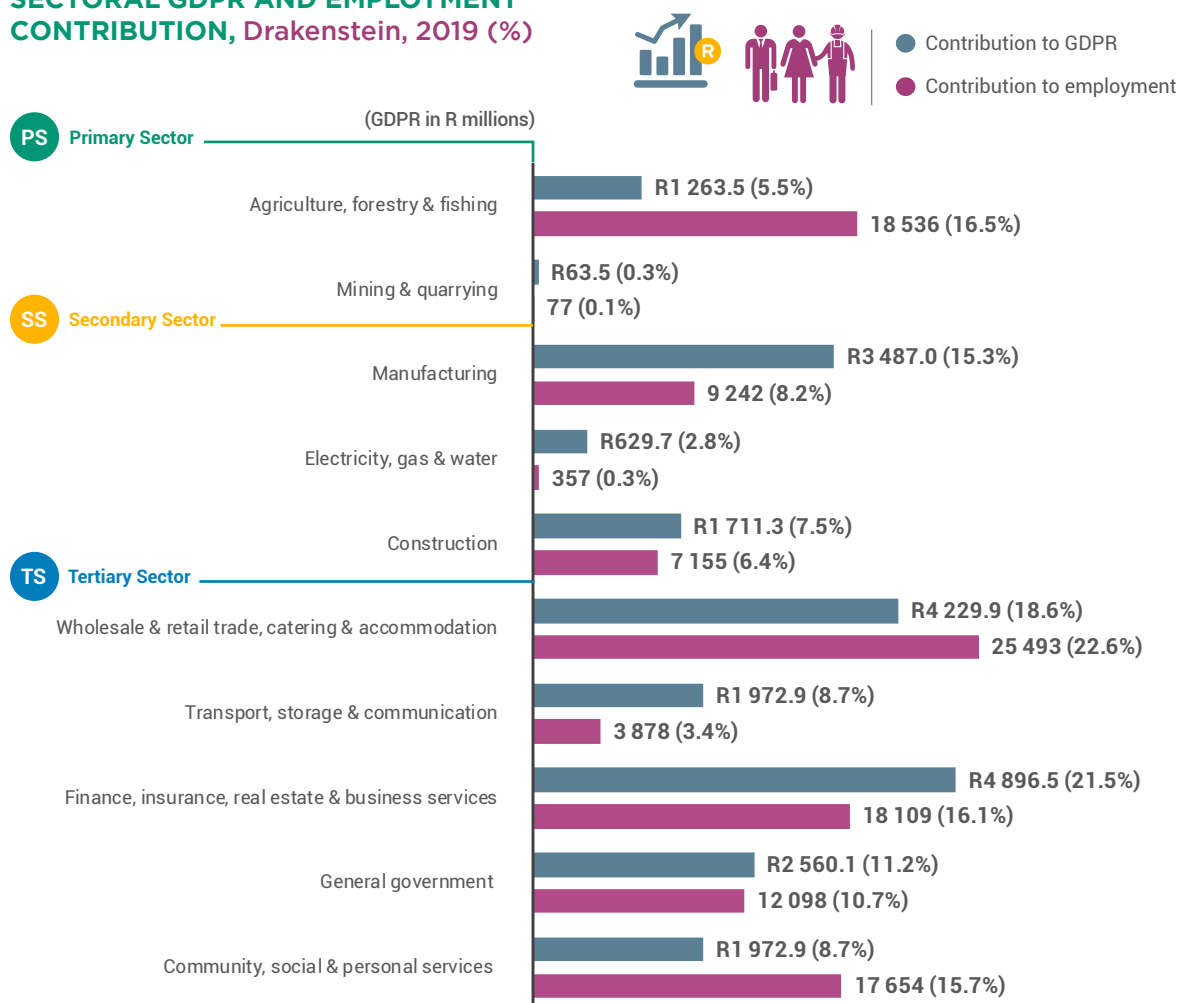
The Drakenstein municipal area is well known for its fruit and wine production and processing, as well as its heritage sites and tourist attractions. Paarl is the main service centre and has a rich history and several tourist attractions. Other towns in the municipal area include Wellington, Saron, Gouda,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

2.3.1 GDP and employment performance

The Drakenstein municipal area's economy was valued at R22.8 billion (in current prices) in 2019, with 112 599 people being employed in the region during the year. It is estimated that the GDP contracted significantly in 2020 in real terms (6.1 per cent). The contraction of the GDP to R22.2 billion was mainly due to COVID-19. Employment contracted in 2020, with 6 452 jobs being lost as the total employment in the municipal area declined to 106 147 jobs. It is forecast that the economy will recover partially in 2021, as the economy is expected to increase by 4.4 per cent, but decrease to 2.5 per cent in 2022.

Figure 2.5 indicates the sectoral contribution to GDP and employment in the Drakenstein municipal area in 2019.

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



Source: Quantec Research, 2021


The finance sector was the largest contributor to GDP in the Drakenstein municipal area in 2019, accounting for 21.5 per cent of GDP. With 18.6 per cent, the trade sector was the second-largest contributor to GDP. This sector also provided the majority of jobs in the region, accounting for 22.6 per cent of total employment in 2019.

While the tertiary sector contributed the most to GDP and employment, there were several subsectors in the primary and secondary sectors that contributed significantly to the region's economy and employment. Despite contributing only 5.5 per cent to the region's GDP, agriculture was the region's second-largest employer, accounting for 16.5 per cent, illustrating the sector's labour-intensive nature. The manufacturing sector, which was the third-largest contributor to GDP at 15.3 per cent, only contributed 8.2 per cent to employment, which illustrates the capital-intensive nature of this sector.

Table 2.2 outlines the GDPR and employment performance per sector in the Drakenstein municipal area between 2015 and 2019, and gives estimates for 2020.

Table 2.2

GDPR AND EMPLOYMENT PERFORMANCE PER SECTOR, Drakenstein

		GDPR		Employment	
SECTOR		Trend 2015 – 2019	Real GDPR growth 2020e	Average annual change 2015 – 2019	Net change 2020e
PS	Primary Sector	-3.2%	10.6%	364	-761
	Agriculture, forestry & fishing	-3.2%	11.7%	366	-752
	Mining & quarrying	-1.1%	-18.7%	-2	-9
SS	Secondary Sector	-1.0%	-13.8%	-29	-1 700
	Manufacturing	-1.9%	-12.4%	-120	-785
	Electricity, gas & water	0.3%	-5.7%	8	-7
	Construction	1.3%	-19.9%	83	-908
TS	Tertiary Sector	2.0%	-5.3%	1 892	-3 991
	Wholesale & retail trade, catering & accommodation	1.9%	-9.6%	884	-1 568
	Transport, storage & communication	0.8%	-15.3%	68	-160
	Finance, insurance, real estate & business services	3.1%	-3.1%	525	-855
	General government	0.3%	0.4%	-5	117
	Community, social & personal services	2.3%	-1.6%	421	-1 525
Total Drakenstein		0.9%	-6.1%	2 227	-6 452

Source: Quantec Research, 2021 (e denotes estimate)

The Drakenstein municipal area achieved an average annual growth rate of 0.9 per cent between 2015 and 2019. Over the five-year period, the tertiary sector achieved an average annual growth rate of 2.0 per cent. The finance sector (3.1 per cent), community services sector (2.3 per cent) and trade sector (1.9 per cent) had the highest average growth rates. The secondary sector experienced an average annual contraction of 1.0 per cent between 2015 and 2019. The poor performance in the secondary sector was mainly caused by the contraction of the manufacturing sector (1.9 per cent), while the agriculture sector contracted by 3.2 per cent as the primary sector contracted by 3.2 per cent. The manufacturing sector is directly affected by the agriculture sector, which contracted owing to droughts across the region and resulted in a contraction in the manufacturing sector too. Manufacturing in the municipal area consists mostly of wine processing.

Estimates for 2020 indicate that the overall municipal area's economy contracted by 6.1 per cent. Sectors that normally drive economic growth in the municipal area contracted. The finance sector is estimated to have contracted by 3.1 per cent and the trade sector by 9.6 per cent.

This could be a result of the downturn in the tourism industry owing to travel restrictions and hard lockdowns across the country as a result of the COVID-19 pandemic. It is assumed that several restaurants needed to close their doors owing to the economic strain caused by COVID-19. The agriculture sector had an 11.7 per cent increase in growth between 2019 and 2020, which could be as a result of improved weather conditions and higher commodity prices. This sector was able to be fully functional under lockdown level five in 2020. The general government sector also recorded marginal growth (0.3 per cent). The general government sector experienced numerous challenges in the year, such as unbudgeted expenses, reduction of income and contractor delays on projects.¹⁸

The Drakenstein municipal area created an average of 2 227 jobs per annum between 2015 and 2019. Employment creation was mainly driven by the tertiary sector during this period, particularly the trade sector (884 jobs per annum) and the finance sector (525 jobs per annum). The agriculture sector also created 366 jobs annually between 2015 and 2019. The secondary sector shed an average of 29 jobs per annum between 2015 and 2019, as the manufacturing sector shed an average annual of 120 jobs in the same period. It is estimated that 6 452 jobs were lost in the Drakenstein municipal area in 2020 owing to the impact of COVID-19. A significant number of jobs are estimated to have been lost in the trade sector (1 568 jobs). The sector that shed the second-highest number of jobs was the community services sector, with 1 525 jobs lost, followed by the construction sector (908 jobs) and the finance sector (855 jobs).

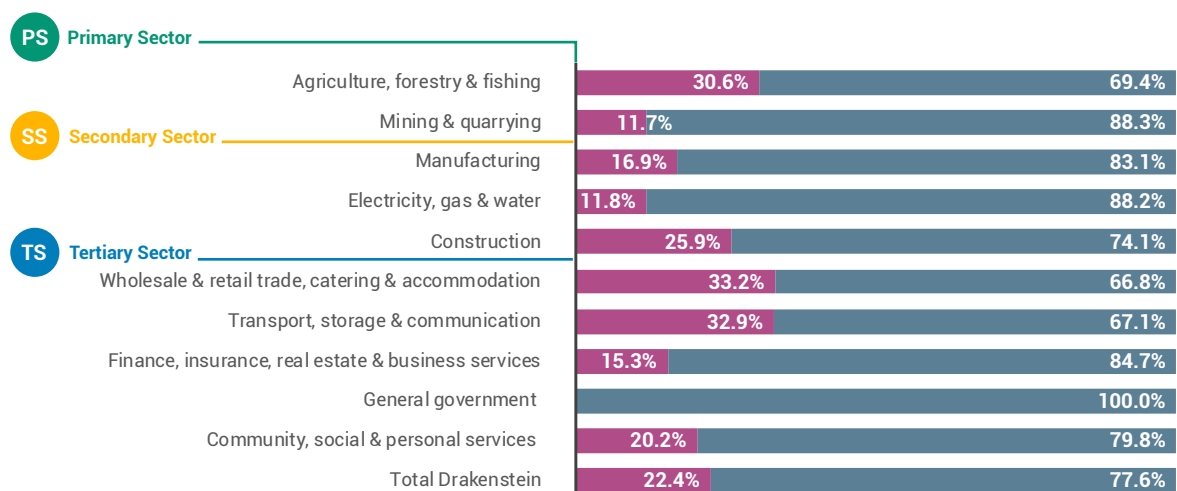


© Tim Mossholder, Unsplash

¹⁸ (Drakenstein Municipality, 2021).

Figure 2.6 depicts the sectoral distribution of formal and informal employment in the Drakenstein municipal area in 2019.

Figure 2.6
INFORMAL EMPLOYMENT DISTRIBUTION,
Drakenstein, 2019 (%)



Source: Quantec Research, 2021

The largest proportion of employment in the Drakenstein municipal area in 2019 was in the formal sector (77.6 per cent). The trade sector had the largest proportion of informal employment in 2019, with informal employment accounting for 33.2 per cent of the sector's total employment. Other sectors that had a noticeable proportion of informal employment included the transport sector (32.9 per cent), the agriculture sector (30.6 per cent) and the construction sector (25.9 per cent).

There is a lack of municipal-owned industrial sites that can be released for new industrial development in the Drakenstein municipal area. Furthermore, the cost and challenges of doing business in the Drakenstein municipal area impede business growth and development, particularly in urban areas. Rural businesses are constrained by the lack of market access, as well as access to affordable supplies, as most suppliers are based in Paarl and Wellington. These factors impede formal and informal job creation. The lack of formal trading spaces, access to finance, skills and regulatory constraints negatively impact informal businesses in the municipal area.¹⁹



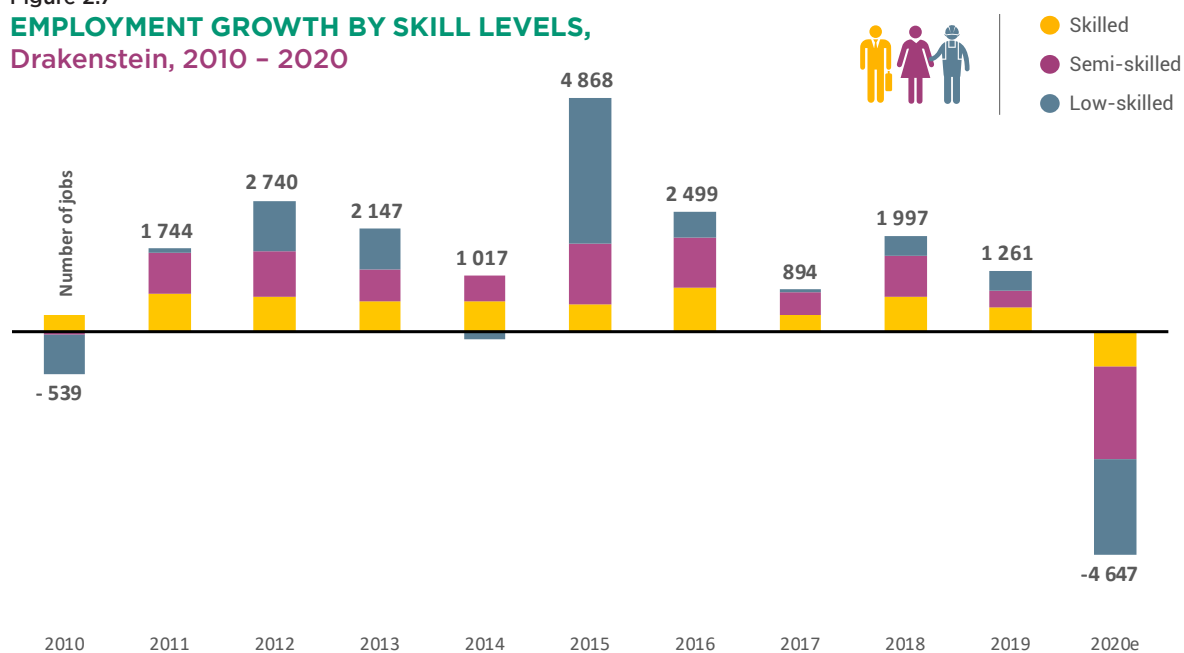
¹⁹ (Drakenstein Municipality, 2021).

2.3.2 Skills analysis

Figure 2.7 illustrates the change in employment by skill levels between 2010 and 2020 in the Drakenstein municipal area.

Figure 2.7

EMPLOYMENT GROWTH BY SKILL LEVELS, Drakenstein, 2010 – 2020



	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020e
Skilled	346	789	717	649	647	585	920	363	719	505	-730
Semi-skilled	-72	856	975	666	527	1 250	1 043	461	876	354	-1 923
Low-skilled	-813	99	1 048	832	-157	3 033	536	70	402	402	-1 994

Source: Quantec Research, 2021 (e denotes estimate)

With the effects of the global financial crisis still being felt in 2010, substantial formal job losses (539 jobs) occurred in the Drakenstein municipal area. The job losses were mainly experienced by low-skilled and semi-skilled workers, while 346 skilled jobs were created in 2010, indicating the start of recovery.

Between 2011 and 2013, there was a significant increase in the number of jobs created, with the majority of jobs going to semi-skilled and skilled workers. Between 2014 and 2019, employment growth fluctuated, with low-skilled workers seeing a significant increase in 2015.²⁰ Of the 4 868 jobs generated in the Drakenstein municipal area in 2015, 3 033 were for low-skilled workers. The impact of COVID-19 caused 4 647 formal jobs to be lost in 2020, with the majority of jobs lost being for semi-skilled and low-skilled workers. A total of 730 jobs are estimated to have been lost in the skilled workforce for the municipal area.

²⁰ In 2015 a new master sample was implemented in the Quarterly Labour Force Survey (QLFS), which may have impacted the data owing to variations in its design (Stats SA, 2015).

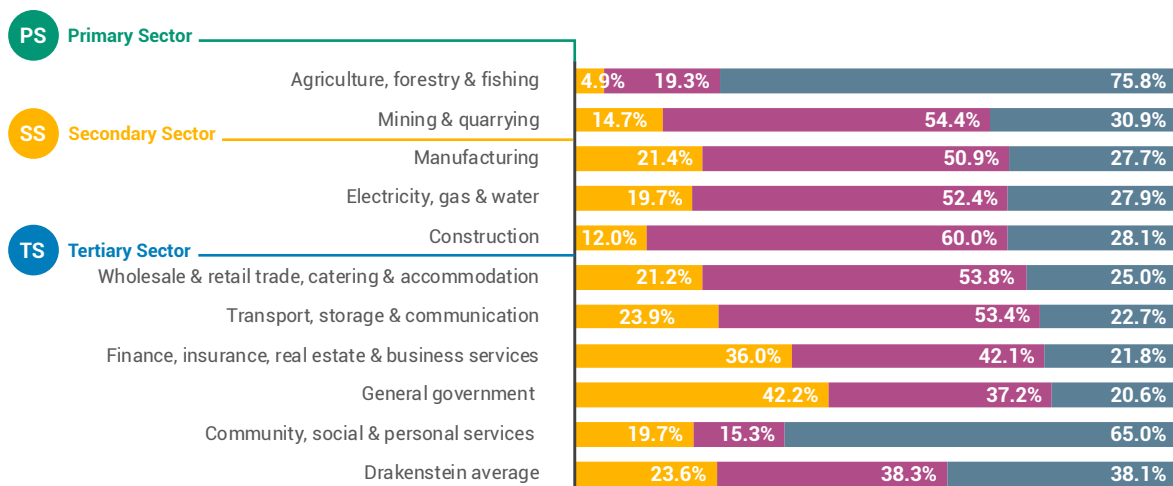
Figure 2.8 illustrates the skill levels per sector in formal employment in the Drakenstein municipal area in 2019.

Figure 2.8

**SKILL LEVELS PER SECTOR,
Drakenstein, 2019 (%)**



● Skilled
● Semi-skilled
● Low-skilled



Source: Quantec Research, 2021

Given that employment often lags economic growth, it is anticipated that despite the GDP growth forecast for 2021 and 2022, employment will not recover in the short term, which will have a significant impact on poverty in the local municipal area.

Employment in the Drakenstein municipal area in 2019 was predominantly made up of semi-skilled workers (38.3 per cent) and low-skilled workers (38.1 per cent). Skilled workers accounted for 23.6 per cent of the region's employment. Employment in the agriculture sector and the community services sector mainly consisted of low-skilled workers. In 2019, 75.8 per cent of workers in the agriculture sector were low-skilled, while 65.0 per cent of workers in the community services sector were classified as low-skilled.

Semi-skilled workers were most prevalent in the construction sector (60.0 per cent) and the mining sector (54.4 per cent). All sectors barring the agriculture sector and the community services sector had a significant proportion of semi-skilled workers. In 2019, 42.2 per cent of workers in the general government sector were skilled. The finance sector also had a large proportion of skilled workers (36.0 per cent).

Additional skills development programmes will need to be initiated for the municipal area to ensure that workers in the low-skilled category have the opportunity to develop skills for other employment opportunities as the economy fluctuates in the various sectors. The agriculture sector is diversifying into a more mechanised sector and technology is improving, meaning that the workers' skill levels will need to improve in order for them to sustain their jobs.



2.4 CAPE WINELANDS DISTRICT STELLENBOSCH

STELLENBOSCH



GDPR

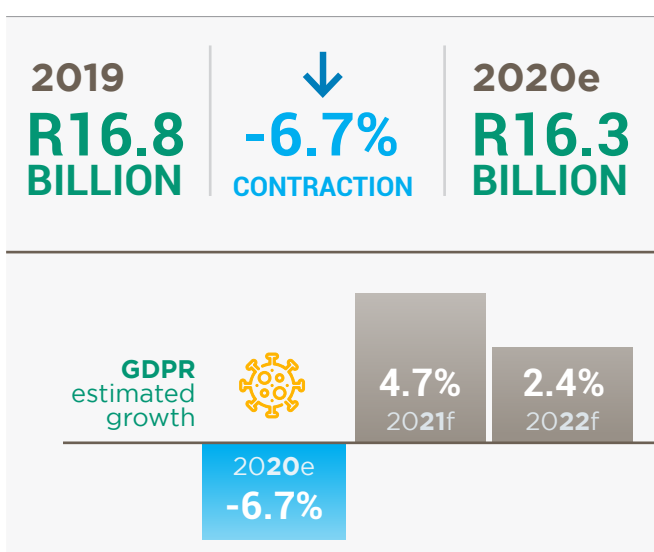
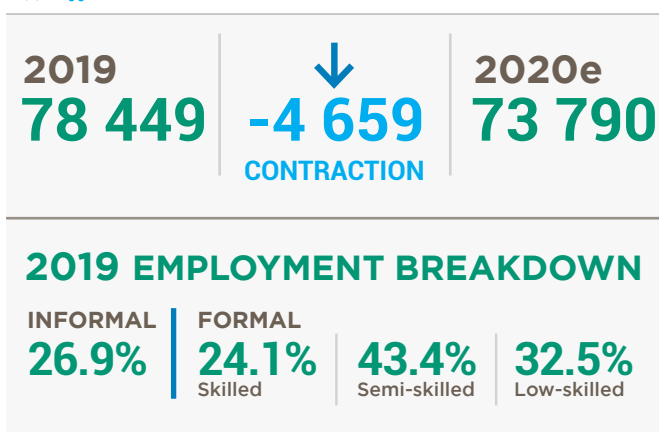


Diagram 2.3

GDPR (CURRENT PRICES) AND EMPLOYMENT,
Stellenbosch, 2019 and 2020e



JOBS



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

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

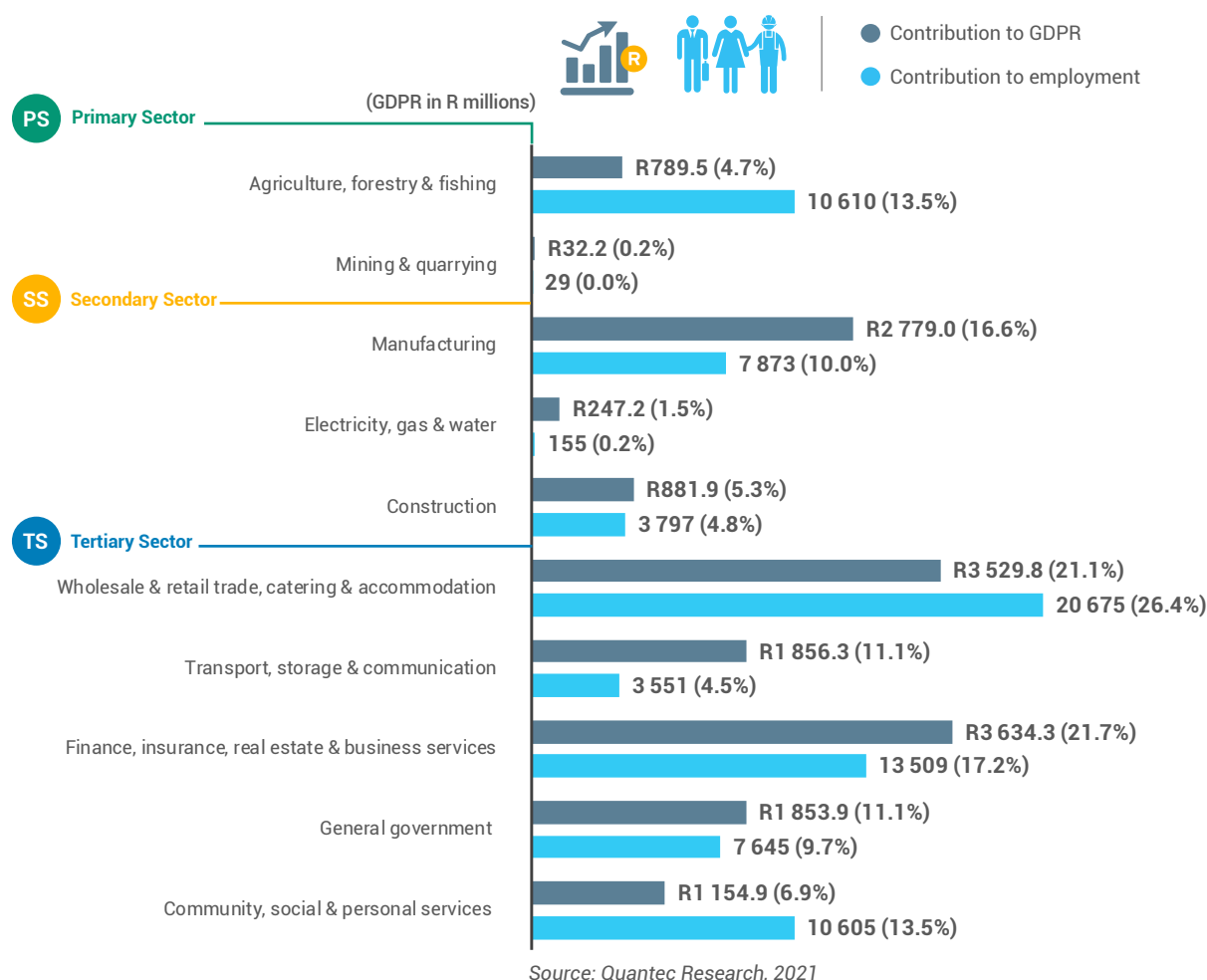
2.4.1 GDPR and employment performance

The Stellenbosch municipal area's economy was valued at R16.8 billion (in current prices) in 2019, with 78 449 people being employed in the region during the year. Estimates for 2020 indicate that the Stellenbosch municipal area's economy contracted by 6.7 per cent to R16.3 billion, while the municipal area is estimated to have shed 4 659 jobs in 2020. It is forecast that in 2021, the economy will recover partially by 4.7 per cent, and by a further 2.4 per cent in 2022.

Figure 2.9 illustrates the sectoral contribution to GDP and employment in the Stellenbosch municipal area in 2019.

Figure 2.9

SECTORAL GDP AND EMPLOYMENT CONTRIBUTION, Stellenbosch, 2019 (%)




With a contribution of 21.7 per cent in 2019, the finance sector was the largest contributor to GDP in the Stellenbosch municipal area. The trade sector (21.1 per cent) and the manufacturing sector (16.6 per cent) were other sizable contributors to GDP in the region. Despite its minor contribution to GDP (4.7 per cent), the agriculture sector is a key driver of the Stellenbosch municipal area's economy, with agro-processing accounting for a large share of the manufacturing sector's operations.

The trade sector was the biggest contributor to employment in the region. This sector employed 26.4 per cent of the region's total workforce in 2019. The trade sector is a labour-intensive sector that contributes more to employment than to GDP. The finance sector is also a significant contributor to employment at 17.2 per cent. However, similar to the manufacturing sector, the finance sector is more capital-intensive, with a larger contribution to GDP than to employment.

Table 2.3 provides an overview of the performance of each sector in the Stellenbosch municipal area between 2015 and 2019, and provides estimates for 2020.

Table 2.3

GDPR AND EMPLOYMENT PERFORMANCE PER SECTOR, Stellenbosch

		GDPR		Employment	
SECTOR		Trend 2015 – 2019	Real GDPR growth 2020e	Average annual change 2015 – 2019	Net change 2020e
PS	Primary Sector	-4.1%	10.1%	172	-490
	Agriculture, forestry & fishing	-4.2%	10.9%	172	-489
	Mining & quarrying	0.2%	-18.4%	0	-1
SS	Secondary Sector	-0.6%	-12.9%	26	-1 081
	Manufacturing	-0.9%	-11.5%	-8	-601
	Electricity, gas & water	-0.4%	-6.4%	3	-3
	Construction	0.7%	-19.8%	31	-477
TS	Tertiary Sector	1.9%	-6.3%	1 149	-3 088
	Wholesale & retail trade, catering & accommodation	2.1%	-9.6%	625	-1 298
	Transport, storage & communication	3.1%	-13.9%	113	-127
	Finance, insurance, real estate & business services	2.4%	-4.2%	365	-644
	General government	-0.2%	-0.1%	-21	60
	Community, social & personal services	0.7%	-2.8%	66	-1 079
Total Stellenbosch		0.9%	-6.7%	1 346	-4 659

Source: Quantec Research, 2021 (e denotes estimate)

Between 2015 and 2019, the tertiary sector achieved an average annual growth rate of 1.9 per cent, with the transport sector performing particularly well over the five-year period, with a growth rate of 3.1 per cent. The region's other two main contributors to GDPR, the finance sector and the trade sector, also achieved positive average growth rates of 2.4 per cent and 2.1 per cent respectively. The Stellenbosch municipal area's GDPR grew at an average annual rate of only 0.9 per cent between 2015 and 2019. The marginal growth was due to the primary and secondary sectors' average annual growth contractions of 4.1 per cent and 0.6 per cent respectively. This was mainly a result of the significant drought that the Western Cape experienced during this time. Between 2015 and 2019, the manufacturing sector experienced an average annual contraction of 0.9 per cent. Agro-processing of produce, obtained from the region's agriculture sector, accounted for a substantial share of manufacturing activity. As a result, the manufacturing sector's performance was influenced by the poor performance of the agriculture sector.

In terms of employment, the tertiary sector had the largest employment growth between 2015 and 2019, with 1 149 jobs created annually. The trade sector created the highest number of jobs on an annual basis (625 jobs). The manufacturing sector had a contraction of eight jobs annually between 2015 and 2019, indicating the impact of the poor performance of the agriculture sector. The total number of jobs created annually by the Stellenbosch municipal area for the reviewed period was 1 346.

It is estimated that the economic pressure of COVID-19 has significantly impacted the municipal area, and resulted in a 6.7 per cent contraction of the economy. Tourism and hospitality businesses, including restaurants, accommodation, the wine industry, tour guides, shuttle services, tour operators, booking agents and visitor attractions, have suffered significantly. SMMEs that are less capital-intensive have also been significantly affected by the COVID-19 pandemic. The decline in tourist activities in 2020 as a result of the pandemic, plus the restrictions in many forms of retail trade, resulted in the trade sector contracting by an estimated 9.6 per cent between 2019 and 2020. Tourism and hospitality are directly linked to the wine industry not only in terms of providing an outlet for the consumption of wine but also in terms of wine tourism, where the associated revenue generated at the wine farms has been reduced.²¹

The impact of COVID-19 on the wine industry has been severe. Under the level five lockdown regulations (announced on 23 March 2020 and effective starting at midnight on 26 March), wine farmers were initially not allowed to harvest grapes for the remainder of the harvesting season.²²

The transport sector is estimated to have had a significant contraction of 13.9 per cent in 2020. COVID-19 has led to a serious reduction in travel. Some airlines have stopped or restricted flights, and travel companies have seen most of their tours being cancelled. Hotels and restaurants are seeing lower occupancy levels and patronage respectively. The manufacturing sector is also estimated to have contracted by 11.5 per cent in 2020. This sector was severely impacted by the restrictions imposed in the lockdown period of 2020, as well as by load-shedding. The agriculture sector is the only sector in the municipal area that had an increase in economic growth between 2019 and 2020. This could be attributed to improved weather conditions, better prices for commodities on a national level and the fact that this sector was able to operate under lockdown level five in 2020. The general government sector contracted less (0.1 per cent) compared with other sectors, which is likely because of the integral role the sector played in managing the pandemic, not only from a health perspective but also from a community services perspective. On a local level, there were numerous challenges that affected productivity and service delivery, such as reduced income, which affected capital expenditures, delays in implementing existing projects, increased expenditures on personal protective equipment and staff shortages owing to illness.²³

Employment in 2020 is estimated to have been severely impacted, and a total of 4 659 jobs are expected to have been lost. The majority of jobs lost were estimated to have been in the trade sector, with 1 298 jobs, followed by the community services sector (1 079 jobs).

²¹ (Cape Wine Academy, 2020).

²² (SAWIS, 2021).

²³ (Drakenstein Municipality, 2021).



INDUSTRY PERFORMANCE

Within the Western Cape, the wine industry contributes R31 billion towards Provincial GDP and supports 166 652 jobs.²⁴ The wine industry experienced thousands of job losses and millions of rands' worth of unrealised sales as a result of the restrictions on alcohol sales imposed by the Government in response to COVID-19. These losses were not only felt by wine producers and grape growers but would have spread to components of the tourism sector²⁵ that are closely aligned with the broader wine industry. This was exacerbated by reduced exports in 2020,²⁶ also largely owing to the effects of COVID-19 on international trade. It is estimated that the sales and export bans of 2020 threatened the viability of, or led to the demise of, 80 wineries and 350 wine grape producers, affecting up to 20 000 workers and households.²⁷ On a macro level, the bans may have strengthened the illegal trade of alcohol,²⁸ detracting from the industry's efforts to promote ethical production and consumption.

The alcohol bans and other recent events (such as the Provincial drought) have resulted in consolidation within the sector, as many smaller operators have been forced out through insolvency.²⁹ However, industry operators remain optimistic about the future, leveraging their heritage of innovation and resilience to survive.

To read more on the macroeconomic impact of the wine industry on the South African economy:



²⁴ (FTI Consulting, 2021).

²⁵ (Western Cape Department of Agriculture, 2020).

²⁶ (Wines of South Africa, 2021).

²⁷ (SAWIS).

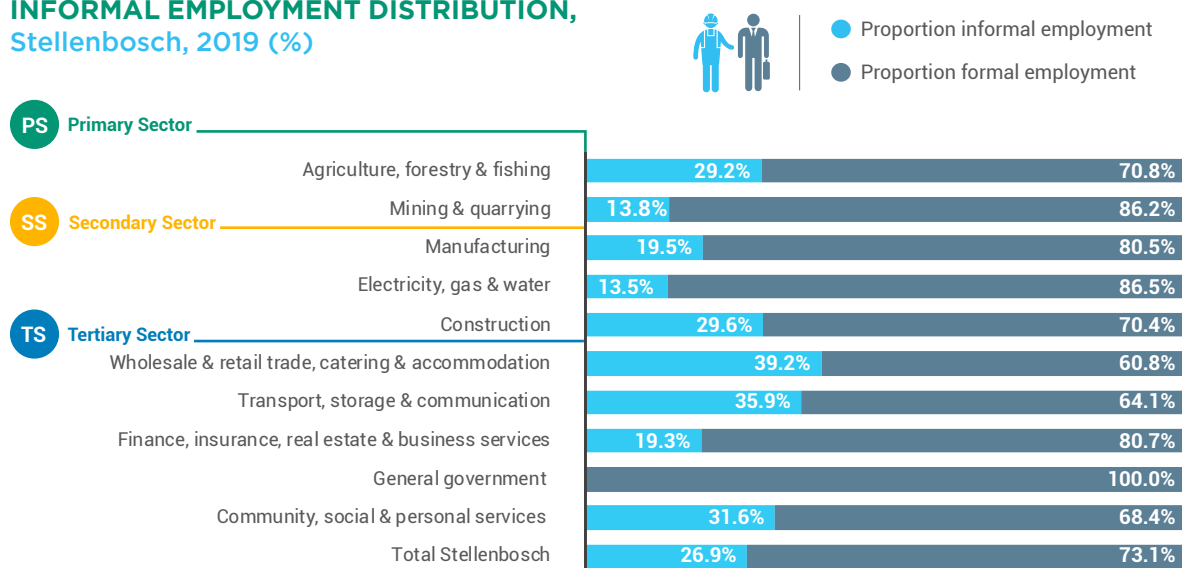
²⁸ (Vinpro, 2021).

²⁹ (Wesgro, 2021).

Figure 2.10 illustrates the distribution of formal and informal employment in the Stellenbosch municipal area in 2019.

Figure 2.10

INFORMAL EMPLOYMENT DISTRIBUTION, Stellenbosch, 2019 (%)



Source: Quantec Research, 2021

Employment in the municipal area was mostly concentrated in the formal sector, with 73.1 per cent of all employment being formal in 2019. Besides the general government sector being fully represented by formal employment, the electricity, gas and water sector had the largest proportion of formal employment (86.5 per cent), followed by the mining sector (86.2 per cent). The trade sector had the largest portion of informal employment (39.2 per cent), followed by the transport sector (35.9 per cent) and the community services sector (31.6 per cent).

One of the primary barriers faced by informal businesses in the Stellenbosch municipal area is the availability of property to facilitate expansion. Lack of access to empowerment opportunities such as ongoing training, start-up hubs and trading spaces in areas with more economic activity, as well as the high cost of doing business and limited opportunities to join the formal sector's formalisation path to gain access to finance and seed funding, are some additional barriers that informal businesses face in achieving their goals. Informal businesses in the municipal area are also constrained by red tape and bureaucracy.

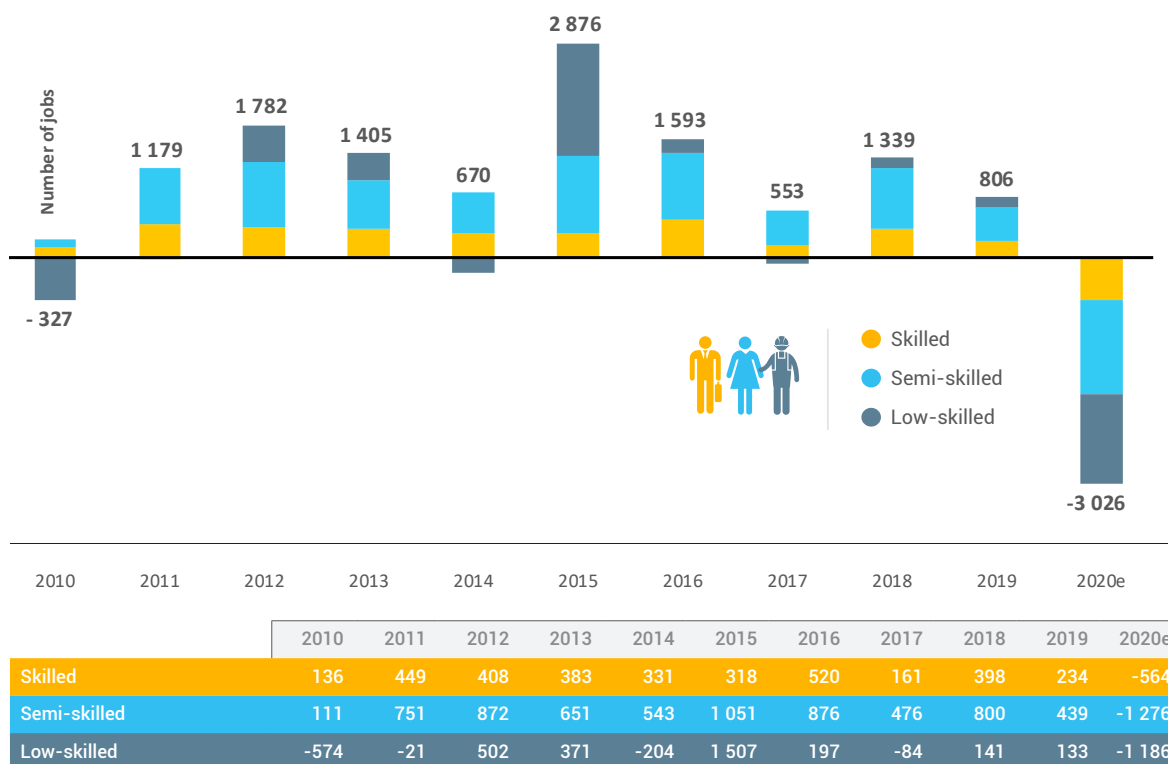


2.4.2 Skills analysis

Figure 2.11 illustrates the change in employment according to skill levels between 2010 and 2020 in the Stellenbosch municipal area.

Figure 2.11

EMPLOYMENT GROWTH BY SKILL LEVELS, Stellenbosch, 2010 – 2020



Source: Quantec Research, 2021 (e denotes estimate)

The impact of the global financial crisis in 2008/09 continued, with a net decline of 327 jobs in 2010 in the Stellenbosch municipal area. Low-skilled workers were particularly affected, with 574 job losses being experienced by low-skilled workers. The creation of jobs in the skilled and semi-skilled workforce in 2010 indicates that the municipal area started to show resilience after the economic downturn. There was an improvement in job creation between 2011 and 2013. Over the three-year period, 4 366 jobs were created, most of which were for semi-skilled workers. Low-skilled workers experienced job-shedding in 2014 and 2017.

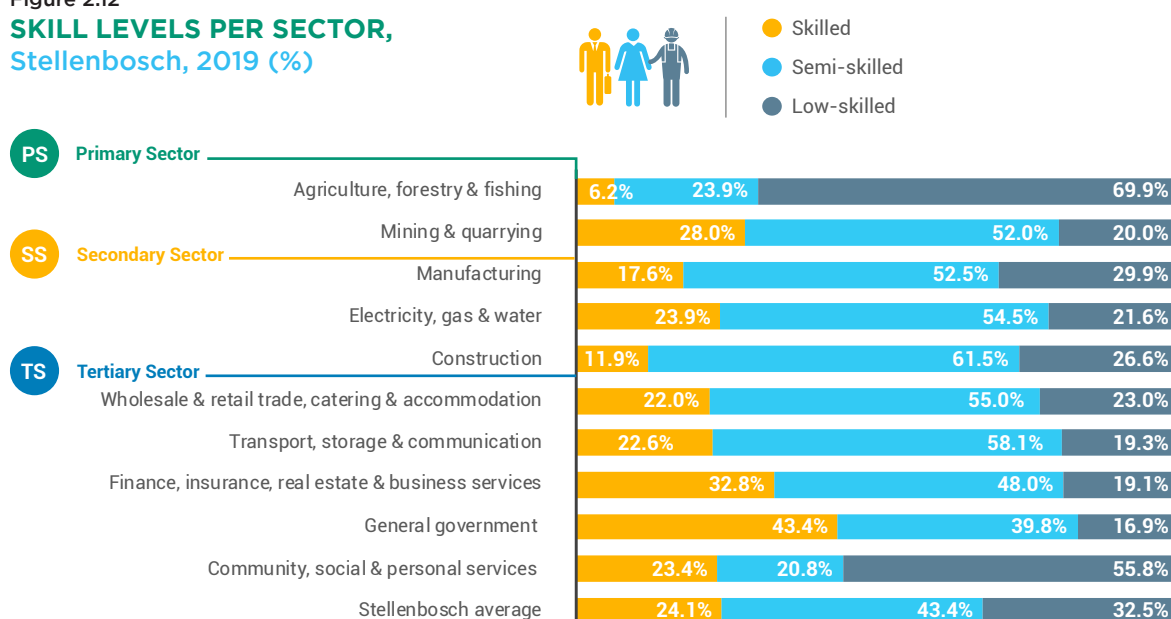
In 2015 the number of jobs created grew substantially by 2 876, most of which were for low-skilled workers.³⁰ Estimates for 2020 show substantial job losses of 3 026 for formal employment in the municipal area. The majority of jobs were shed in the semi-skilled and low-skilled workforce, while a total of 564 skilled workers were expected to lose their jobs. Given that employment often lags economic growth, it is anticipated that despite the GDP growth forecast for 2021 and 2022, employment will not recover in the short term, which will have a significant impact on poverty in the local municipal area.

³⁰ In 2015 a new master sample was implemented in the Quarterly Labour Force Survey (QLFS), which may have impacted the data owing to variations in its design (Stats SA, 2015).

Figure 2.12 illustrates the skill levels per sector in 2019 in the Stellenbosch municipal area.

Figure 2.12

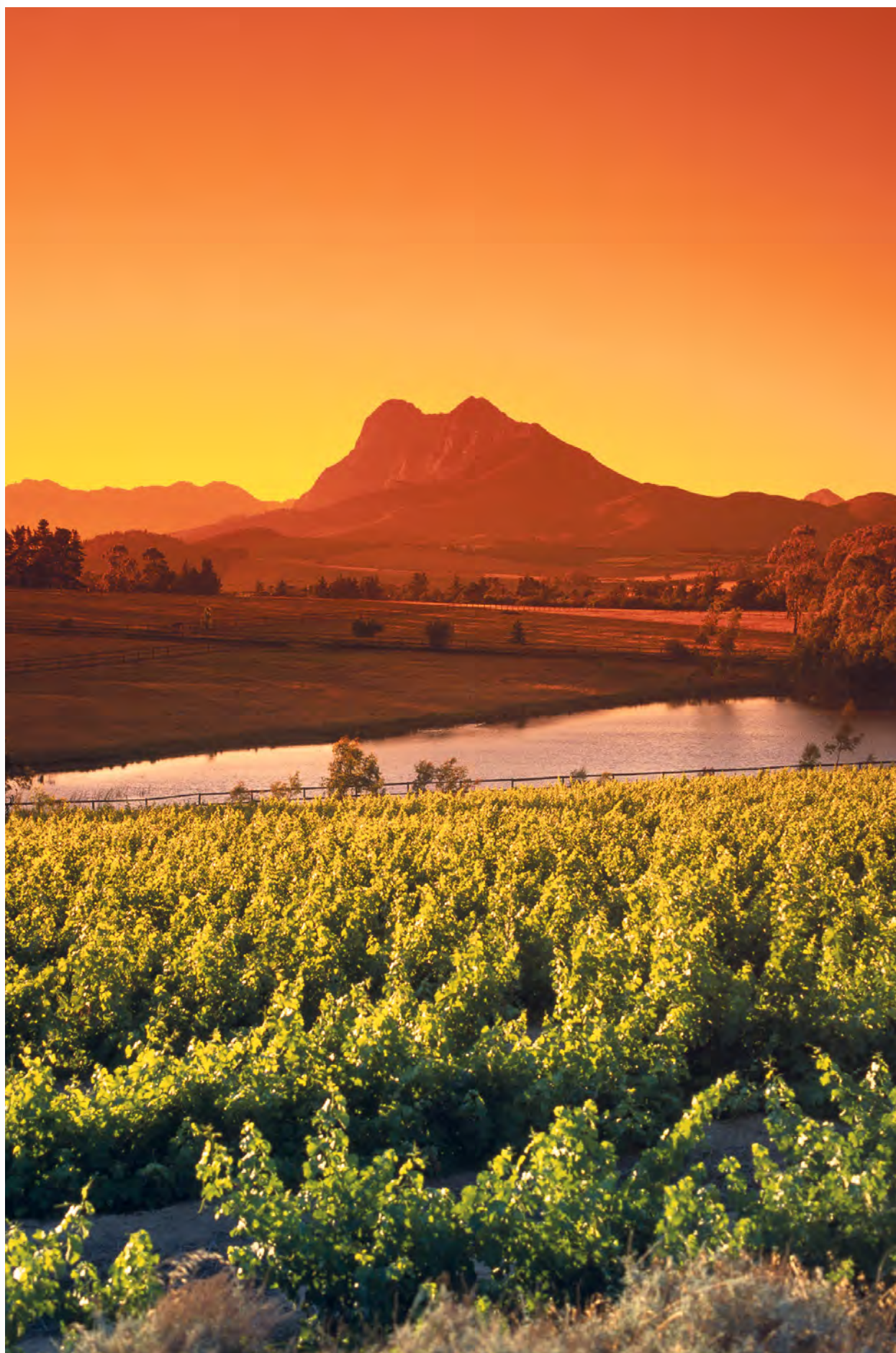
SKILL LEVELS PER SECTOR, Stellenbosch, 2019 (%)



Source: Quantec Research, 2021

Employment in the Stellenbosch municipal area is largely characterised by semi-skilled workers. In 2019, 43.4 per cent of workers in the region were classified as semi-skilled, while 32.5 per cent of workers were low-skilled and 24.1 per cent were skilled. The two sectors that absorb the highest proportion of low-skilled workers are the agriculture sector (69.9 per cent) and the community services sector (55.8 per cent). The agriculture sector had the lowest number of skilled workers in 2019 – only 6.2 per cent of workers in this sector were classified as skilled.

SMME skills development programmes to help the workforce to improve their skills will play an important function in terms of job creation. This will reduce the pressure on the municipality, with the decrease in revenue resulting in pressure for basic services.





2.5 CAPE WINELANDS DISTRICT BREDE VALLEY

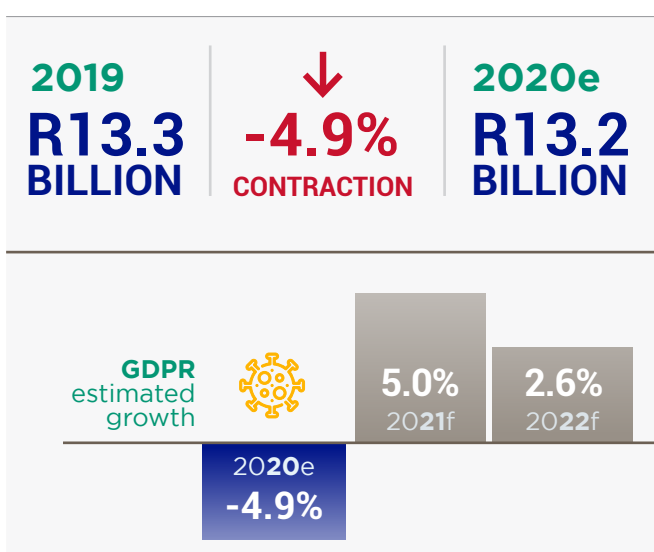
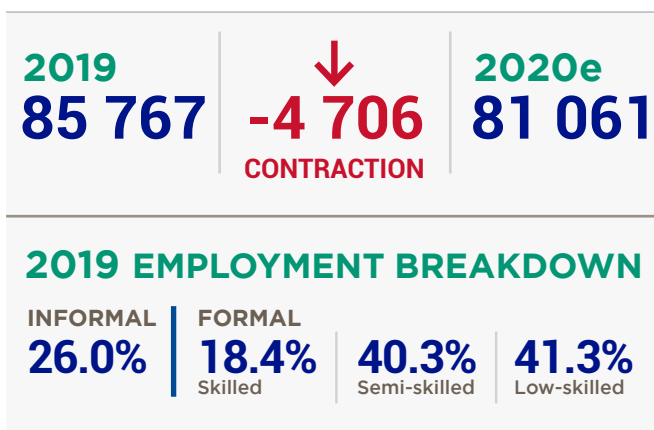


Diagram 2.4

GDPR (CURRENT PRICES) AND EMPLOYMENT, Breede Valley, 2019 and 2020e



The Breede Valley includes towns such as Rawsonville, De Doorns, Touws River and Worcester. Worcester, approximately 100km from Cape Town, is the main economic node in the Breede Valley municipal area and is well connected through the N1 and the rail network. The Breede Valley municipal area is well known for its scenic beauty, wine industry and other farming activities.

2.5.1 GDPR and employment performance

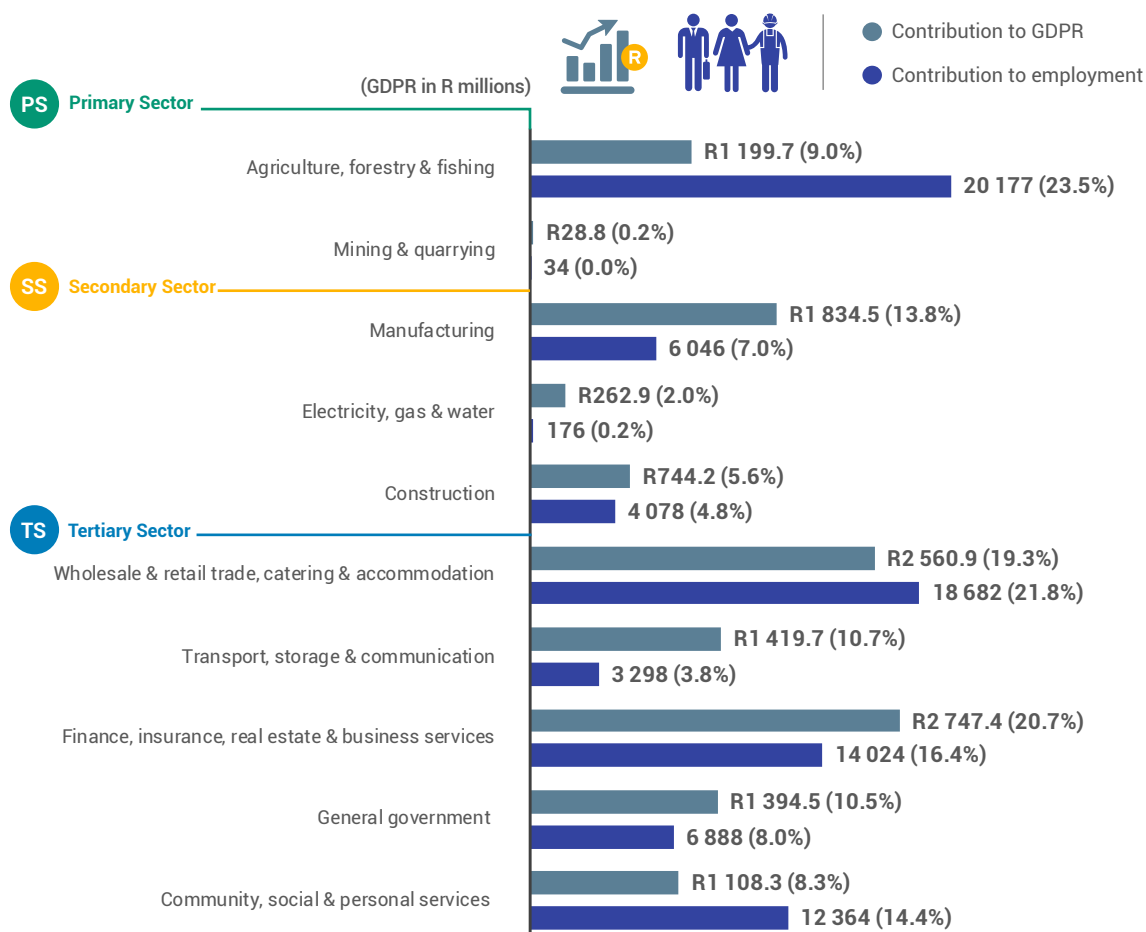
The value of the Breede Valley municipal area's economy was R13.3 billion (in current prices) in 2019, with 85 767 people being employed in the region. Estimates indicate that the region's economy contracted by 4.9 per cent in 2020, resulting in 4 706 jobs being lost. It is forecast that the economy will recover in 2021 with a GDPR growth rate of 5.0 per cent, and 2.6 per cent in 2022.

Source: Quantec Research, 2021; Urban-Econ based on Quantec, SARB, Stats SA and BFAP, 2021 (e denotes estimate, f denotes forecast)

Figure 2.13 illustrates the sectoral composition of GDP and employment in the Breede Valley municipal area in 2019.

Figure 2.13

SECTORAL GDP AND EMPLOYMENT CONTRIBUTION, Breede Valley, 2019 (%)



Source: Quantec Research, 2021


The finance sector is the leading contributor to the Breede Valley municipal area's economy. In 2019, this sector accounted for 20.7 per cent of the region's total GDP, followed by the trade sector (19.3 per cent). Another significant contributor to GDP in the region was the manufacturing sector, which contributed 13.8 per cent to GDP in 2019.

The agriculture sector accounts for the majority of jobs in the Breede Valley municipal region. Despite contributing only 9.0 per cent to GDP in the region in 2019, the sector employed 23.5 per cent of the region's total workforce, highlighting the sector's labour-intensive character. The manufacturing sector, which is the third-largest contributor to GDP, accounted for only 7.0 per cent of employment, representing the manufacturing sector's capital-intensive nature. The trade sector is another major contributor to the Breede Valley municipal area's employment (21.8 per cent).

Table 2.4 depicts the performance of employment per sector between 2015 and 2019 in the Breede Valley municipal area.

Table 2.4

GDPR AND EMPLOYMENT PERFORMANCE PER SECTOR, Breede Valley

		GDPR		Employment	
SECTOR		Trend 2015 – 2019	Real GDPR growth 2020e	Average annual change 2015 – 2019	Net change 2020e
PS	Primary Sector	-3.9%	10.6%	364	-851
	Agriculture, forestry & fishing	-3.9%	11.2%	365	-848
	Mining & quarrying	-0.3%	-18.6%	-1	-3
SS	Secondary Sector	0.6%	-11.5%	142	-902
	Manufacturing	0.7%	-9.0%	52	-399
	Electricity, gas & water	-2.9%	-8.4%	-1	-7
	Construction	1.6%	-19.9%	91	-496
TS	Tertiary Sector	2.1%	-5.5%	1 412	-2 953
	Wholesale & retail trade, catering & accommodation	1.8%	-9.8%	646	-1 180
	Transport, storage & communication	0.8%	-15.2%	86	-118
	Finance, insurance, real estate & business services	4.4%	-1.7%	538	-531
	General government	-1.0%	-1.0%	-71	15
	Community, social & personal services	1.1%	-2.5%	214	-1 139
Total Breede Valley		1.0%	-4.9%	1 917	-4 706

Source: Quantec Research, 2021 (e denotes estimate)

Between 2015 and 2019, the tertiary sector experienced an annual average growth rate of 2.1 per cent, which was largely driven by the significant average growth rate of 4.4 per cent per annum in the finance sector. The primary sector, which is mainly driven by the agriculture sector, experienced an average annual contraction of 3.9 per cent between 2015 and 2019. The poor performance in this sector could be the result of droughts experienced across the Province. Despite the construction sector's positive growth between 2015 and 2019, the secondary sector only grew at a marginal annual rate of 0.6 per cent. This can be attributed to the manufacturing sector's low growth of 0.7 per cent and the electricity, gas and water sector's average annual contraction of 2.9 per cent.

The economy in the municipal area created an average of 1 917 jobs annually between 2015 and 2019. The tertiary sector was the leading contributor, with 646 annual jobs created in the trade sector. The agriculture sector created 365 jobs annually in the municipal area.

The COVID-19 pandemic had a significant negative impact on most sectors in the Breede Valley municipal area. Sectors such as the trade sector and the manufacturing sector contracted by 9.8 per cent and 9.0 per cent respectively. The decline in tourist activities as a result of travel restrictions had a significant negative impact on many local businesses in the municipal area. The assumed business closures and job losses as a result of the weak economy will influence the revenue-collection ability of the local municipality. The agriculture sector had an increase of 11.2 per cent in 2020, which can be attributed to the improved weather conditions in the region and overall higher commodity prices experienced. The sector was also allowed to operate under the level five lockdown in 2020. The general government sector contracted less compared with other sectors (1.0 per cent) owing to the fact that it played an integral role in managing the spread of COVID-19. However, the sector also experienced significant challenges, particularly at a local municipal level. Income loss and reprioritisation of budgets affected infrastructure projects, while necessary goods and services were unavailable at times.³¹

The municipal area had a significant reduction in employment, with an estimated 4 706 jobs being shed in 2020. The majority of jobs lost were in the tertiary sector (2 953 jobs). The trade sector shed 1 180 jobs, followed by the community services sector with 1 139 jobs. Despite the positive growth of the agriculture sector, 848 jobs were lost in the same year. Some of the job losses in the municipal area were as a result of the closure of businesses, for example Hextex and PA Venter furniture manufacturers. Many businesses also had to reduce their number of staff.

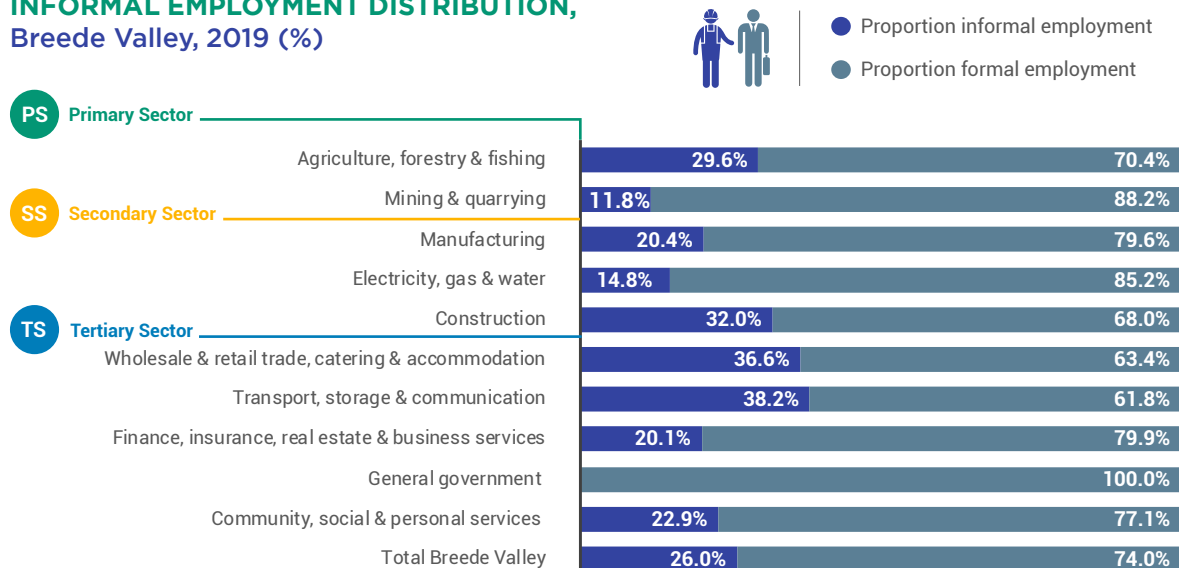


³¹ (Breede Valley Municipality, 2021).

Figure 2.14 illustrates the sectoral distribution of informal employment in the Breede Valley municipal area.

Figure 2.14

INFORMAL EMPLOYMENT DISTRIBUTION, Breede Valley, 2019 (%)



Source: Quantec Research, 2021

Most workers in the municipal area are employed in the formal sector. In 2019, 74.0 per cent of the region's employment was in the formal sector. The largest proportion of informal employment was in the transport sector (38.2 per cent) and the trade sector (36.6 per cent). The construction sector also had a large number of informal workers (32.0 per cent).

In the Breede Valley municipal area, informal businesses encounter several challenges in extending their operations and creating jobs. Start-up expenses, location and logistics are among the main challenges. In the informal economy, a lack of business knowledge continues to be a major issue. Most businesses in the informal sector are survivalists, fighting for market dominance in this sector, which frequently lacks regulatory change, poses a direct danger to livelihoods and is a major source of conflict. A lack of trading infrastructure is also a big impediment to growth.³²

Since formal and informal businesses alike were under pressure in 2020, additional support from the government sector was provided, which included the distribution of safety kits to informal traders and the distribution of information on financial relief and support programmes.³³



³² (Breede Valley Municipality, 2021).

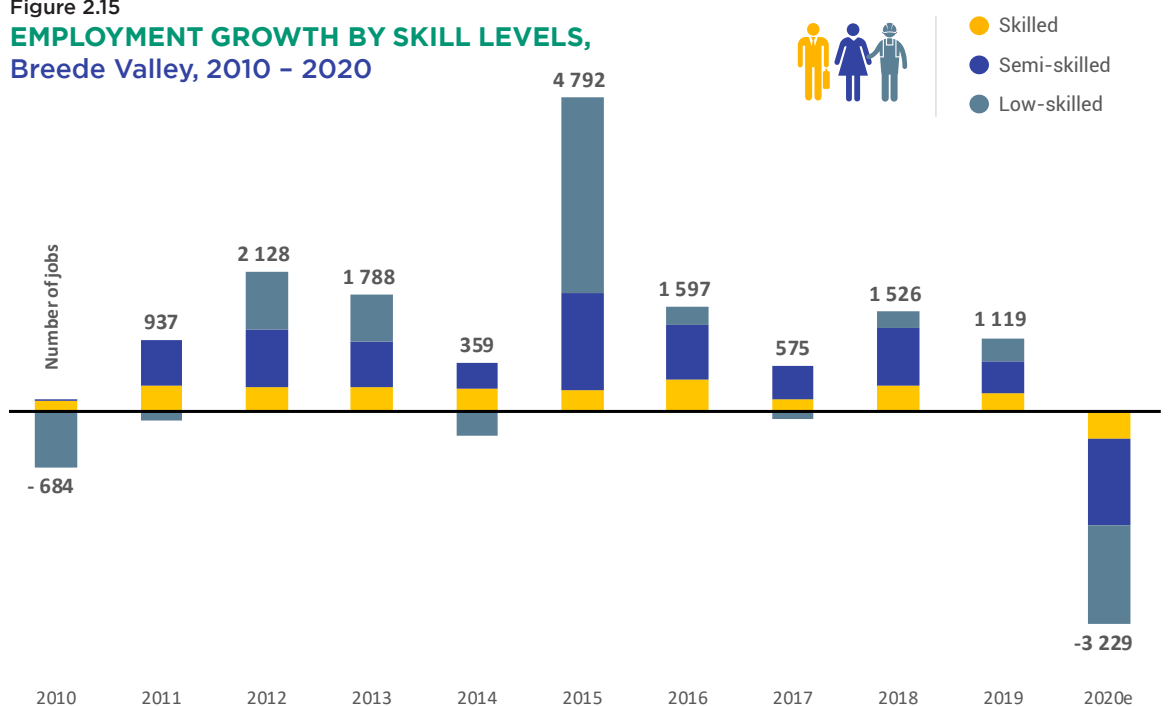
³³ (Breede Valley Municipality, 2021).

2.5.2 Skills analysis

Figure 2.15 depicts the changes in employment by skill levels between 2010 and 2019, as well as estimates for 2020, in the Breede Valley municipal area.

Figure 2.15

EMPLOYMENT GROWTH BY SKILL LEVELS, Breede Valley, 2010 – 2020



Source: Quantec Research, 2021 (e denotes estimate)

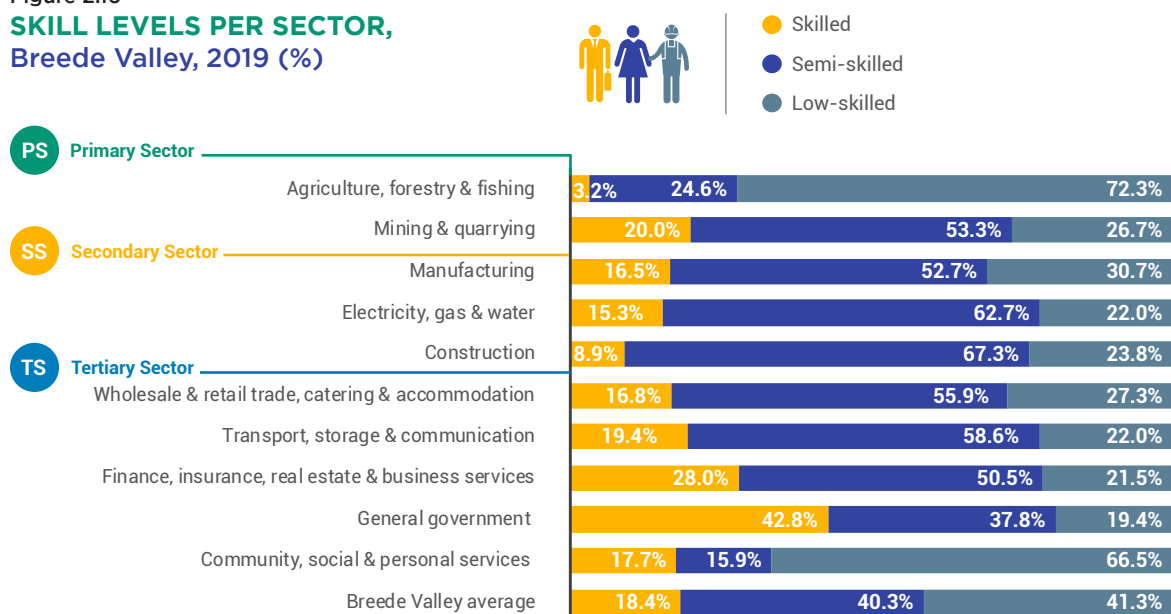
The 2008/09 global financial crisis was still impacting the municipal area in 2010. Despite an improvement in employment opportunities for semi-skilled and skilled workers in 2011, low-skilled workers continued to experience job losses during the year. In 2012, job growth remained on the rise, with 2 128 new jobs added during the year. Employment growth decreased to 1 788 jobs in 2013 and 359 jobs in 2014. The loss of 377 jobs for low-skilled labour was the main reason for the considerable drop in the number of new opportunities in 2014. Positively, 2015 saw the biggest employment creation during the period (4 792 jobs), the majority of which were for low-skilled workers.³⁴

The estimated number of job losses because of the impact of COVID-19 in 2020 was 3 229 formal jobs. Most jobs were lost in the low-skilled and semi-skilled workforce, while 426 jobs were lost for skilled workers. Given that employment often lags economic growth, it is anticipated that despite the GDP growth forecast for 2021 and 2022, employment will not recover in the short term, which will have a significant impact on poverty in the local municipal area.

³⁴ In 2015 a new master sample was implemented in the Quarterly Labour Force Survey (QLFS), which may have impacted the data owing to variations in its design (Stats SA, 2015).

Figure 2.16 illustrates the sectoral distribution of skill levels in the Breede Valley municipal area in 2019.

Figure 2.16
SKILL LEVELS PER SECTOR,
Breede Valley, 2019 (%)



Source: Quantec Research, 2021

Employment in the Breede Valley municipal area consisted predominantly of low-skilled (41.3 per cent) and semi-skilled (40.3 per cent) workers in 2019. Only 18.4 per cent of the region's workers were classified as skilled.

A significant proportion of workers in the agriculture sector (72.3 per cent) and the community services sector (66.5 per cent) were classified as low-skilled. Semi-skilled workers were most prevalent in the construction sector (67.3 per cent), as well as the electricity, gas and water sector (62.7 per cent). Most sectors in the region had a significant number of semi-skilled workers. The general government sector had the highest proportion of skilled workers (42.8 per cent) and the finance sector also absorbed a significant amount of skilled labour (28.0 per cent).





2.6 CAPE WINELANDS DISTRICT LANGEBERG

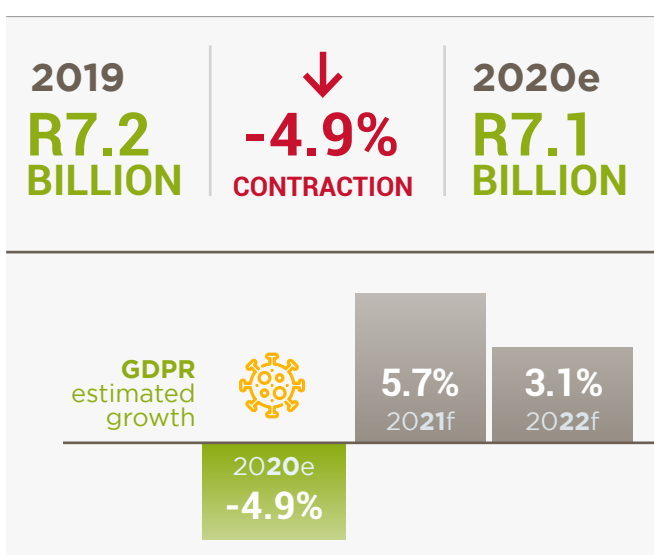
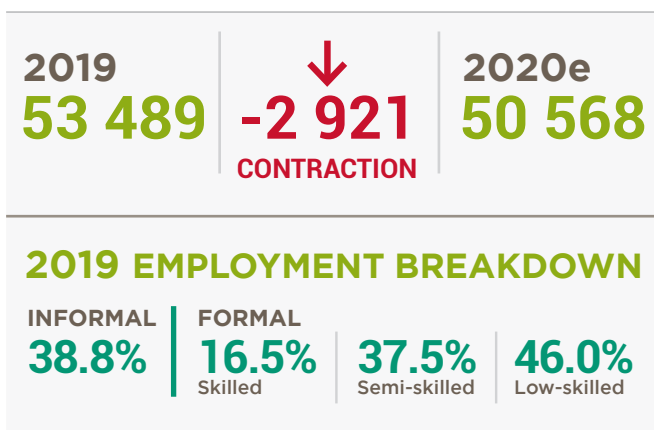


Diagram 2.5
GDPR (CURRENT PRICES) AND EMPLOYMENT, Langeberg, 2019 and 2020e



Source: Quantec Research, 2021; Urban-Econ based on Quantec, SARB, Stats SA and BFAP, 2021 (e denotes estimate, f denotes forecast)

The Langeberg municipal area is well known for its wine route (Route 62), which is the longest in the world. The municipal area includes the towns of Robertson, Ashton, Bonnievale, McGregor and Montagu, with Robertson being the main service centre. The towns in the municipal area possess a rich history, and the scenic beauty of the area makes it a popular tourist destination.³⁵

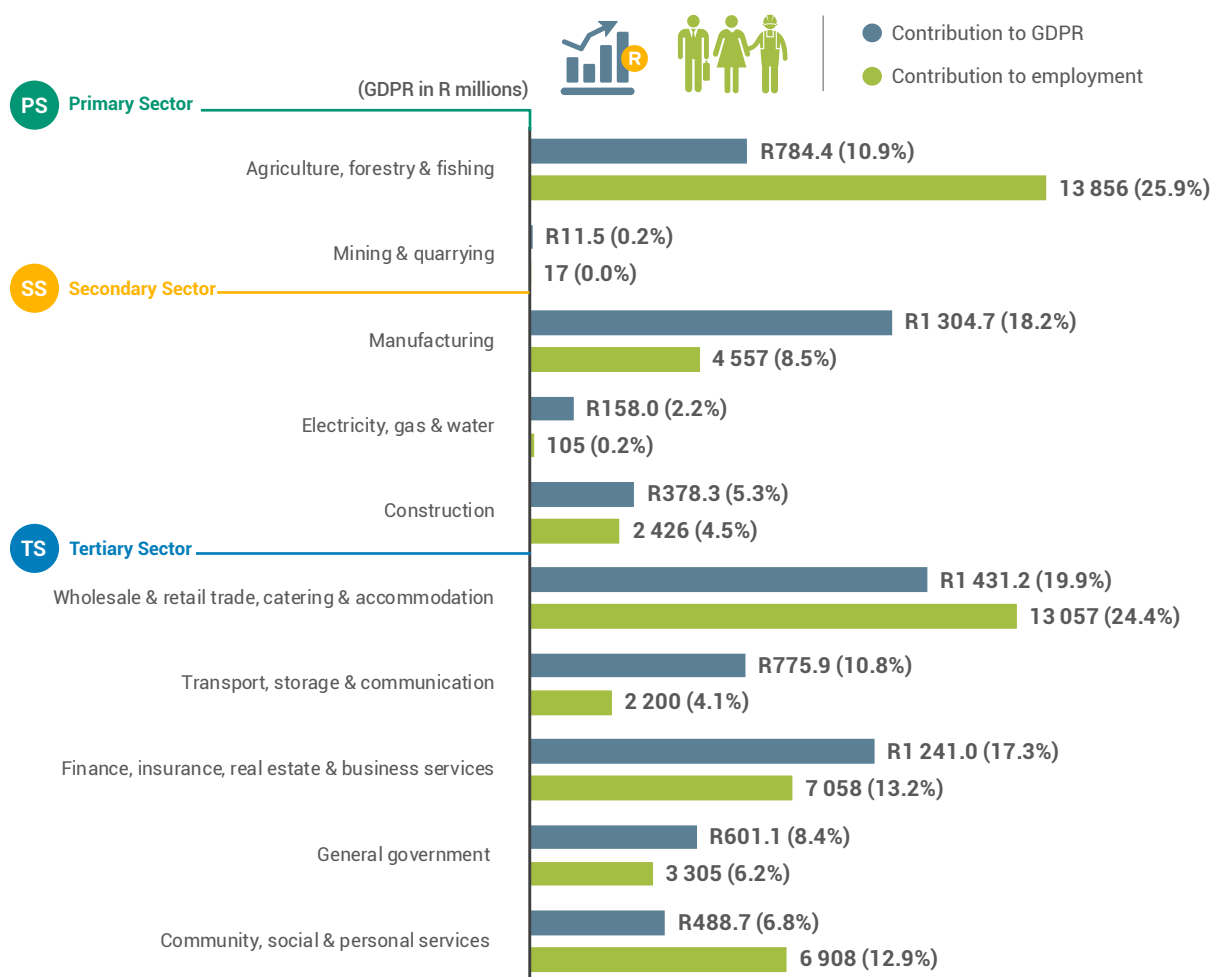
2.6.1 GDPR and employment performance

The Langeberg municipal area's economy was valued at R7.2 billion (current prices) in 2019, with 53 489 people being employed during the year. In 2020, the region's GDPR contracted by 4.9 per cent in real terms. It is estimated that employment also declined in 2020, with the region experiencing 2 921 job losses during the year. It is forecast that the economy will recover in 2021 with 5.7 per cent growth, and a further 3.1 per cent growth in 2022.

³⁵ (Langeberg Municipality, 2017).

Figure 2.17 illustrates the Langeberg municipal area's sectoral contribution to GDP and employment in 2019.

Figure 2.17
SECTORAL GDP AND EMPLOYMENT CONTRIBUTION,
Langeberg, 2019 (%)



Source: Quantec Research, 2021


The trade sector is the Langeberg municipal area's largest contributor to GDP, with a contribution of 19.9 per cent in 2019. Other main contributors to the region's economy are the manufacturing sector (18.2 per cent) and the finance sector (17.3 per cent). Employment in the region is concentrated in the agriculture sector, with 25.9 per cent in 2019. The trade sector also accounts for a large number of jobs in the region, at 24.4 per cent.

The agriculture sector, the trade sector and the community services sector are labour-intensive, contributing more to employment than to GDP. The manufacturing sector is highly capital-intensive, as it contributed only 8.5 per cent to employment in 2019.

Table 2.5 depicts the performance of each of the sectors in terms of GDPR and employment between 2015 and 2019 in the Langeberg municipal area.

Table 2.5

GDPR AND EMPLOYMENT PERFORMANCE PER SECTOR, Langeberg

		GDPR		Employment	
SECTOR		Trend 2015 – 2019	Real GDP growth 2020e	Average annual change 2015 – 2019	Net change 2020e
PS	Primary Sector	-4.0%	10.6%	219	-570
	Agriculture, forestry & fishing	-4.0%	10.9%	220	-569
	Mining & quarrying	-0.5%	-18.5%	-1	-1
SS	Secondary Sector	-0.1%	-11.8%	7	-611
	Manufacturing	-0.5%	-10.1%	-13	-325
	Electricity, gas & water	2.4%	-6.2%	1	-3
	Construction	0.8%	-20.5%	18	-283
TS	Tertiary Sector	3.1%	-5.6%	849	-1 740
	Wholesale & retail trade, catering & accommodation	2.5%	-9.4%	411	-807
	Transport, storage & communication	3.2%	-13.6%	79	-52
	Finance, insurance, real estate & business services	4.9%	-1.9%	261	-250
	General government	0.3%	0.3%	13	45
	Community, social & personal services	2.2%	-1.7%	85	-676
Total Langeberg		1.2%	-4.9%	1 075	-2 921

Source: Quantec Research, 2021 (e denotes estimate)

The tertiary sector increased at an annual rate of 3.1 per cent between 2015 and 2019. The finance sector (4.9 per cent) and the transport sector (3.2 per cent) were the key drivers of the tertiary sector's economic growth. The trade sector, which was the largest contributor to GDPR in the Langeberg municipal area, increased by 2.5 per cent annually during the period of review.

Between 2015 and 2019, the secondary sector experienced a marginal contraction of 0.1 per cent. This was mainly due to the manufacturing sector's average annual contraction of 0.5 per cent. The poor performance in the beverage sector contributed to the poor performance in the manufacturing sector, and the wine industry was influenced by the severe droughts experienced in the region. The electricity, gas and water sector and the construction sector experienced growth rates of 2.4 per cent and 0.8 per cent respectively during the period of review. The primary sector contracted by 4.0 per cent in the period under review, mainly as a result of the annual contraction of 4.0 per cent in the agriculture sector. The Western Cape experienced droughts during the reviewed period.

The tertiary sector had the largest contribution to annual jobs created between 2015 and 2019 in the municipal area. The trade sector created 411 jobs. In the primary sector, the agriculture sector created 220 jobs annually for the reviewed period. The municipal area created a total of 1 075 jobs annually.

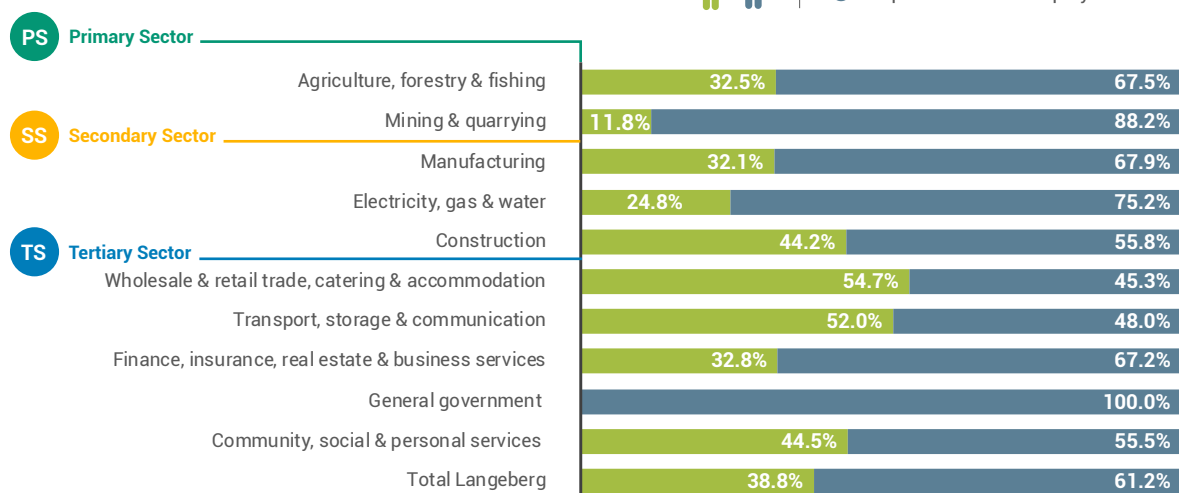
It is estimated that the municipal area's economy contracted by 4.9 per cent in 2020. The secondary and tertiary sectors had an estimated contraction of 11.8 per cent and 5.6 per cent respectively. The municipal area's largest contributor to the local economy, the trade sector, contracted by 9.4 per cent. The municipal area is well known for its wine farms, which attract high volumes of tourists each year. The regulations during level five and level four of lockdown impacted the wine farms significantly, as no trading was allowed. The construction sector is estimated to have contracted significantly in 2020 (20.5 per cent). However, it is estimated that the agriculture sector achieved significant growth in 2020, with a 10.9 per cent increase. This sector was able to operate under the strict lockdown regulations in 2020 and the weather conditions were favourable for farmers. The general government sector is also estimated to have had a marginal increase of 0.3 per cent.

The contraction in the overall economy of the municipal area affected employment significantly. The financial pressure on businesses resulted in retrenchments, and 2 921 jobs are estimated to have been lost in the municipal area. The largest contraction in employment was in the trade sector (807 jobs), followed by the community services sector (676 jobs) and the agriculture sector (569 jobs). The only sector that created additional jobs in 2020 was the general government sector, with 45 jobs created.



Figure 2.18 illustrates the distribution of formal and informal employment in the Langeberg municipal area in 2019.

Figure 2.18
INFORMAL EMPLOYMENT DISTRIBUTION,
Langeberg, 2019 (%)



Source: Quantec Research, 2021

Employment in the Langeberg municipal area was predominantly concentrated in the formal sector in 2019, at 61.2 per cent, with the remaining 38.8 per cent of workers being informally employed. The majority of employment in the trade sector and the transport sector was for informal workers, at 54.7 per cent and 52.0 per cent respectively. Other sectors that largely comprised informal activities were the community services sector (44.5 per cent) and the construction sector (44.2 per cent).

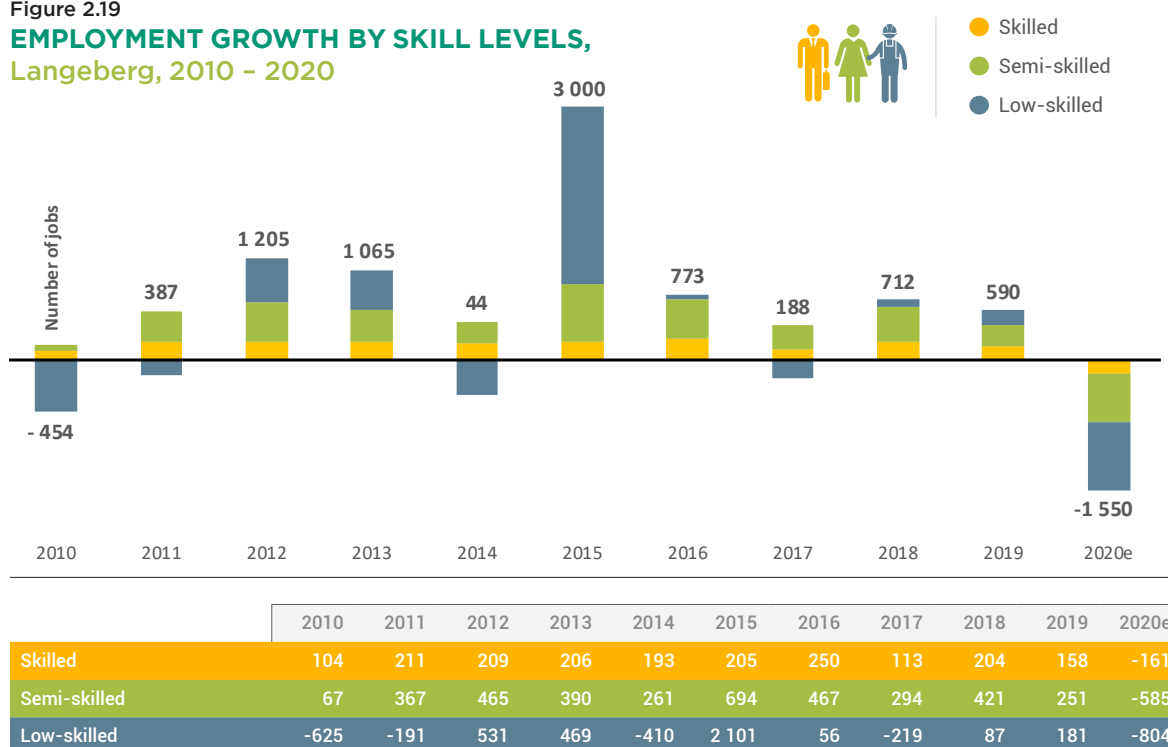


2.6.2 Skills analysis

Figure 2.19 illustrates the growth of employment by skill levels in the Langeberg municipal area between 2010 and 2019, plus the estimated growth in employment in 2020.

Figure 2.19

EMPLOYMENT GROWTH BY SKILL LEVELS, Langeberg, 2010 – 2020



Source: Quantec Research, 2021 (e denotes estimate)

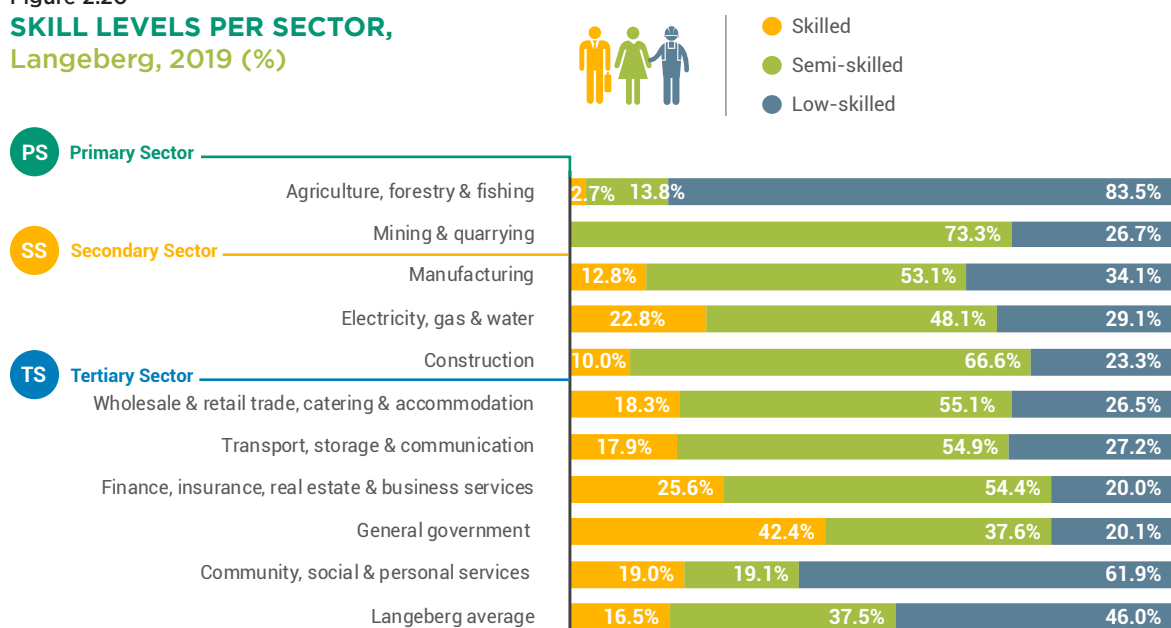
Between 2010 and 2019, the only jobs that were lost were for low-skilled workers, with jobs lost in 2010, 2011, 2014 and 2017. This indicates that when the economy was under pressure, low-skilled workers were the first to lose their jobs. The semi-skilled and skilled workforce showed more resilience against economic downturns in the municipal area. Between 2012 and 2013, employment opportunities in the municipal area experienced an improvement. During this period, most job creation was for low-skilled and semi-skilled workers. In 2015 there was a substantial increase in the number of jobs created. A total of 3 000 jobs were created in 2015, most of which were for low-skilled workers (2 101 jobs).³⁶ The number of jobs continued to fluctuate between 2016 and 2019. In 2019, 590 jobs were created, most of which were for semi-skilled workers.

Estimates indicate that in 2020 the municipal area lost 1 550 formal jobs, with 804 low-skilled workers, 585 semi-skilled workers and 161 skilled workers losing their jobs. These substantial job losses will put the municipality under pressure to get investment for additional projects so that the economy can recover. Given that employment often lags economic growth, it is anticipated that despite the GDP growth forecast for 2021 and 2022, employment will not recover in the short term, which will have a significant impact on poverty in the local municipal area.

³⁶ In 2015 a new master sample was implemented in the Quarterly Labour Force Survey (QLFS), which may have impacted the data owing to variations in its design (Stats SA, 2015).

Figure 2.20 illustrates the skill levels per sector in the Langeberg municipal area in 2019.

Figure 2.20
SKILL LEVELS PER SECTOR,
Langeberg, 2019 (%)



Source: Quantec Research, 2021

Employment in the Langeberg municipal area is mainly characterised by low-skilled workers (46.0 per cent in 2019). Semi-skilled workers contributed 37.5 per cent to the region's total employment, with the remaining 16.5 per cent classified as skilled workers. Employment in the agriculture sector, which is the Langeberg municipal area's largest contributor to employment, is predominantly low-skilled (83.5 per cent in 2019). The community services sector also absorbs a significant number of low-skilled workers. In 2019, 61.9 per cent of workers in this sector were classified as low-skilled.

The general government sector is largely characterised by skilled workers (42.4 per cent in 2019). Other sectors with a large proportion of skilled workers are the finance sector (25.6 per cent) and the electricity, gas and water sector (22.8 per cent).



2.7 CONCLUDING REMARKS

The tertiary sector is the main driver of economic activity in the CWD, with the finance sector and the trade sector being important for economic growth. Most sectors in the CWD are estimated to have contracted in 2020 as a result of the COVID-19 pandemic. The wine farms were severely impacted as a result of the alcohol bans enforced by the government, which formed part of the COVID-19 restrictions and regulations. The mining sector, as well as the trade sector, had the largest reductions. The majority of the municipalities in the CWD are highly dependent on the tourism industry. The municipalities have several wine farms with offerings such as wine tasting and restaurants, which could not trade and operate under the level five lockdown regulations. Because the trade sector accounts for the majority of employment in most municipalities, the economic downturn is estimated to have had a negative effect on employment. Since agricultural activities were exempted during the lockdown period, the agriculture sector is estimated to have grown significantly in 2020.

In terms of employment contribution, the tertiary sector – in particular the trade sector – contributed the most to employment in the larger municipalities such as Drakenstein and Stellenbosch between 2015 and 2019. The agriculture sector is the largest contributor to employment in the Witzenberg, Breede Valley and Langeberg municipal areas. While the primary sector contributed significantly to employment in most of the municipal areas in the CWD, this sector experienced job-shedding between 2015 and 2019 in most municipal areas. Over the five-year period, the secondary sector also experienced a significant number of job losses. Positively, the strong economic performance in the tertiary sector has allowed for employment opportunities in this sector, which have been able to offset some of the losses in the primary and secondary sectors.

Low-skilled and semi-skilled workers make up the majority of the workforce in the CWD, while skilled employees make up the smallest portion of the region's workforce. The agriculture sector and the community services sector employ a large number of low-skilled people. Economic changes have had a substantial impact on the primary sector, resulting in a significant number of job losses for low-skilled individuals. Semi-skilled workers make up a large proportion of the workforce in almost every sector in the CWD. A considerable number of skilled workers are employed in the general government as well as the finance sectors. Semi-skilled and skilled workers have fared better in economic downturns than low-skilled individuals, with far fewer job losses. The CWD municipalities will need to prioritise skills development training, as the majority of jobs were lost in the low-skilled workforce, and this will put pressure on the local municipalities, as revenue will decrease and the need for basic services will increase.





3

TRADE, TOURISM AND INVESTMENT

3.1 INTRODUCTION

District and local economies in the CWD are influenced not only by the spending of local households but also by the local and international cross-border trade of goods and services, domestic and international tourists who visit the various towns and attractions in the CWD, as well as private- and public-sector investments. Exports, tourism and investments can be considered injections into the economy, while imports are considered leakages.

CAPE WINELANDS TRADE AND TOURISM

This chapter explores trade, tourism and investment dynamics at a District level and analyses the comparative advantages of the various economic sectors within the District to identify growth opportunities and potential risks in the CWD.

DRAKENSTEIN

↓ R3 016.8m
↑ R16 998.8m

WITZENBERG

↓ R209.7m
↑ R1 945.6m

LANGEBERG

↓ R145.54m
↑ R1 176.0m

STELLENBOSCH

↓ R7 564.3m
↑ R14 342.3m

BREEDE VALLEY

↓ R2 773.2m
↑ R1 563.7m

TRADE



TOP 3 EXPORTED PRODUCTS



Wine



Citrus fruit



Grapes

2020

TOP 3 EXPORT DESTINATIONS



Netherlands



United Kingdom



United States

TOP 3 IMPORTED PRODUCTS



Crude petroleum oils



Other than crude petroleum oils



Unclassified imports

2020

TOP 3 IMPORT DESTINATIONS



China

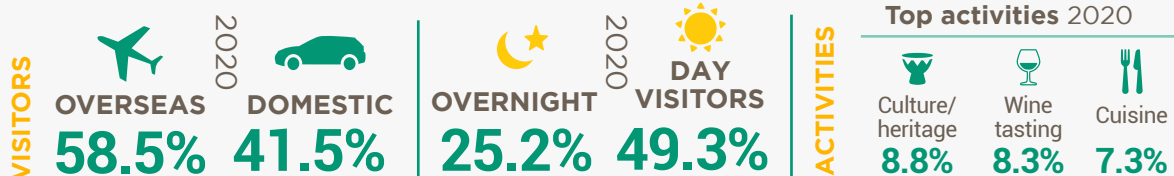


Saudi Arabia,



Germany

TOURISM



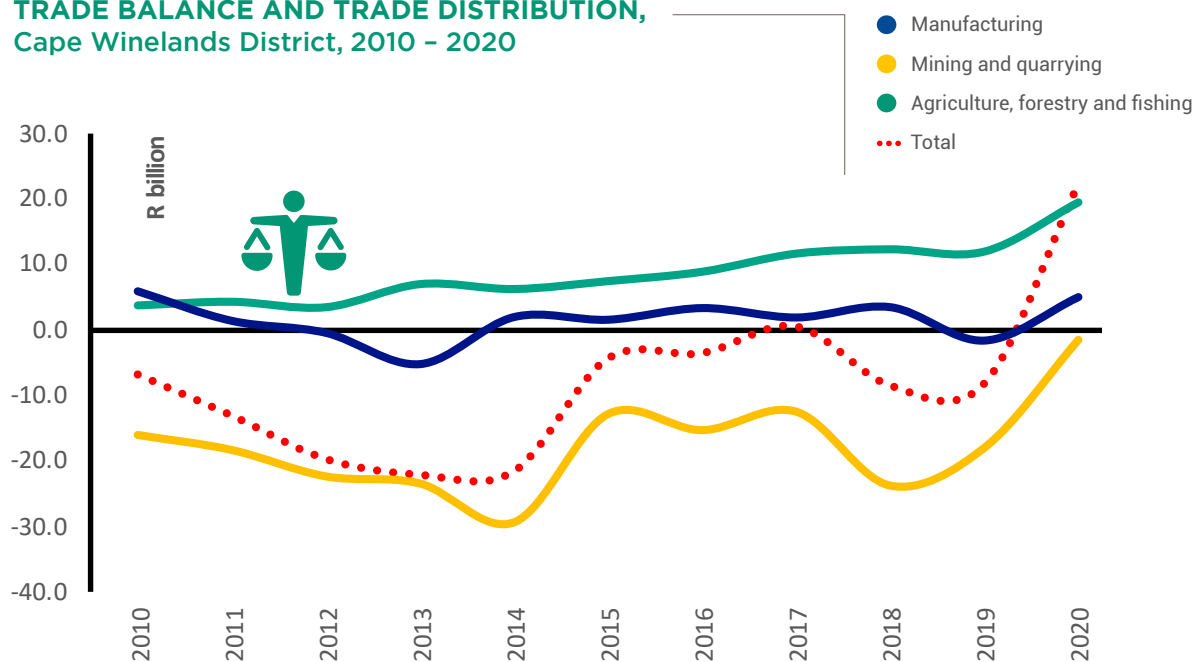
3.2 INTERNATIONAL TRADE

One of the indicators for international trade in an area is the trade balance, which is obtained by subtracting imports from exports. A positive trade balance for the CWD therefore indicates that the District exports more than it imports. Furthermore, a positive trade balance indicates a net inflow of foreign currency, which is beneficial to the economy.

Figure 3.1 provides an overview of the trade balance for the CWD between 2010 and 2020. The figure illustrates the total trade balance, as well as the trade balance for the main sectors that export and import goods, namely agriculture, manufacturing and mining.

Figure 3.1

TRADE BALANCE AND TRADE DISTRIBUTION, Cape Winelands District, 2010 – 2020



Source: Quantec Research, 2021

The CWD mostly experienced a negative trade balance between 2010 and 2019. However, the area experienced a positive trade balance in 2020, mainly owing to the trade surplus experienced in the agriculture sector. The CWD agriculture sector is boosted since the District is a well-recognised wine-producing region in South Africa, with significant volumes of wine exported from the CWD each year.

Overall, the trade balance went from a trade deficit of R6.9 billion in 2010 to a trade surplus of R22.3 billion in 2020. The trade surplus of the agriculture sector increased from R3.6 billion in 2010 to R19.2 billion in 2020. The trade balance of the manufacturing sector fluctuated during the period under review and in 2010 experienced a trade surplus of R5.8 billion, after which it declined to a trade deficit of R5.4 billion in 2013. Between 2014 and 2019 the manufacturing sector trade balance continued to fluctuate, after which it reached a high of R4.9 billion in 2020. The mining sector experienced a constant negative trade balance, but has seen improvement from a trade deficit of R15.6 billion in 2010 to a trade deficit of R1.8 billion in 2020.

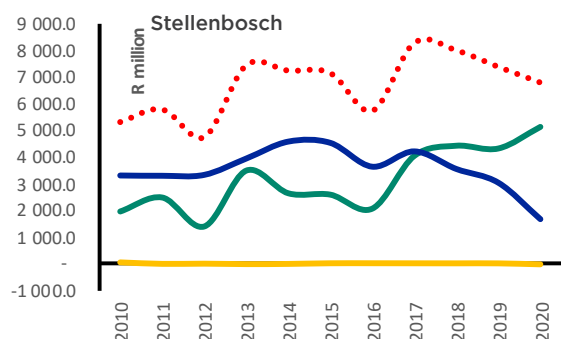
Manufacturing accounted for 80.3 per cent of the total imports into the District, whereas mining accounted for 12.8 per cent of imports in 2020. Agriculture accounted for 55.9 per cent of exports and manufacturing accounted for 44.1 per cent of exports.



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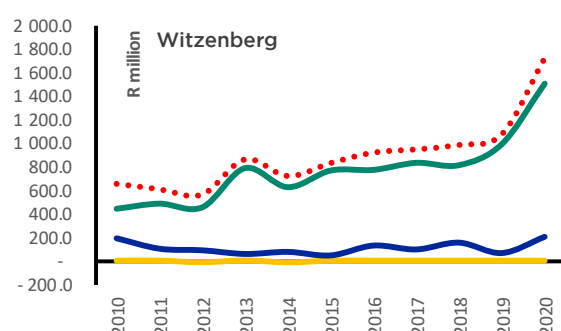
Figure 3.2 illustrates the trade balance per municipal area in the CWD between 2010 and 2020.

Figure 3.2
TRADE BALANCE PER MUNICIPAL AREA,
Cape Winelands District, 2010 – 2020



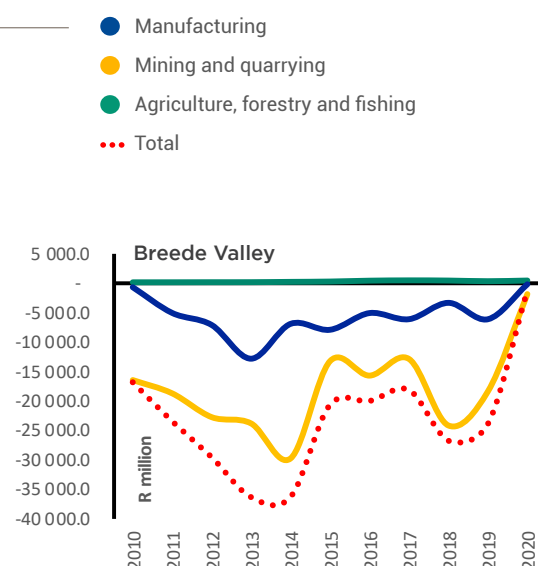
Source: Quantec Research, 2021

The Stellenbosch municipal area experienced a trade surplus between 2010 and 2020, which was mainly driven by the agriculture sector and the manufacturing sector, which contributed 39.6 per cent and 60.4 per cent respectively towards the total exports of the area. During 2020, this municipal area's trade surplus was lower than in 2019, as import values almost doubled from 2019 to 2020. Manufacturing contributed 92.2 per cent of all imports and agriculture contributed 7.4 per cent.



Source: Quantec Research, 2021

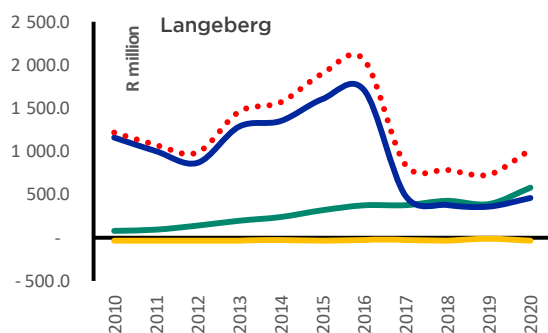
2020. The agriculture sector made the largest contribution, contributing 78.4 per cent towards total exports and 2.6 per cent towards imports. Manufacturing contributed 21.6 per cent towards total exports and 97.4 per cent towards total imports.



Source: Quantec Research, 2021

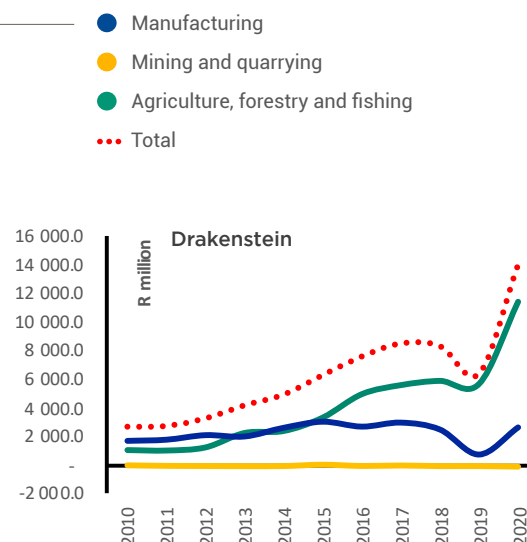
The Breede Valley municipal area experienced a trade deficit between 2010 and 2020, which was mainly driven by the mining sector, which contributed towards 62.1 per cent of imports in 2020. The agriculture sector experienced a trade surplus, contributing 39.5 per cent towards total exports. Manufacturing experienced a trade deficit for the entire period of review, but saw significant improvement in 2020. Manufacturing contributed a total of 37.6 per cent towards total imports.

For the entire period under review the **Witzenberg municipal area** experienced a trade surplus, which increased from R658.0 million in 2010 to R1.1 billion in 2019 and R1.7 billion in 2020. The agriculture and manufacturing sectors experienced a trade surplus for the period under review and also experienced an increase from 2019 to



Source: Quantec Research, 2021

The Langeberg municipal area experienced a trade surplus for the entire period under review, while experiencing a decline from R1.2 billion in 2010 to R742.5 million in 2019, after which it increased to R1.0 billion in 2020. Both the agriculture and manufacturing sectors experienced a trade surplus for the entire period under review. The manufacturing sector contributed 88.0 per cent towards total imports and 49.7 per cent towards total exports, while the agriculture sector contributed 50.3 per cent towards total exports and 12.0 per cent towards total imports.



Source: Quantec Research, 2021

The Drakenstein municipal area experienced a trade surplus for the period under review, which increased from R2.7 billion in 2010 to R6.3 billion in 2019 and R14.0 billion in 2020. The municipal area's trade surplus can mainly be attributed to the agriculture sector, with an export value of R11.7 billion in 2020, which was almost double that of the previous year. Agriculture also made the largest contribution towards exports (69.1 per cent) and contributed 11.5 per cent towards total imports. Manufacturing contributed 88.3 per cent towards imports and 30.9 per cent towards total exports.



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3.2.1 IMPORTS



Figure 3.3 provides the top 10 import partners in the CWD in 2020.

Table 3.1 provides the District's main import products and the main trading partners of those particular import products in 2020.

Table 3.1
MAIN IMPORT PRODUCTS,
Cape Winelands District, 2020

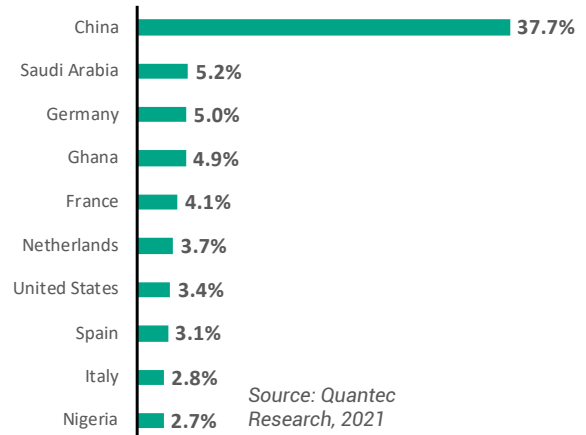
PRODUCT	R million 2020	% share	Main trading partners
Unclassified	3 974.0	29.0%	China
Petroleum oils and oils obtained from bituminous minerals, crude	1 721.7	12.6%	Saudi Arabia, Ghana, Nigeria
Petroleum oils and oils obtained from bituminous minerals, other than crude	821.7	6.0%	Oman, India, United States
Fruit and vegetable juices	372.2	2.7%	China
Undenatured ethyl alcohol of an alcoholic strength by volume of less than 80% vol.; spirits, liqueurs and other spirituous beverages	314.5	2.3%	Germany, United Kingdom, Australia
Harvesting or threshing machinery	230.4	1.7%	New Zealand, China, France
Jams, fruit jellies, marmalades, fruit or nut purée and fruit or nut pastes	185.7	1.4%	Swaziland
Dishwashing machines; machinery for cleaning or drying bottles or other containers; machinery for filling, closing, sealing or labelling bottles, cans, boxes, bags or other containers; machinery for capsuling bottles, jars, tubes and similar containers	182.1	1.3%	Italy, Germany
Flours, meals and pellets, of meat or meat offal, of fish or of crustaceans, molluscs or other aquatic invertebrates	177.4	1.3%	Netherlands, United Kingdom, Namibia
Wheat and meslin	175.2	1.3%	Russian Federation
Total imports	13 709.5		

Source: Quantec Research, 2021

China was the CWD's leading import partner in 2020, contributing 37.7 per cent towards total imports. This was followed by Saudi Arabia and Germany, which contributed 5.2 per cent and 5.0 per cent towards imports respectively. The remaining imports were distributed among countries such as Ghana, France, the Netherlands, the United States, Spain, Italy and Nigeria.

Unclassified imports from China contributed 29.0 per cent towards total imports of the CWD (R4.0 billion). Petroleum oils and oils obtained from bituminous minerals (crude) comprised 12.6 per cent (R1.7 billion) of total imports. This was followed by petroleum oils and oils obtained from bituminous minerals (other than crude), which comprised 6.0 per cent of imports (R821.7 million). These are all used as inputs into the agriculture sector in the CWD.

Figure 3.3
TOP 10 IMPORT PARTNERS,
Cape Winelands District, 2020




3.2.2 EXPORTS



Figure 3.4 provides the top 10 export partners in the CWD in 2020.

Table 3.2 lists the main exported products and trading partners in 2020.

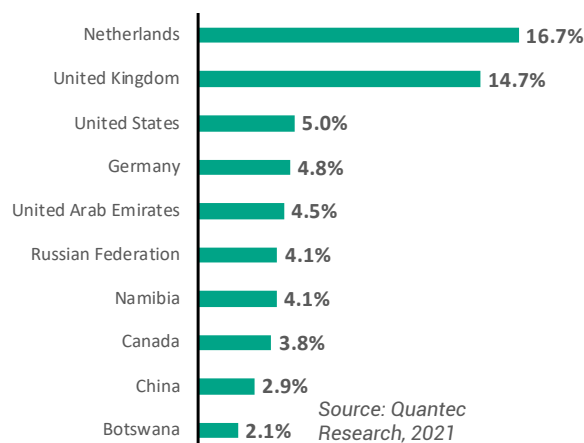
Table 3.2
MAIN EXPORT PRODUCTS,
Cape Winelands District, 2020



PRODUCT	R million 2020	% share	Main trading partners
Wine of fresh grapes	7 367.9	20.5%	United Kingdom, Germany, Netherlands
Citrus fruit, fresh or dried	7 235.0	20.1%	Netherlands, Russian Federation, United Kingdom
Grapes, fresh or dried	4 692.3	13.0%	Netherlands, United Kingdom
Apples, pears and quinces	3 296.7	9.2%	Netherlands, United Arab Emirates, Russian Federation
Other fresh fruit	1 928.2	5.4%	Netherlands, United Kingdom
Fruit and vegetable juices	1 385.4	3.8%	Japan, United States, Netherlands
Apricots, cherries, peaches (including nectarines), plums and sloes	968.8	2.7%	United Kingdom, Netherlands, United Arab Emirates
Prepared or preserved fruit, nuts and other edible parts of plants	891.2	2.5%	United States, United Kingdom, New Zealand
Undenatured ethyl alcohol of an alcoholic strength by volume of less than 80% vol.; spirits, liqueurs and other spirituous beverages	803.9	2.2%	Namibia, France, Germany
Other fermented beverages (for example, cider, perry, mead)	672.5	1.9%	Botswana, Mozambique, Zambia
Total exports	36 026.5		

Source: Quantec Research, 2021

Figure 3.4
TOP 10 EXPORT PARTNERS,
Cape Winelands District, 2020



The Netherlands was the CWD's leading export partner in 2020, contributing 16.7 per cent to total exports. This was followed by the United Kingdom (14.7 per cent) and the United States (5.0 per cent).

The food and beverage manufacturing industry is a key economic driver in the CWD, since the area exported substantial volumes of fruit, wine and other beverages to several countries in 2020. The CWD exported wine to the value of R7.4 billion in 2020, mainly to the United Kingdom, Germany and the Netherlands. Exports in 2020 were negatively impacted by the level five lockdown restrictions in 2020, which had a detrimental effect on local wine producers. Citrus and grape exports contributed R7.2 billion and R4.7 billion respectively in 2020. In 2020, international citrus prices were especially favourable for farmers, which boosted the agriculture sector considerably.

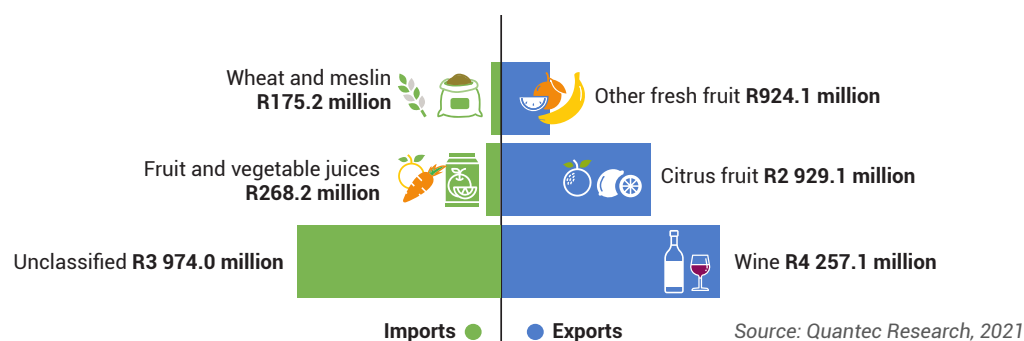
3.2.3 Municipal imports and exports

Imports and exports are a catalyst for economic growth and development. Exports increase a local economy's customer base and diversify market opportunities. The following figures outline the main imports and exports for each of the municipal areas of the CWD.

Figure 3.5

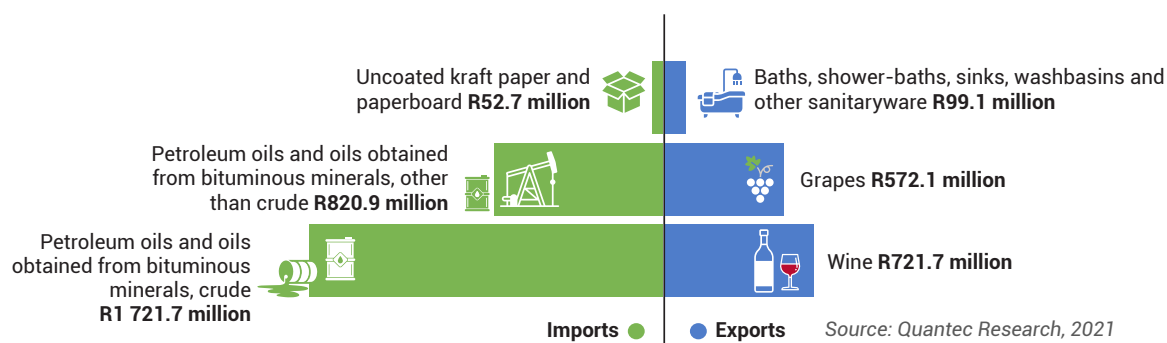
TOP 3 IMPORTS AND EXPORTS PER MUNICIPAL AREA, Cape Winelands District, 2020

Stellenbosch



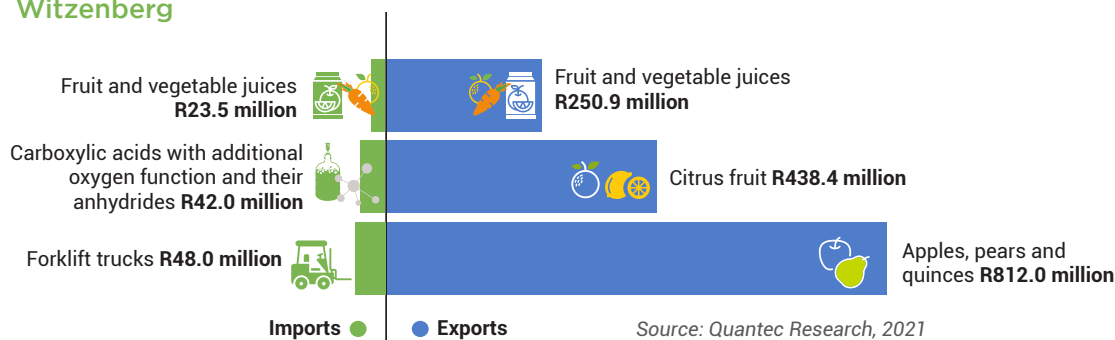
In the Stellenbosch municipal area, the top three imported products in 2020 were unclassified products to the value of R4.0 billion, fruit and vegetable juices to the value of R268.2 million and wheat and meslin to the value of R175.2 million. The top three exported products from the municipal area in 2020 were wine to the value of R4.2 billion, citrus fruit to the value of R2.9 billion and other fresh fruit to the value of R924.1 million.

Breede Valley



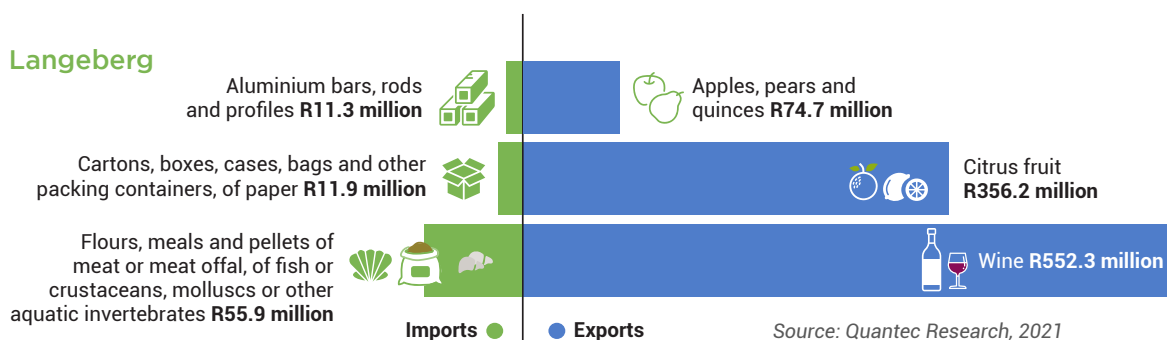
In the Breede Valley municipal area, the top three imported products in 2020 were petroleum oils and oils obtained from bituminous minerals, crude to the value of R1.7 billion, petroleum oils and oils obtained from bituminous minerals, other than crude to the value of R820.9 million and uncoated kraft paper and paperboard to the value of R52.7 million. The top three exported products in 2020 were wine to the value of R721.7 million, grapes to the value of R572.1 million and baths, shower-baths, sinks, washbasins and other sanitaryware to the value of R99.1 million.

Witzenberg



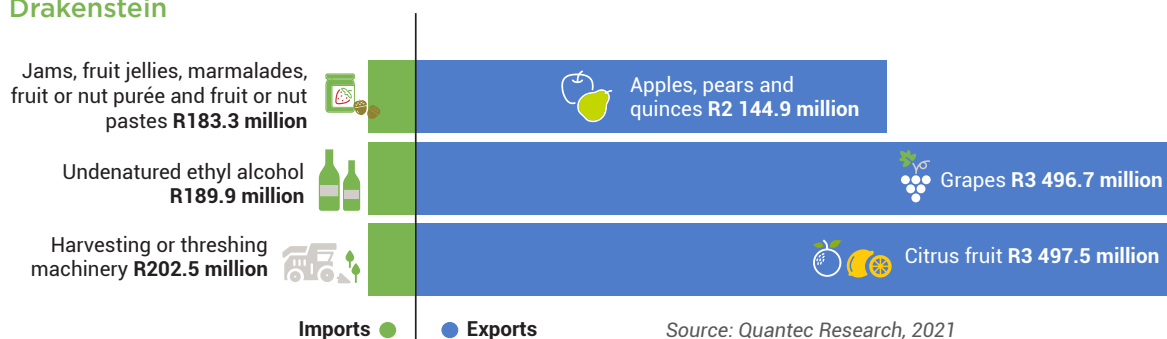
In the Witzenberg municipal area, the top three imported products in 2020 were forklift trucks to the value of R48.0 million, carboxylic acids with additional oxygen function and their anhydrides to the value of R42.0 million and fruit and vegetable juices valued at R23.5 million. The top three exported products in 2020 were apples, pears and quinces, which were valued at R812.0 million, citrus fruit valued at R438.4 million and fruit and vegetable juices to the value of R250.9 million.

Langeberg



In the Langeberg municipal area, the top three imported products in 2020 were flours, meals and pellets of meat or meat offal of fish or of crustaceans, molluscs or other aquatic invertebrates to the value of R55.9 million; cartons, boxes, cases, bags and other packing containers, of paper to the value of R11.9 million; and aluminium bars, rods and profiles to the value of R11.3 million. The top three exported products in 2020 from the municipal area were wine to the value of R552.3 million, citrus fruit to the value of R356.2 million and apples, pears and quinces to the value of R74.7 million.

Drakenstein



In the Drakenstein municipal area, the top three imported products in 2020 were harvesting or threshing machinery to the value of R202.5 million, undenatured ethyl alcohol valued at R189.9 million and jams, fruit jellies, marmalades, fruit or nut purée and fruit or nut pastes to the value of R183.3 million. The top three exported products in 2020 from the municipal area were citrus fruit to the value of R3.5 billion, grapes to the value of R3.5 billion and apples, pears and quinces to the value of R2.1 billion.

3.3 TOURISM PROFILE³⁷

The CWD is renowned for its architecture, beautiful scenery, world-class wineries and the longest wine route on a global scale (Route 62). It is situated close to Cape Town, with the towns of Stellenbosch and Paarl a 30- to 45-minute drive from Cape Town International Airport. The Cape Winelands is known for its mountainous landscapes and vineyards, and was selected by Lonely Planet as one of its “Top 10 Best Value Destinations for 2020”, coming in eighth position. The CWD offers a range of tourism facilities such as hotels, guest houses, lodges, health spas, restaurants, conference centres, museums, adventure activities, as well as arts and culture attractions. The Winelands is a wonderful example of agri-tourism (wine tourism), creating an integrated shared economy through the promotion of routes and experiential activities. The tourism sector plays an integral part in the CWD economy and has great potential for growth thanks to the availability of natural and historical resources. The Cape Winelands is an internationally proclaimed biosphere reserve and extends from the Kogelberg Biosphere Reserve in the south and northwards along the Cape Fold Belt mountain chain and the connecting valleys that make up the Cape Winelands.

The tourism sector is not a stand-alone economic sector, as tourists demand goods and services from a variety of sectors, such as travel and transport services, accommodation, restaurant services, general shopping and fuel. However, the catering and accommodation sector is often used to determine at least a portion of the size of the tourism sector in an area. The catering and accommodation services industry was valued at R951.4 million in 2019 and employed 15 600 people, with informal employment accounting for 38.8 per cent of the industry’s total employment. Estimates for 2020 indicate that the industry was valued at R900.3 million and shed 2 360 jobs.

3.3.1 The impact of COVID-19 on the tourism sector



The tourism sector is one of the sectors that was hit the hardest by COVID-19. Many tourism businesses suffered big losses in revenue and many jobs were also lost. Each District in the Western Cape offers a unique product that attracts many international and domestic tourists annually. The CWD is a popular leisure destination for both international and domestic markets, and visitors enjoy short or weekend getaways.

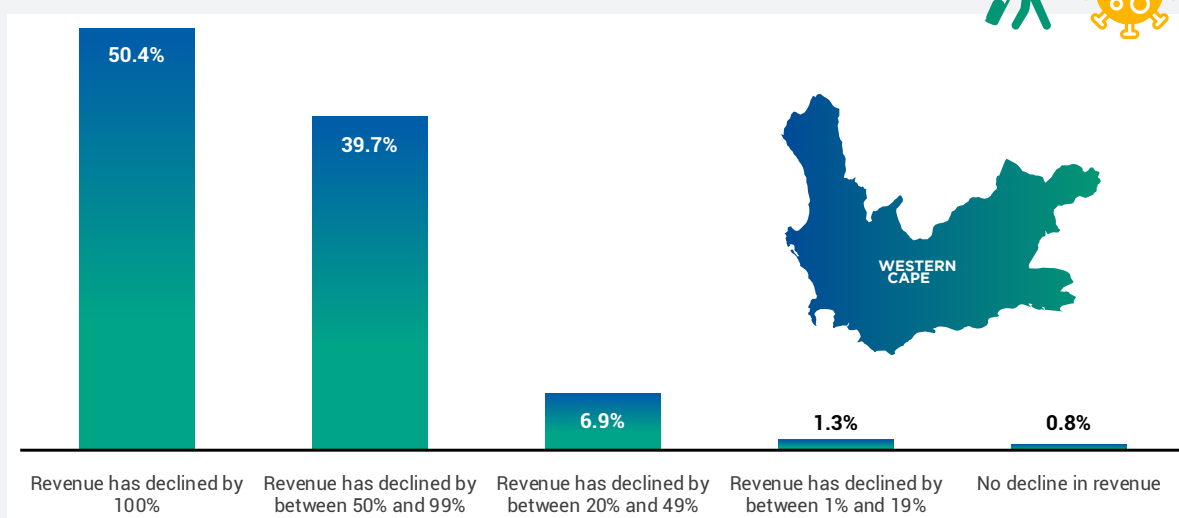
The future of tourism is uncertain as a result of travel and movement restrictions frequently changing. However, it is important for the sector, along with the relevant management authorities, to improve the “readiness” of tourism destinations to receive visitors and prioritise their wellbeing through the implementation of COVID-19 health and safety protocols.

The full extent of the economic damage caused by COVID-19 and the subsequent national lockdown cannot be determined with certainty because, at the time of writing this publication, the national lockdown was still ongoing. A closer look at the labour market indicates a decline in household income owing to job losses and business closures, while the South African economy is under severe pressure to sustain livelihoods.

³⁷ The Regional Visitor Trends reports published by Wesgro were used to report on regional tourism performance. It is important to note that the regional visitor tracking surveys can only be used as a proxy to indicate the key trends within the region owing to their survey collection method and sample size. Therefore, the information reported on cannot be seen as absolute figures. Furthermore, the information cannot be compared with other regions, nor with the information released by South African Tourism. It is also not advisable to compare year-on-year information, as the sample sizes are not comparable.

Figure 3.6 indicates the overall impact of COVID-19 on the Western Cape tourism businesses.

Figure 3.6
IMPACT OF COVID-19 ON TOURISM BUSINESSES, Western Cape, 2020



Source: Wesgro, 2021

It is estimated that more than half of the tourism businesses experienced a 100.0 per cent loss of revenue because of the COVID-19 pandemic and 39.7 per cent saw their revenue decline between 50.0 per cent and 99.0 per cent.

Other COVID-19 impacts on the Western Cape tourism sector include the following:³⁸

- Approximately 43.2 per cent of the respondents did not lose any workers. However, nearly half of the sector lost between one and 10 workers, and a further 7.5 per cent lost between 11 and 50 workers.
- Approximately 70.0 per cent of respondents had between one and 10 workers before COVID-19 and just under 50.0 per cent lost at least one worker.
- Approximately 20.8 per cent of respondents had between 11 and 50 workers before the pandemic and 52.6 per cent lost between one and 10 workers.
- Approximately 30.8 per cent of respondents who employed 51 to 250 workers before COVID-19 lost between one and 10 workers, and 26.9 per cent of respondents lost between 11 and 50 workers.
- Approximately 46.7 per cent of the respondents had to reduce employee salaries.
- Temporary closure and increased marketing efforts were among the most widely used methods to reduce the impact of the pandemic on the sector. Other methods implemented to reduce the impact included applying for payment holidays and adding more specials to secure future bookings. Many respondents also had to access their savings to cope during the pandemic.
- More than half of the respondents did not receive financial support from the government. However, 54.3 per cent of the respondents who did not receive funding did not apply for it at all.

³⁸ (Wesgro, 2021).

- Approximately 23.2 per cent of the respondents received funding and 9.1 per cent of respondents who received funding did not receive sufficient funding for their operational needs.
- Approximately 55.2 per cent of the respondents applied for funding from the UIF's TERS, 30.1 per cent applied to the Department of Tourism's Tourism Relief Fund and 18.4 per cent applied to the SMME Debt Relief Finance Scheme.
- The national government implemented a risk-adjusted strategy that allowed certain activities to open under lockdown levels three and four. Approximately 40.0 per cent of the respondents indicated that occupancy levels or revenue slightly increased because of this relief measure.
- The easing of restrictions also had a huge impact on almost 10.0 per cent of respondents, who experienced a moderate to significant increase in revenue. However, almost 50.0 per cent of respondents did not experience any change in occupancy or revenue.

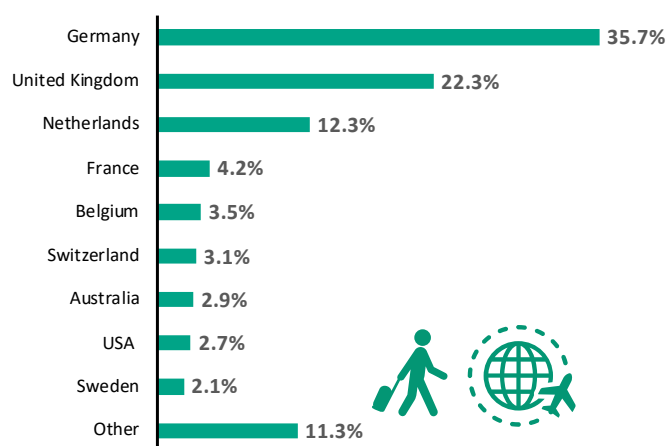


3.3.2 Demographic profile of visitors

The CWD is an attractive destination for both international (41.5 per cent) and domestic (58.5 per cent) visitors. Figure 3.7 illustrates the percentage share of international and domestic visitors in the CWD in 2020.

Figure 3.7

PERCENTAGE SHARE OF INTERNATIONAL TRAVELLERS, Cape Winelands District, 2020

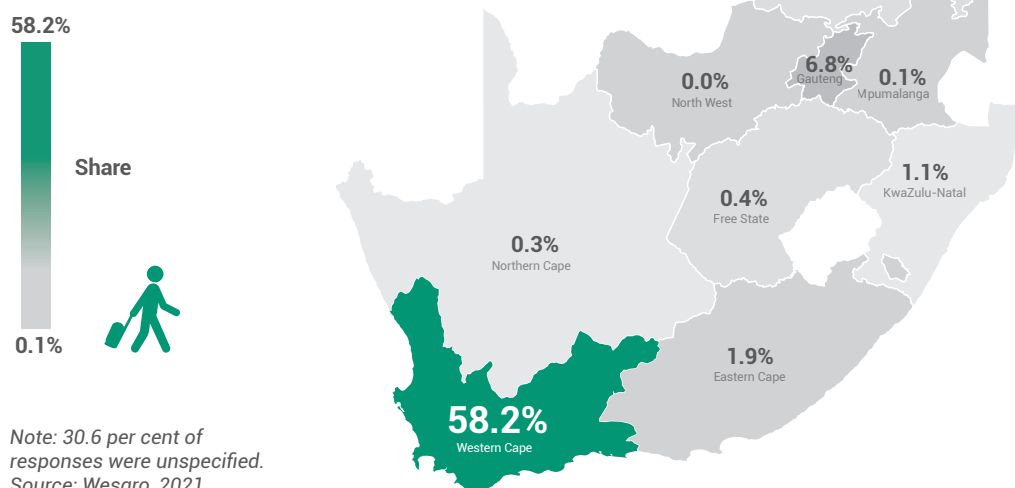


Source: Wesgro, 2021

The top three international source markets to the CWD in 2020 travelled from Germany (35.7 per cent), the United Kingdom (22.3 per cent) and the Netherlands (12.3 per cent). The international visitor trend to the CWD is consistent with the Province, in the sense that European countries dominate source markets.

Map 3.1

PERCENTAGE SHARE OF DOMESTIC TRAVELLERS, Cape Winelands District, 2020

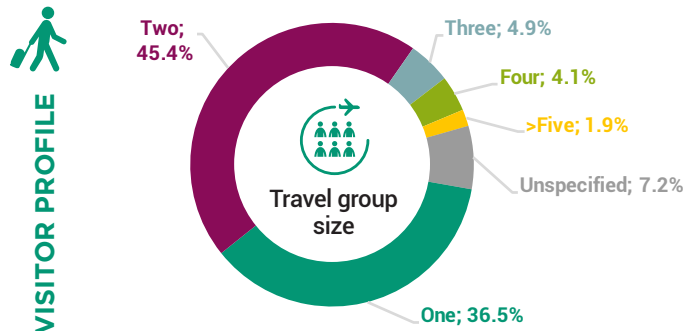


Note: 30.6 per cent of responses were unspecified.
Source: Wesgro, 2021

The top three domestic source markets to the CWD in 2020 were the Western Cape (58.2 per cent), Gauteng (6.8 per cent) and the Eastern Cape (1.9 per cent). Despite the COVID-19 regulations in respect of travel, the trends indicate that the domestic market started to travel to this region once the restrictions were eased, confirming that the Cape Winelands area is a popular destination for leisure activities. However, the poor performance of the economy had a negative impact on household income and therefore spending by domestic tourists.

Figure 3.8 provides a profile of the visitors who visited the CWD in 2020 in terms of group size.

Figure 3.8
VISITOR PROFILE, Cape Winelands District, 2020



Source: Wesgro, 2021

Visitors to the region mainly travelled in pairs (45.4 per cent) or alone (36.5 per cent) in 2020. It can be assumed that because a large number of visitors travelled in pairs, they were either partners or married, and travelled to the region for either short leisure getaways or weekends.

3.3.3 Purpose and duration of visit

As illustrated in Figure 3.9, the CWD is primarily seen as a leisure destination, with 87.7 per cent of visitors travelling to the area for this purpose.

Figure 3.9
MAIN PURPOSE OF VISIT, Cape Winelands District, 2020

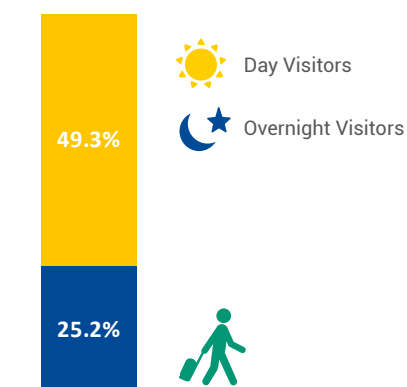


Source: Wesgro, 2021 (VFR denotes visiting friends and relatives)

Apart from leisure travel (87.7 per cent), 7.2 per cent of travel was for business and 3.1 per cent of visitors travelled for education purposes. This is likely related to the presence of Stellenbosch University in the CWD, which attracts students from across the country as well as internationally.

Figure 3.10 illustrates the distribution of overnight and day visitors to the CWD in 2020.

Figure 3.10
OVERNIGHT VS DAY VISITORS,
Cape Winelands District, 2020



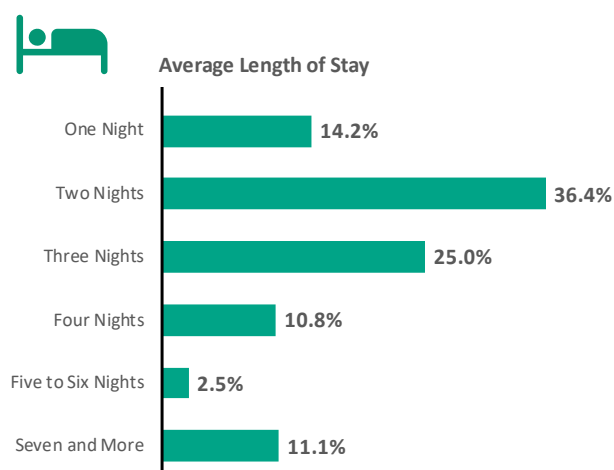
Source: Wesgro, 2021

Note: 25.6 per cent of responses were unspecified

The CWD is a popular destination for day visitors, accounting for 49.3 per cent of visits in 2020, while overnight visitors accounted for 25.2 per cent.

Figure 3.11 illustrates the average length of stay of visitors in the CWD in 2020.

Figure 3.11
AVERAGE LENGTH OF STAY BY VISITORS,
Cape Winelands District, 2020



Source: Wesgro, 2021



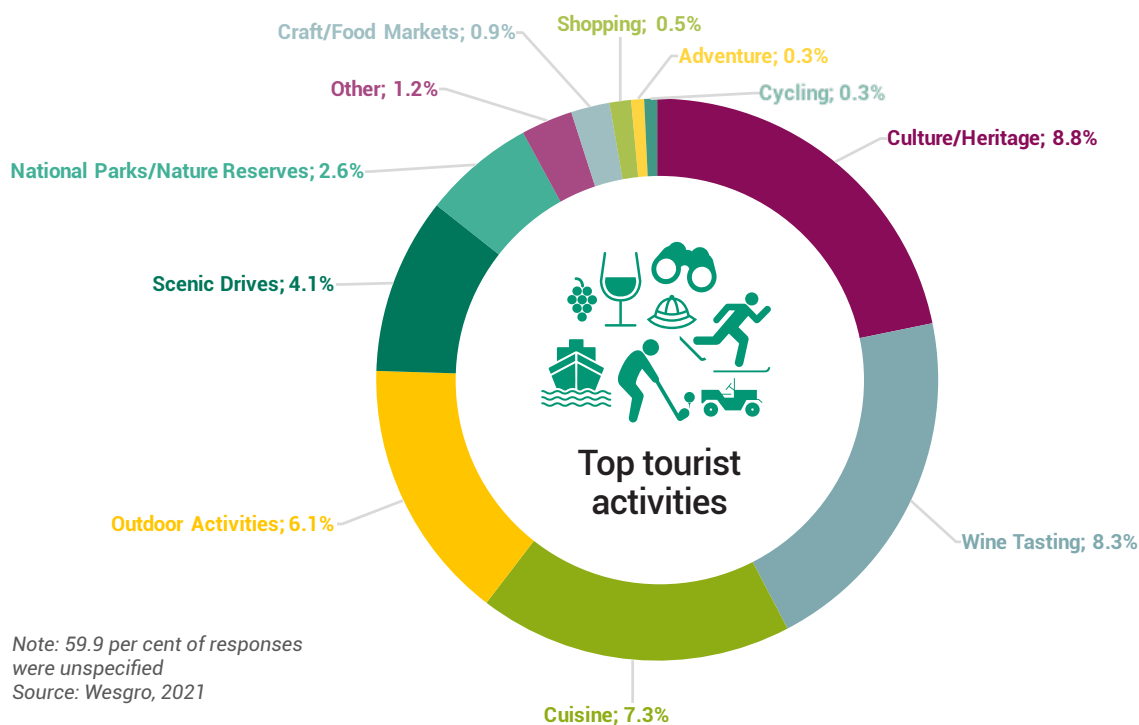
The region is popular for getaways of between two and three nights, and tourists mainly make use of guest houses, B&Bs and hotels. The length of stay is one of the key elements in a tourist's decision-making process and is of great economic importance for the tourist destination. Therefore, promoting longer stays would have a positive economic impact, especially when targeting the international markets, as they tend to spend more.

3.3.4 Activities and transport

Figure 3.12 illustrates the top activities undertaken by visitors during their visit to the CWD in 2020.

Figure 3.12

TOP TOURIST ACTIVITIES UNDERTAKEN, Cape Winelands District, 2020



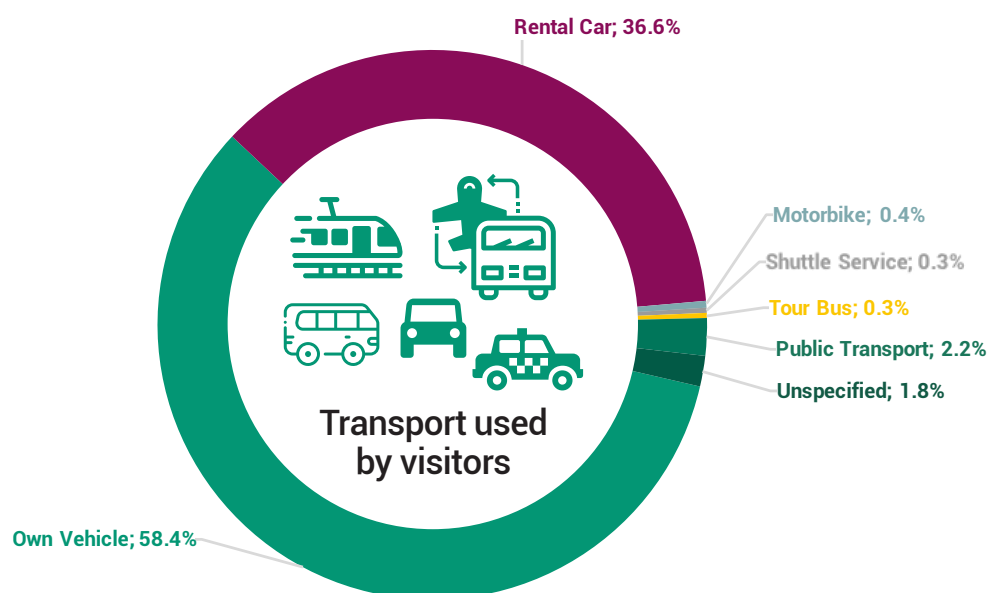
Activities enjoyed in 2020 by tourists visiting the CWD included culture/heritage activities (8.8 per cent), wine tasting (8.3 per cent) and cuisine (7.3 per cent). Activities participated in the least by tourists included cycling (0.3 per cent) and adventure activities (0.3 per cent). These percentages could be low because of low awareness levels, or because tourists simply prefer not to take part in these activities.



Figure 3.13 indicates the mode of transport used by visitors in the CWD in 2020.

Figure 3.13

MODE OF TRANSPORT USED BY VISITORS, Cape Winelands District, 2020



Source: Wesgro, 2021

In terms of the preferred mode of transport, most tourists made use of their own cars (58.4 per cent), followed by rental cars (36.6 per cent). This indicates that locals, domestic travellers and international visitors made trips to the CWD, assuming that the latter mostly rented vehicles to travel to this region.



3.4 COMPARATIVE ADVANTAGE AND EMPLOYMENT POTENTIAL


The purpose of this section is to analyse the comparative advantage of the various economic sectors within the CWD by exploring the historic growth of the respective sectors to identify growth opportunities for the District economy.

A location quotient is used to determine the level of specification in the economic sectors of the CWD in comparison with South Africa. The location quotient provides a ratio between two economies (in this case, the national and District economies) to indicate the comparative advantage of sectors in the District and to indicate whether the District is exporting and self-sufficient, or is importing goods and services from a particular sector.

If the location quotient takes on a value of more than one, a comparative advantage exists in this local economy compared with the national economy, whereas a location quotient of less than one indicates that the representation of this industry is weaker in the local economy than in the national economy.³⁹ Furthermore, a location quotient of one indicates that the representation of an industry in the local economy is the same as its representation in South Africa.

Table 3.3 describes the classification and interpretation of the location quotient.

Table 3.3
LOCATION QUOTIENT INTERPRETATION

LOCATION QUOTIENT	Classification	 Interpretation
Less than 0.75	Low	Regional needs are probably not being met by the sector, resulting in an import of goods and services in this sector.
0.75 to 1.24	Medium	The sector is meeting most local needs. The region will probably be both importing and exporting goods and services in this sector.
1.25 to 4.99	High	The sector is serving needs beyond the border, exporting goods and services in this sector to other regions or provinces.
More than 5.00	Very high	This is indicative of a very high level of local dependence on the sector, typically in a "single-industry" community.

Source: Urban-Econ, 2021

However, the location quotient does not consider external factors that may influence the comparative advantage of an area in a particular sector. The external factors may include investment incentives, government policies, market proximities, etc. Furthermore, the location quotient showcases the importance of the local economy to the national economy, while not necessarily considering the size of the sector relative to the local economy or its importance. A value between 0.75 and 1.24 does not necessarily indicate that the local economy is exporting goods or services, and does not indicate that local needs are not being met.

³⁹ (Fennig and DaCosta, 2010).

Table 3.4 depicts the CWD location quotient in terms of GDPR and employment.

Table 3.4
LOCATION QUOTIENT IN TERMS
OF GDPR AND EMPLOYMENT,
Cape Winelands District, 2019



SECTOR	In terms of GDPR	In terms of employment
PS Primary Sector		
Agriculture, forestry & fishing	3.5	3.0
Mining & quarrying	0.0	0.0
SS Secondary Sector		
Manufacturing	1.2	0.9
Electricity, gas & water	0.6	0.6
Construction	1.7	0.9
TS Tertiary Sector		
Wholesale & retail trade, catering & accommodation	1.3	1.0
Transport, storage & communication	1.0	0.8
Finance, insurance, real estate & business services	1.0	0.9
General government	0.6	0.8
Community, social & personal services	1.3	0.8

Source: Quantec Research, 2021

When compared with the structure of the South African economy, the CWD had a very high comparative advantage in terms of employment and GDPR in the agriculture sector in 2019. The manufacturing, construction, trade, and community services sectors had a high comparative advantage in terms of GDPR, with a somewhat lower comparative advantage in terms of employment, which highlights their respective capital intensities.

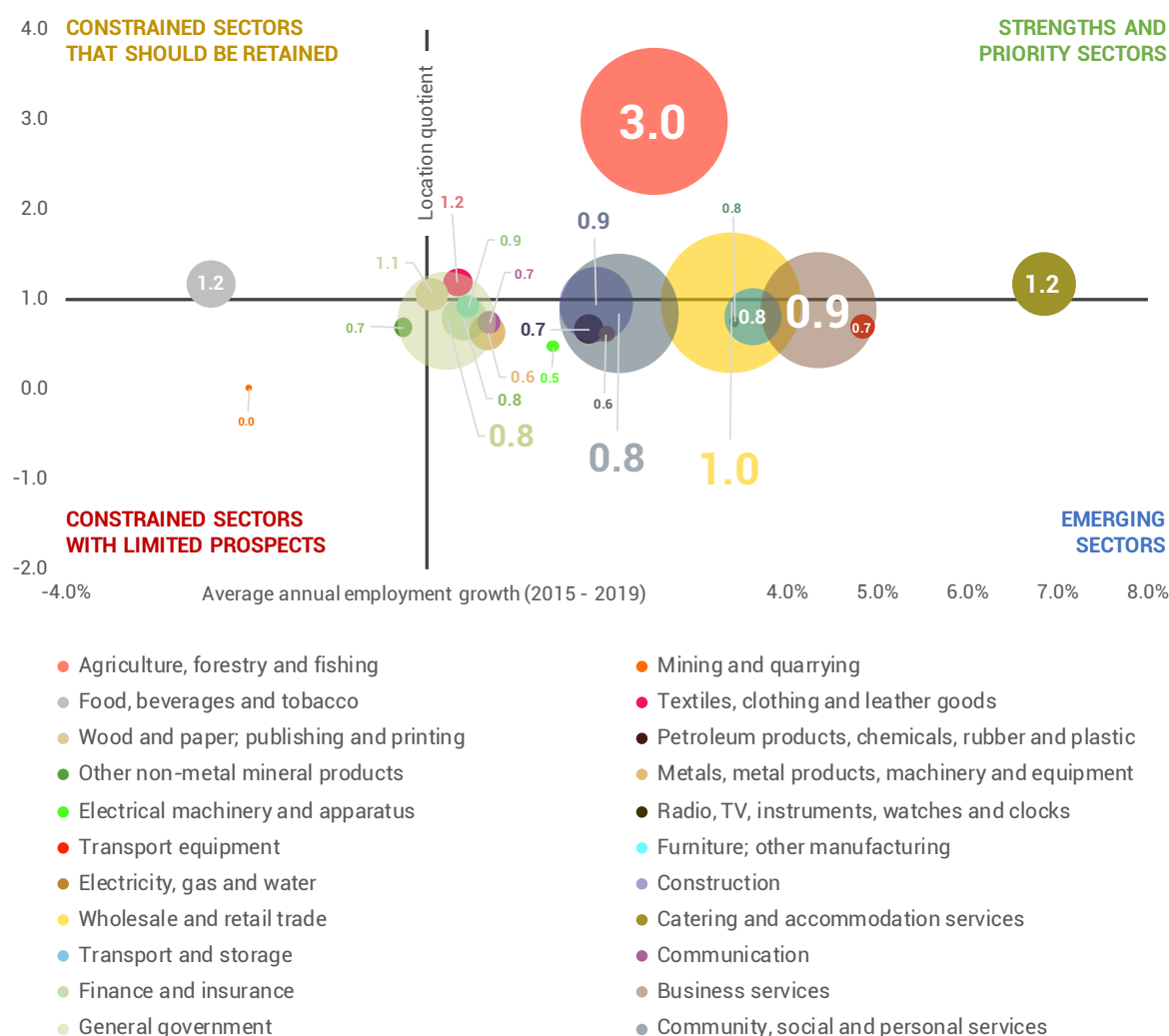
Sectors that had a medium comparative advantage include the finance sector (in terms of GDPR and employment), the general government sector (in terms of employment) and the transport sector (in terms of GDPR and employment). The sector with the lowest location quotient in terms of both GDPR and employment was the mining sector. Furthermore, when compared with the Provincial economy, the CWD also had a low comparative advantage in terms of employment in this sector.

To identify sectoral growth opportunities and risks, the comparative advantage (in relation to South Africa) of various sectors, as well as the historic growth rates of sectors, are analysed together.

Figure 3.14 illustrates the comparative advantage and sectoral employment growth in the CWD.

Figure 3.14

COMPARATIVE ADVANTAGE AND SECTORAL EMPLOYMENT GROWTH, Cape Winelands District, 2019



Note: Size of bubble illustrates the contribution to total employment (2019)

Source: Quantec Research, 2021

Priority sectors for employment are those with a location quotient greater than one with a positive employment growth rate between 2015 and 2019. Sectors that require intervention are those that have a location quotient greater than one but that have shed jobs over the reference period. Interventions to consider may include, for example, financial, regulatory or capacity-building.

Within the CWD, sectors that have a location quotient of less than one (no comparative advantage) but have shown strong employment growth are considered to be emerging sectors. However, it should be noted that prospects in these sectors may be limited owing to their size or exogenous trends.



Table 3.5 below outlines additional information relating to the sectors that are considered as strengths in terms of job creation, according to historical trends. Furthermore, sectors with a comparative advantage in employment, despite their lack of employment growth, are also identified.

Table 3.5

**PRIORITY SECTORS
FOR EMPLOYMENT,
Cape Winelands
District, 2019**

SECTOR	GDPR R million 2019	GDPR trend 2015 – 2019	Number of jobs 2019	% informal jobs 2019	Average annual change in employment 2015 – 2019	Average gross fixed capital formation growth 2015 – 2019
Agriculture, forestry and fishing	5 211.6	-3.6%	83 178	30.7%	1 536	-4.8%
Food, beverages and tobacco	4 742.2	-2.6%	9 014	18.9%	-235	-2.4%
Textiles, clothing and leather goods	392.1	-0.9%	3 151	20.1%	9	-0.9%
Wood and paper; publishing and printing	1 204.4	-0.7%	4 246	20.7%	2	-0.8%
Catering and accommodation services	951.5	-0.2%	15 600	38.8%	877	0.2%

Source: Quantec Research, 2021

Agriculture, forestry and fishing

The agriculture sector is considered a priority sector in the CWD. This sector is of particular importance in the Breede Valley, Witzenberg and Drakenstein municipal areas as a source of employment. Valued at R5.2 billion in 2019, the agriculture sector employed 83 178 people in 2019, 30.7 per cent of whom were informally employed. Furthermore, an average of 1 536 jobs were added in this sector between 2015 and 2019. The average annual contraction recorded over this period in the sector may largely be attributed to abnormal heat and drought conditions in the region, resulting in significant ramifications for the wine industry. Other key farming activities in the District include fruit such as apricots, nectarines, pears and apples.

The production of wine grapes is of particular importance in the CWD. However, the recent stabilisation of grape production volumes in 2020, following the three-year drought in the Province, coincided with the imposition of COVID-19 lockdown restrictions.⁴⁰ As such, the grape industry, through its forward linkages with wine production, remains under severe pressure owing to the recurrent ban on alcohol sales in 2020 and 2021. Furthermore, pome fruit production (centred in the town of Ceres in the Witzenberg municipal area) was largely driven by strong apple production during 2020. Total apple production is expected to exceed 1.0 million tonnes for the first time in 2021 and is set to increase by 19.6 per cent by 2030 as a result of an increasing number of orchards reaching bearing age.⁴¹

Linkages of particular note are the forward linkages of the sector to the manufacturing sector for the processing of raw agricultural materials. The availability of agricultural production and processing infrastructure allows for the agriculture sector in the District to contribute to tourist activities through wine production and exportation.

⁴⁰ (BFAP, 2021).

⁴¹ (BFAP, 2021).

However, capital investment in the sector declined by 4.8 per cent on average between 2015 and 2019, which highlights possible future development constraints in the sector and its dependence on labour as a factor of production. To this end, it remains vital to note that the agriculture sector, including its forward linkages to other economic sectors of importance, requires consideration for its ability to absorb relatively low-skilled labourers and contribute to upstream industries. However, the increase in the minimum wage for farm workers in alignment with the national minimum wage is expected to have a severe impact on the sector's ability to create additional jobs. This effect is expected to be more pronounced in the wine, fruit and barley sector owing to the bans on alcohol sales that occurred intermittently in 2020 and 2021.⁴²

In 2020, the seaports accounted for approximately 85.0 per cent of the value of agricultural exports from the CWD.⁴³ This was followed by 12.0 per cent through inland and land borders, and 3.0 per cent from airports. Road infrastructure is a central component for other modes of transport for agricultural exports from the District. The choice of transport affects the speed of delivery, efficiency and costs of exported products. Therefore, good infrastructure is vital for the competitiveness of the sector.⁴⁴ Thus, public-private partnerships can be key in unlocking more private-sector investment in the CWD.

Food, beverages and tobacco

The food, beverages and tobacco manufacturing subsector was valued at R4.7 billion in 2019 and recorded an average annual contraction of 2.6 per cent between 2015 and 2019. The poor performance of the subsector is also evident in the average annual job-shedding recorded in the five-year period, with an average of 235 jobs lost per annum. Approximately 18.9 per cent of workers in this subsector were informally employed in 2019.

Given this subsector's dependence on wine production, and owing to its backward linkages with the agriculture sector, the subsector has struggled to recover from the prevailing drought conditions in the Province since 2018. The national wine industry recorded a steady increase in production⁴⁵ between 2018 and 2020, from 965.7 million litres to 1.0 billion litres.⁴⁶ However, producers' income declined from R6.3 billion to R5.8 billion over the same period. As such, increases in production levels and declines in producer income highlight demand constraints in the wine industry.

The subsector, given its dependence on the wine industry, is expected to record a contraction in 2020, which may be attributed to the ban on alcohol sales during the COVID-19 lockdown, with the ban on the domestic transportation and sale of alcohol only being lifted in February 2021. This highlights the need for engagement with the industry to identify needs and constraints to attract new investment and promote exports from this subsector.



⁴² (Coleman, 2021).

⁴³ (Western Cape Department of Agriculture, 2021).

⁴⁴ (Western Cape Department of Agriculture, 2021).

⁴⁵ This includes wine, wine for brandy, distilling wine, and grape juice concentrate and grape juice production (SAWIS, 2020).

⁴⁶ (SAWIS, 2020).

Textiles, clothing and leather goods

In 2019, the textiles, clothing and leather goods subsector was valued at R392.1 million and recorded an average annual contraction of 0.9 per cent between 2015 and 2019. Of the 3 151 people employed in this subsector in 2019, approximately 20.1 per cent of workers were informally employed. Exports of leather (further prepared) from the Western Cape to the rest of the world are mainly from the CWD.⁴⁷



As such, leather is considered to be the predominant exported commodity within the textiles, clothing and leather goods subsector, and largely originated from the Drakenstein municipal area.

Over the reference period, the subsector recorded an average annual increase of nine jobs per annum. The slow growth in employment within the subsector, along with the average annual contraction experienced over the five-year period, highlights the need to provide incentives to ensure its sustainability. Although the textiles, clothing and leather goods subsector has a comparative advantage in relation to the national economy, the South African clothing and textiles industry has experienced a decline in recent years. The subsector recorded an average annual contraction of 0.9 per cent in capital investment, which limits the prospects in terms of job creation.

The subsector is often categorised for its capacity to generate large-scale employment, its low barriers to entry and its short skills acquisition period. To this end, the Department of Trade, Industry and Competition (DTIC) launched the Clothing and Textiles Competitiveness Programme (CTCP), which aims to assist the industry in upgrading equipment, upskilling labourers and repositioning South Africa to compete against other low-cost-producing countries. As such, industry players in the CWD should align activities with the CTCP and capitalise on its proximity to the Port of Cape Town.

Wood and paper, publishing and printing

Between 2015 and 2019, the wood and paper, publishing and printing subsector contracted at an average annual rate of 0.7 per cent. Valued at R1.2 billion in 2019, the subsector employed a mere 4 246 people during the year, with 20.7 per cent being informally employed. However, despite its comparative advantage in relation to the national economy, this subsector recorded an average annual increase of only two jobs over the reference period. In relation to the Province, the Stellenbosch municipal area was the only municipal area with a comparative advantage in this subsector. Overall, the subsector recorded an average annual decline of 0.8 per cent, which constrains its ability to create employment opportunities. Furthermore, the digitisation of business activities should also be considered when evaluating the longer-term viability of this subsector.

⁴⁷ (DAFF, 2016).

Catering and accommodation services

The catering and accommodation services subsector in the CWD is considered a current strength and is primarily driven by tourism activities. The comparative advantage of this subsector in relation to the national economy is primarily driven by its status in the Drakenstein, Stellenbosch and Breede Valley municipal areas. Furthermore, the subsector is considered an emerging strength in the Witzenberg and Langeberg municipal areas.

In 2019, the subsector was valued at R951.5 million. However, it contracted at an average annual rate of 0.2 per cent between 2015 and 2019. Employment in the subsector stood at 15 600 people, with approximately 38.8 per cent being informally employed. Owing to its large share of informal employees, the catering and accommodation services sector is particularly vulnerable to external shocks, such as the COVID-19 pandemic and ensuing travel restrictions.

Between 2015 and 2019, the subsector recorded an average annual increase of 0.2 per cent in capital investment, with 877 jobs being added on average over the same period. The modest growth in capital investment in the subsector requires optimisation in terms of resource utilisation to ensure that the subsector can retain employment, particularly informal employment. However, the continued impact of the COVID-19 pandemic and disproportionate roll-out of global vaccination programmes are likely to constrain the recovery of tourism activities in the short to medium term.

Other emerging sectors

In terms of employment creation in the CWD, several sectors are considered emerging in terms of employment opportunities. These sectors include the construction sector, along with the business services subsector and finance and insurance subsector.

Despite the construction sector being classified as an emerging strength on a District level, the sector is considered as a current strength in the Witzenberg and Drakenstein municipal areas. Infrastructure and housing investment projects such as the rehabilitation and refurbishment of the Paarl-Franschhoek road, education and health facilities, and human settlements are expected to contribute significantly to the sector in terms of employment. Paarl, in particular, has become increasingly popular for residential-estate development.

The business services subsector and finance and insurance subsector are considered as current strengths in the Stellenbosch municipal area. The Stellenbosch municipal area is central to the growth of the finance and insurance subsector, with banks such as Capitec establishing their headquarters in Stellenbosch in 2020. Furthermore, other businesses based in Stellenbosch include Mediclinic International, Compuscan and Reutech Radar Systems. Improved commercial activity is also likely to feed into the communication subsector and the construction sector, resulting in a multiplier effect in terms of employment creation.

The positive performance of employment creation across several tertiary sectors in municipal areas indicates an increasing rate of urbanisation and growing demand for skilled and highly skilled workers. Across all municipal areas encompassed by the CWD, strong growth has been recorded in the trade, catering and accommodation subsector and the transport and storage sectors. As such, both the public and private sectors must co-ordinate the identification of skills gaps in communities and align training with targeted interventions.



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3.5 INVESTMENTS

This subsection discusses various forms of investments occurring in the CWD, including building plans passed and completed, and new investments from prominent local companies, and gives a consolidated overview of municipal spending on contracted services.

3.5.1 Private-sector investment

3.5.1.1 Sectoral investments and business expansion

Businesses have been showing increased interest in the Breede Valley municipal area. The municipality is therefore aiming to upgrade and refurbish industrial properties over the next three financial years to accommodate this growing interest. In addition, there have been numerous expansions and developments since 2020. A local company, Brenn-O-Kem, has established an additional facility to extract organic compounds from winery waste. There have also been expansions from companies such as GRW Engineering and APL Cartons, and expansions to cool storage facilities in the Hex River Valley are in the pipeline. Moreover, there has been renewed interest from major retailers, with Boxer, Food Lover's Market and OK Foods stores having been established in the municipal area.⁴⁸

Other proposed developments are the Trans Hex low-cost housing and mix-use development (phase one), the Altona residential development, a 20 000m² extension of the Mountain Mill Shopping Centre, various small housing developments, and the Avian Park and Uitvlugt Industrial Park developments.⁴⁹

In the Drakenstein municipal area, Fall Creek Nursery opened a branch in 2020, creating approximately 75 employment opportunities, and Food Lover's Market opened a store in 2021 that created approximately 150 employment opportunities.⁵⁰ Moreover, there are numerous large developments on the horizon, namely the establishment of a Builders and a Food Lover's Market within a small mall development, the expansion of the Rembrandt Mall in Paarl, the Checkers shopping centre south of the N1, the Engen filling station and convenience store south of the N1, and the establishment of a Nissan car dealership in Southern Paarl.

The Stellenbosch municipal area is becoming increasingly popular for residential estate developments owing to growing demand. Developments such as the Bridge "Smart City" Development in Klapmuts, the Woodmill mixed-use development on Adam Tas Road as well as apartment developments in Stellenbosch⁵¹ will be a valuable boost for the local economy.

3.5.1.2 Building plans passed and completed

Building plans passed and completed form part of the indicators that measure economic activity and changes in the business cycle. The value of building plans passed⁵² can be used as a leading indicator, while building plans completed⁵³ can be used as a lagging indicator. Building plans passed and completed have further implications for municipal spatial planning and budgeting. Stats SA's information on building plans passed and completed is only available for selected municipalities, namely the Drakenstein, Stellenbosch and Breede Valley municipal areas. The values of building plans passed and completed are expressed in current prices.

⁴⁸ (Breede Valley Municipality, 2021).

⁴⁹ (Breede Valley Municipality, 2021).

⁵⁰ (Drakenstein Municipality, 2021).

⁵¹ (Stellenbosch Municipality, 2021).

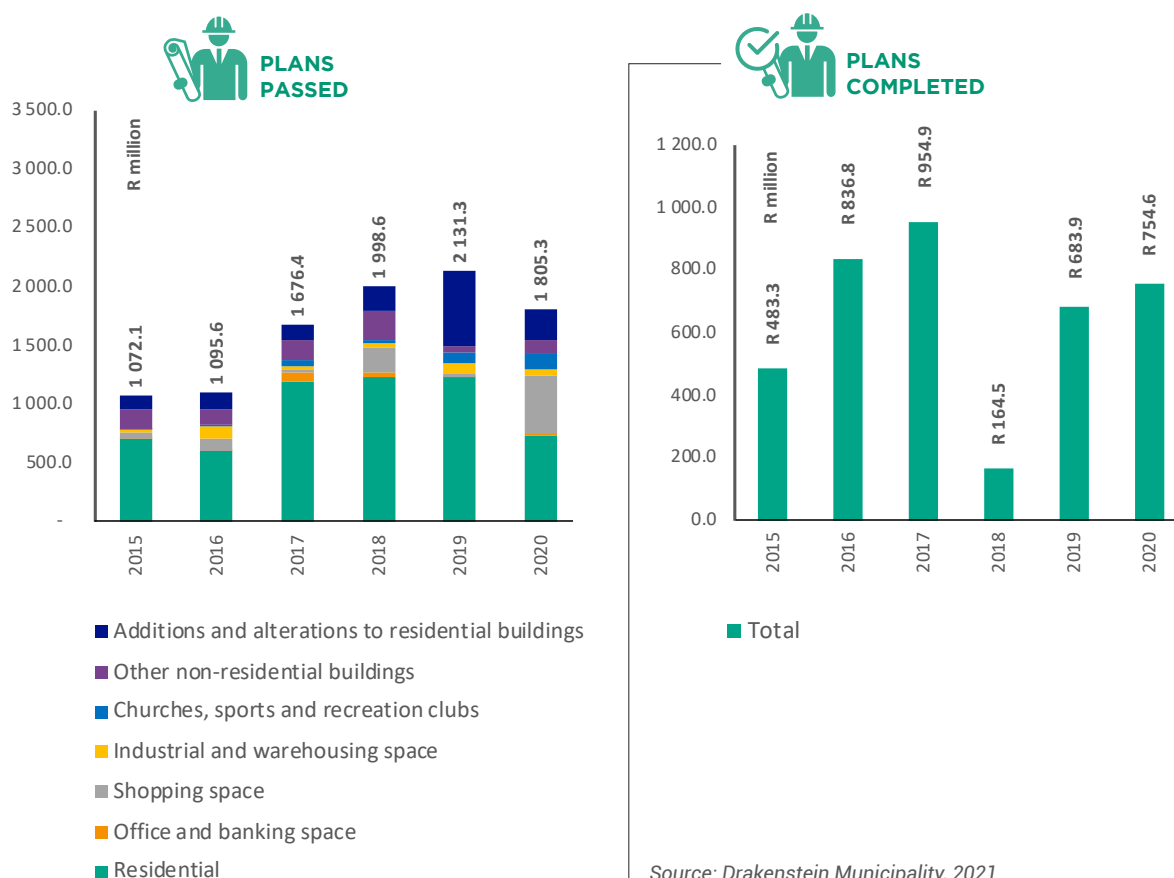
⁵² Number of residential building plans passed larger than 80m².

⁵³ Value of non-residential buildings completed (constant prices).

Figure 3.15 illustrates the value of building plans passed and completed in the Drakenstein municipal area between 2015 and 2020.

Figure 3.15

**VALUE OF BUILDING PLANS PASSED AND COMPLETED,
Drakenstein, 2015 – 2020 (R million)**



In the Drakenstein municipal area, the total value of building plans passed increased from R1.1 billion in 2015 to R2.1 billion in 2019, before declining to R1.8 billion in 2020. Throughout the period under review, most building plans passed were for residential buildings, which declined from R1.2 billion in 2019 to R736.3 million in 2020. The decline in building plans passed between 2019 and 2020 was mainly due to a reduction in building plans passed for additions and alterations to residential property – from R636.8 million to R265.7 million. This is likely to have been influenced by a decline in household income over the period as a result of job losses associated with COVID-19. Positively, substantial increases were recorded for building plans passed of office and banking space, and shopping space. This emphasises that the Drakenstein municipal area is a growing commercial and residential hub in the CWD. Furthermore, these developments can substantially boost the local construction sector in future. However, there is a lack of available land that is suitable for industrial development in the Drakenstein municipal area.⁵⁴

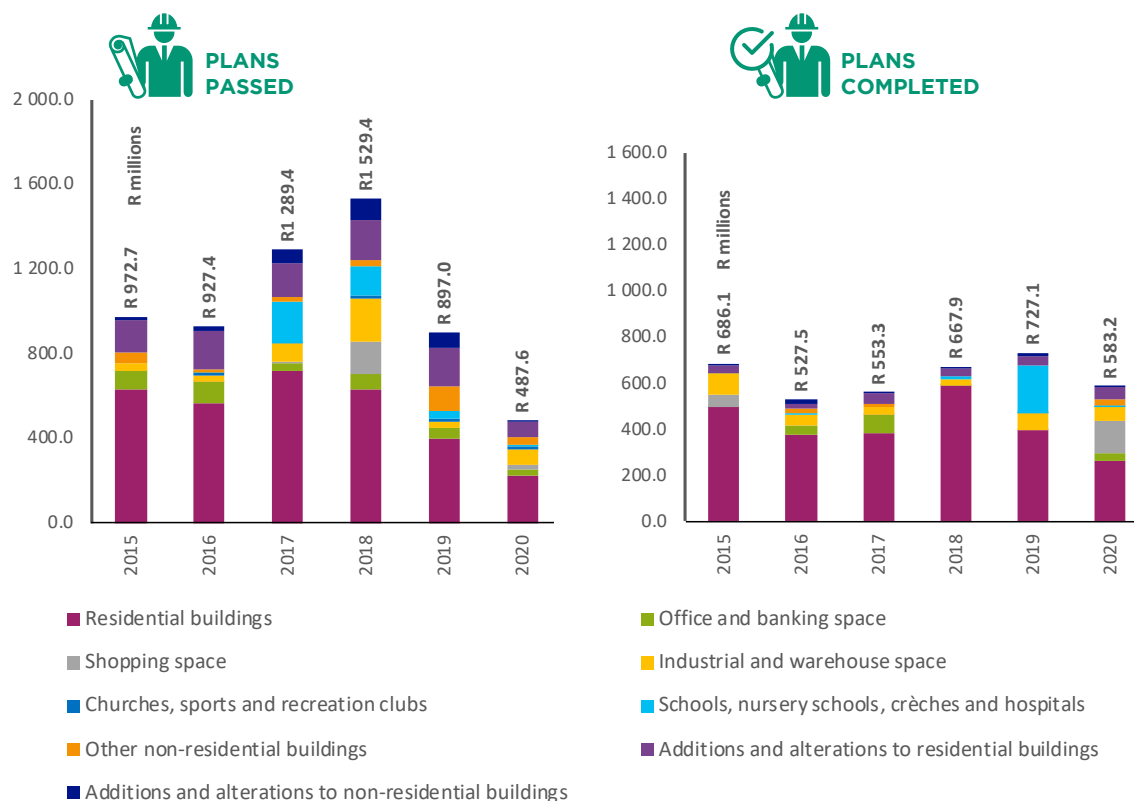
Building plans completed increased from R483.3 million in 2015 to R954.9 million in 2017, before dropping significantly to R164.5 million in 2018. The drought conditions prevalent during this time could have influenced construction projects, which are heavily reliant on water. However, building plans completed have been on an increasing trend since then, reaching R754.6 million in 2020. Despite the COVID-19 lockdown restrictions more than likely creating huge delays and backlogs in construction projects, more building plans were completed in 2020 than in 2019.

⁵⁴ (Drakenstein Municipality, 2021).

Figure 3.16 indicates the number of building plans passed and completed per building category in the Stellenbosch municipal area between 2015 and 2020.

Figure 3.16

VALUE OF BUILDING PLANS PASSED AND COMPLETED, Stellenbosch, 2015 – 2020 (R million)



Source: Stats SA & Quantec Research, 2021

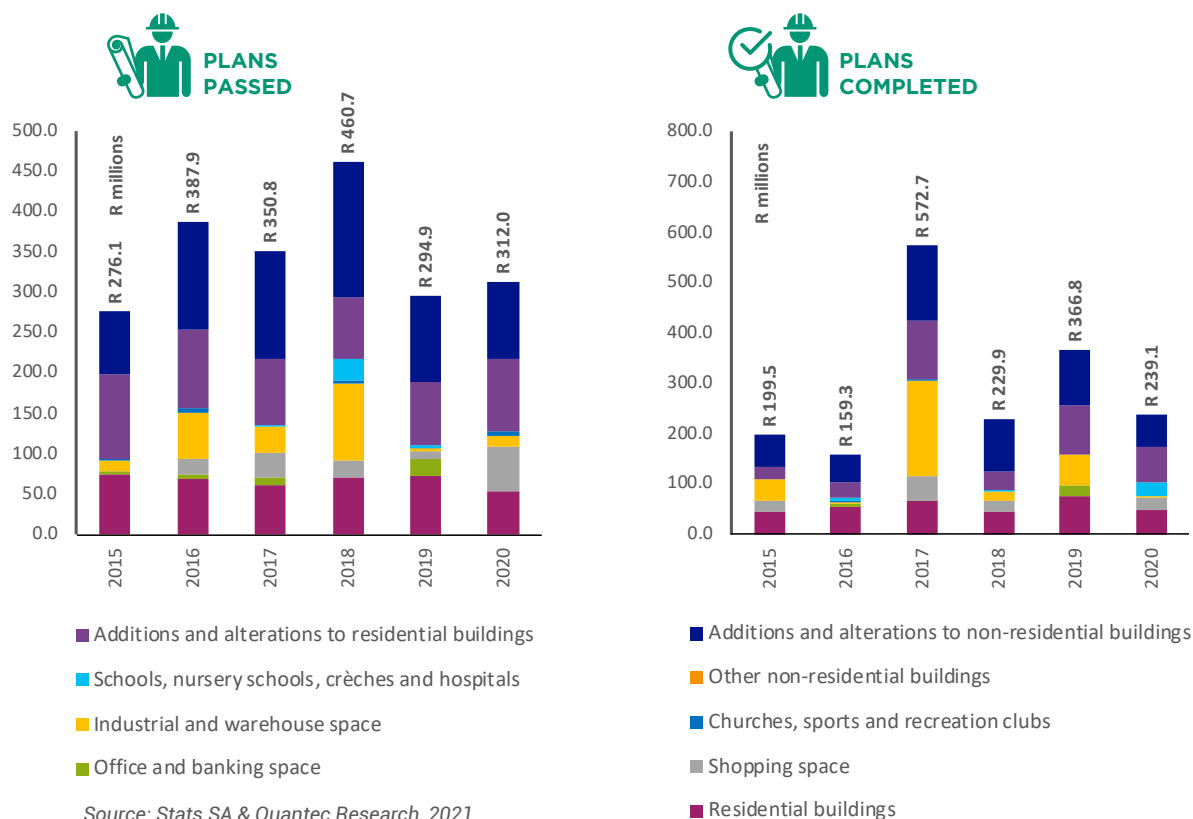
In the Stellenbosch municipal area, the total value of building plans passed decreased from R972.7 million in 2015 to R487.6 million in 2020. During this period residential building plans made up most of the building plans passed, with these plans decreasing in value from R630.9 million in 2015 to R222.6 million in 2020. This was followed by building plans passed for additions and alterations to residential buildings (R74.8 million) and industrial and warehouse space (R74.2 million).

The number of building plans passed peaked at R1.5 billion in 2018. Generally, building plans passed for commercial space (office and banking space, and shopping space) also declined during the period under review. Building plans completed decreased from R686.1 million in 2015 to R583.2 million in 2020. Building plans completed reached their lowest value of R527.5 million in 2016. Poor economic conditions likely affected households' demand and affordability for new homes, while businesses were hesitant to invest in new buildings. The drought conditions in the Province also likely influenced investor confidence. During this period residential building plans made up most of the building plans completed, followed by industrial and warehouse space. The reduction in 2020 is likely a result of the interruptions caused by the lockdown regulations. However, building plans completed for additions and alterations to residential buildings increased from 36 353m² in 2019 to 51 630m² in 2020. Smaller construction works such as this would have boosted the local retail trade sector's sales of building materials, despite the tough economic conditions.

Figure 3.17 indicates the value of building plans passed and completed between 2015 and 2020 in the Breede Valley municipal area.

Figure 3.17

**VALUE OF BUILDING PLANS PASSED AND COMPLETED,
Breede Valley, 2015 – 2020 (R million)**



In the Breede Valley municipal area, the total value of building plans passed increased from R276.1 million in 2015 to R312.0 million in 2020. Additions and alterations to residential buildings made up most of the building plans passed in this period, with these plans decreasing from R105.9 million in 2015 to R89.1 million in 2020. This was followed by building plans passed for additions and alterations to non-residential buildings.

The number of building plans passed peaked to R460.7 million in 2018. Generally, building plans passed for shopping space, industrial and warehouse space, and for churches, sports and recreation clubs increased from 2019 to 2020.

Building plans completed increased from R199.5 million in 2015 to R239.1 million in 2020 and reached the lowest value of R159.3 million in 2016. During this period additions and alterations to non-residential buildings made up most of the building plans completed in the Breede Valley municipal area.

⁵⁵ (Witzenberg Municipality, 2021).

The Witzenberg municipal area recorded a decline in building plans passed for residential, office, retail and industrial space between 2019 and 2020. Residential building plans declined from 24 223m² to 14 048m², office space declined from 168m² to 36m², retail space declined from 2 022m² to 1 809m² and industrial space declined from 12 405m² to 10 005m².⁵⁵

The COVID-19 pandemic likely affected business confidence to invest in new infrastructure, but the lack of developable land in the Witzenberg municipal area is also seen as a deterrent to business growth and expansion.⁵⁶

Real-estate development promotes the economic value and growth of an area. Capital is injected into the economy before the physical construction activities. The services of various people from different industries, including lawyers, engineers, architects and designers, benefit from the planning of real-estate development. An increase in the development of housing naturally creates new jobs for businesses in an area. Furthermore, an increase in the development of housing may also mean an increase of residents in an area, which translates into an increase in the labour force and economic growth.



⁵⁶ (Witzenberg Municipality, 2021).

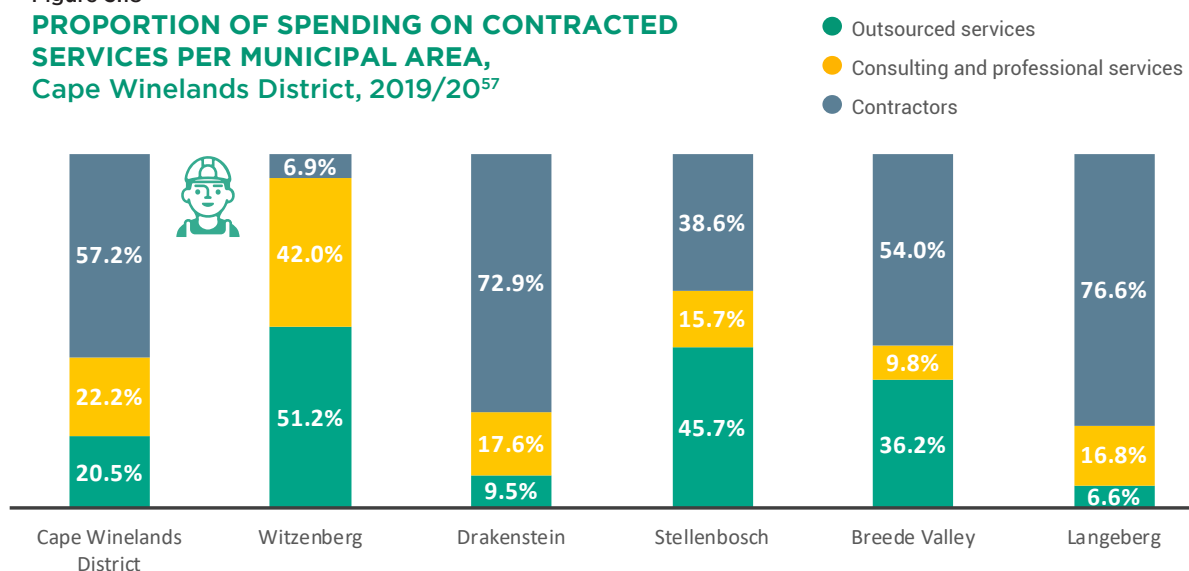
3.5.2 Public-sector investment

3.5.2.1 Municipal contracted services

The procurement processes of local municipalities can facilitate the development of local SMMEs that provide goods and services, while spending on infrastructure promotes the creation of an enabling environment for households and businesses to function optimally. Figure 3.18 illustrates the breakdown of spending on contracted services by the municipalities in the CWD.

Figure 3.18

PROPORTION OF SPENDING ON CONTRACTED SERVICES PER MUNICIPAL AREA, Cape Winelands District, 2019/20⁵⁷



Source: National Treasury, 2020

Most of Witzenberg Municipality's contracted service spend was on outsourced services (51.2 per cent), followed by consulting and professional services (42.0 per cent) and contractors (6.9 per cent) in the 2019/20 period. Security services made up the majority of the outsourced services utilised. Consulting and professional services contracted were mainly for infrastructure and planning purposes. Witzenberg Municipality recorded an increase in SMMEs on its supplier database, from 88 in 2019 to 137 in 2020. Not only does the municipality provide support services for registering on its database and the Western Cape supplier database, the municipality also provides a wide range of other services to support local SMMEs. Services include training facilitation, SARS workshops, linking SMMEs with funding opportunities, facilitating access to markets, and providing small business infrastructure, business advice and small business expos.⁵⁸

For Drakenstein Municipality, most of the spending was allocated to contractors (72.9 per cent), followed by consulting and professional services (17.6 per cent), while outsourced services made up 9.5 per cent of spending. The majority of outsourced services went towards the maintenance of buildings, equipment and infrastructure (R59.9 million), followed by safety and security services (R37.6 million). Drakenstein Municipality recorded an increase in the number of SMMEs registered on the supplier database, from 400 in 2019 to 586 in 2020. The municipality provides technical and business support to local SMMEs, and facilitates partnerships and access to funding.⁵⁹

⁵⁷ According to the Municipal Standard Chart of Accounts (mSCOA), municipalities should have the capacity and expertise to carry out certain services. Outsourced services are therefore services procured by the municipality when it temporarily does not have the capacity to perform these functions, or to save costs. Consulting services refer to specialist services and skills provided to a municipality for the achievement of a specific objective. It is not necessary to maintain these skills in-house since they are often only required on a once-off or temporary basis. Contractors are utilised for services that are not the core business of the municipality.

⁵⁸ (Witzenberg Municipality, 2021).

⁵⁹ (Drakenstein Municipality, 2021).

Stellenbosch Municipality spent the most on outsourced services (45.7 per cent), followed by contractors (38.6 per cent), and spending on consulting and professional services amounted to 15.7 per cent of total spending. Some of the main contracted spending categories included maintenance of infrastructure, equipment and assets (R17.8 million), personnel and labour costs (R14.7 million), and safety and security services (R8.5 million).

The Breede Valley Municipality used 46 exempted micro enterprises (EMEs), with procurement totalling R7.3 million. Of the EMEs utilised, 64.0 per cent were black-owned enterprises and 14.0 per cent were women-owned. Furthermore, the municipality also utilised 496 large suppliers for goods and services, with a total procurement value of R163.1 million. Of these, 20.0 per cent were black-owned enterprises and 9.0 per cent were women-owned.⁶⁰ The Breede Valley Municipality spent the most on contractors (54.0 per cent), followed by outsourced services (36.2 per cent), and spending on consulting and professional services amounted to 9.8 per cent of total spending. Contracted spending on maintenance of buildings, equipment and assets (R45.6 million) and business and advisory services (R20.1 million) were some of the main spending categories. The Breede Valley Municipality recorded an increase in the number of SMMEs registered on its supplier database, from 3 285 in 2019 to 3 705 in 2020. The municipality provides a wide variety of support services to local SMMEs, such as hosting supplier open days and providing business guidance.⁶¹

Procurement in the Langeberg Municipality consisted of utilising two EMEs, eight qualifying small enterprises (QSEs) and eight large suppliers for goods and services, with procurement values of R1.4 million, R7.5 million and R139.1 million respectively. Of the EMEs, 15.4 per cent were black-owned, while 15.5 per cent of QSEs were black-owned and 8.3 per cent were women-owned.⁶² Most of Langeberg Municipality's spending on contracted services was allocated to contractors (76.6 per cent), followed by consulting and professional services (16.8 per cent), while outsourced services made up 6.6 per cent of spending.

3.5.2.2 Infrastructure

Infrastructure spending by local and Provincial governments is not only an important injection into the local economy, it also helps to create an enabling environment for economic and social development. Infrastructure capital spending has both short- and medium-term benefits. The capital injection not only boosts the economy from the initial injection but may also create numerous employment opportunities. Additionally, it can also stimulate economic activity from the operational activities that result from the initial capital spending. Despite the importance and necessity of maintaining existing infrastructure and investing in new infrastructure, local governments are under pressure, as generating their own revenue is becoming increasingly constrained owing to rising unemployment and poor economic growth, while income from Provincial and national grants is declining.

⁶⁰ (Breede Valley Municipality, 2020).

⁶¹ (Breede Valley Municipality, 2021).

⁶² (Langeberg Municipality, 2020).

JOINT DISTRICT AND METRO APPROACH

The Joint District and Metro Approach (JDMA) promotes collaboration and is an essential governance instrument that will enable co-planning, co-budgeting and co-implementation to strengthen service delivery in communities. The JDMA provides an implementation plan for planning and strategic priorities, development initiatives, service delivery and capacity-building.

A co-ordinated and combined effort from all spheres of government, as well as the private sector, can successfully leverage infrastructure investment as a catalyst for broad-based economic growth and development.

The table below outlines the budgeted expenditure on infrastructure by the local municipalities in the CWD for 2021/22.

Table 3.6
SPENDING ON INFRASTRUCTURE,
Cape Winelands District, 2021/22

DESCRIPTION R million	2021/22 Municipal infrastructure spend (original budget)
Economic infrastructure	194.7
Road transport and public works	188.3
Environmental services	6.4
Social infrastructure	32.3
Education	-
Health	0.0
Social development	12.9
Housing	19.4
Trading services	474.4
Energy sources	171.5
Water management	139.3
Wastewater management	114.7
Waste management	49.0
Other	243.8
Total infrastructure spend	945.2

Source: Provincial Treasury, 2021

Local municipalities have allocated R945.2 million to the capital expenditure budgets for 2021/22. This includes allocations made towards economic, social and trading services infrastructure of R194.7 million, R32.3 million and R474.4 million respectively. Other capital expenses to the value of R243.8 million were also budgeted in 2021/22.

Key municipal expenditure categories included road transport and public works (R188.3 million), energy sources (R171.5 million) and water management (R139.3 million).

The COVID-19 pandemic has emphasised the value of having access to the internet for education and business purposes. Access to broadband connection can assist in creating an attractive environment for the establishment of businesses as well as households, as many service workers are then able to work from home. Public-private partnerships that aim to improve access to the internet, particularly at a low cost, therefore have a valuable role to play in creating an enabling environment for economic and social development. In the Stellenbosch municipal area, approximately 4 000 people have access to the internet via the free public Wi-Fi hotspots.⁶³ In the Drakenstein municipal area, fibre roll-out is increasing. In Paarl, 14 322 units have access to fibre, as well as 5 633 units in Wellington.⁶⁴



⁶³ (Stellenbosch Municipality, 2021).

⁶⁴ (Drakenstein Municipality, 2021).

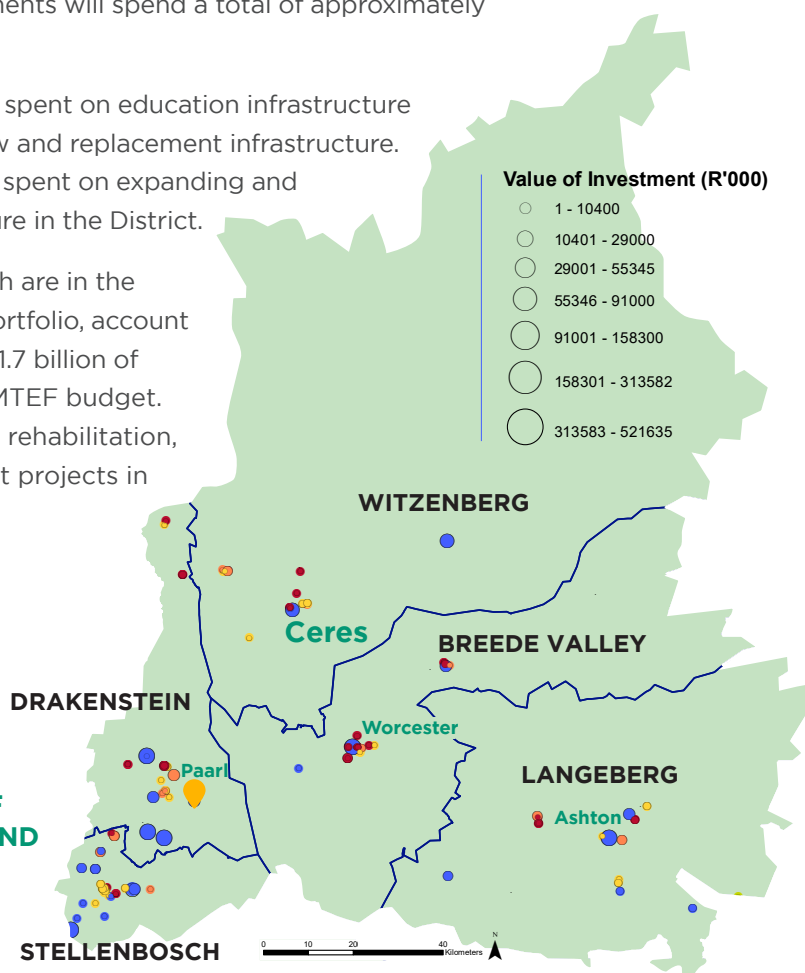
Provincial infrastructure spend in the Cape Winelands District accounts for the second-largest total (13.2 per cent) in the Province, a 2021 Medium Term Expenditure Framework (MTEF) total of close to R3.6 billion. New assets account for only 13.0 per cent of the total 2021 MTEF infrastructure investment, with the majority of the allocation being directed to rehabilitation, renovations and refurbishment at 57.4 per cent of the total MTEF.

- Of the planned investment over the MTEF, the largest and most predominant projects in the region are road rehabilitation and upgrades, amounting to R2.4 billion. The Department of Human Settlements will spend a total of approximately R479 million over the MTEF.
- A total of R374 million is to be spent on education infrastructure over the MTEF, specifically new and replacement infrastructure. A further R298 million is to be spent on expanding and maintaining health infrastructure in the District.
- The top 10 projects, all of which are in the Transport and Public Works portfolio, account for more than 47.8 per cent (R1.7 billion of R3.6 billion) of the total 2021 MTEF budget. These projects are directed at rehabilitation, renovations and refurbishment projects in the District.

- Education (WCED)
- Health (DoH)
- Human Settlements (DoHS)
- Transport and Public Works (DTPW)

Map 3.2
TOTAL DEPARTMENTAL MTEF INFRASTRUCTURE BUDGET AND NUMBER OF PROJECTS, Cape Winelands District, 2021/24

The map indicates the distribution of infrastructure projects over the MTEF period. The total value of investments (projects and programmes) is indicated in the accompanying table for the applicable region or District.



	No of projects	2021/22 MTEF (R'000)	2022/23 MTEF (R'000)	2023/24 MTEF (R'000)	MTEF total (R'000)
WC PROVINCIAL DEPARTMENT					
● Education (WCED)	15	71 000	132 000	171 000	374 000
● Health (DoH)	46	86 671	97 229	114 566	298 466
● Human Settlements (DoHS)	34	269 724	168 260	41 000	478 984
● Transport and Public Works (DTPW)	30	755 148	742 545	926 004	2 423 697
Total	125	1 182 543	1 140 034	1 252 570	3 575 147

Note: WCED is the Western Cape Education Department, DoH is the Department of Health, DoHS is the Department of Human Settlements and DTPW is the Department of Transport and Public Works

Source: The Provincial Infrastructure Reporting Model (IRM) was used for the first time (except for the data of the Department of Human Settlements). There is room to improve on the accuracy in future publications



Information about the **2021/22 budgeted Provincial infrastructure spend** is provided in the *Overview of Provincial and Municipal Infrastructure Investment* (OPMII), published by Provincial Treasury.



3.6 CONCLUDING REMARKS

The CWD mostly experienced a negative trade balance between 2010 and 2019, which was largely attributed to the negative trade balance of the mining sector. However, the District's trade balance increased from a deficit of R8.3 billion in 2019 to a surplus of R22.3 billion in 2020. The peak of the trade surplus for the period experienced was mainly driven by exports from the agriculture sector.

The District's top three import destinations were China, Saudi Arabia and Germany, while the top three export destinations were the Netherlands, the United Kingdom and the United States. The main imported products included unclassified products, petroleum oils and oils obtained from bituminous minerals (crude), as well as petroleum oils and oils obtained from bituminous minerals (other than crude). The main exported products from the CWD included wine of fresh grapes, citrus fruit and grapes.

In terms of investment, the CWD's infrastructure expenditure at a municipal level was greater than the expenditure at the Provincial level in 2020. The key municipal expenditure category was road transport and public works. For the District, the largest contracted service expenditure was allocated to contractors, followed by consulting and professional services, and outsourced services. The number of building plans passed in the Drakenstein and Stellenbosch municipal areas fell from 2019 to 2020. However, in the Breede Valley municipal area, building plans passed and completed increased slightly compared with 2019.



A background image showing a vineyard scene. In the foreground, there are several large black plastic bins filled with clusters of ripe, yellow-green grapes. In the mid-ground, a person wearing a blue long-sleeved shirt and blue trousers is using a pair of red-handled pruning shears to harvest grapes from a vine. To the left, another person wearing a pink and white checkered shirt and light-colored trousers is partially visible, also working in the vineyard. The ground is dry and covered with fallen leaves and grape clusters. The overall scene is brightly lit, suggesting a sunny day.

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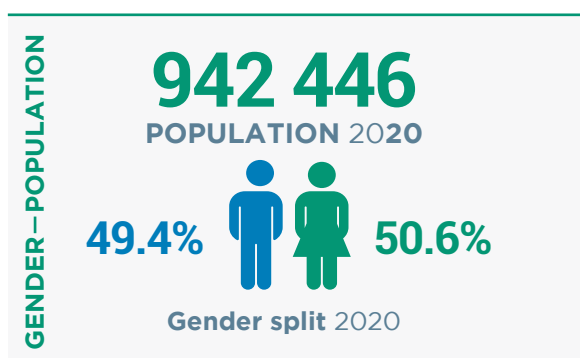
MUNICIPAL SOCIO- ECONOMIC ANALYSIS

4.1 INTRODUCTION

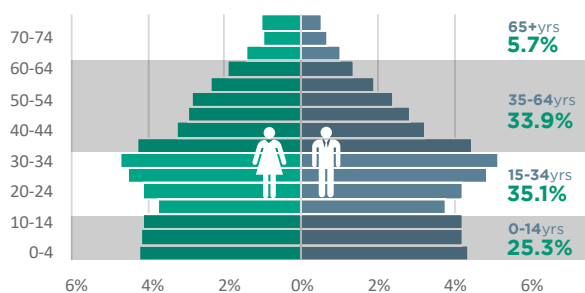
This chapter provides an overview of the economic and social dynamics of households living in the CWD by analysing population, human development, housing, access to basic services and crime. More specifically, human development in the region is assessed by exploring education levels, health and income.

CAPE WINELANDS DEMOGRAPHICS

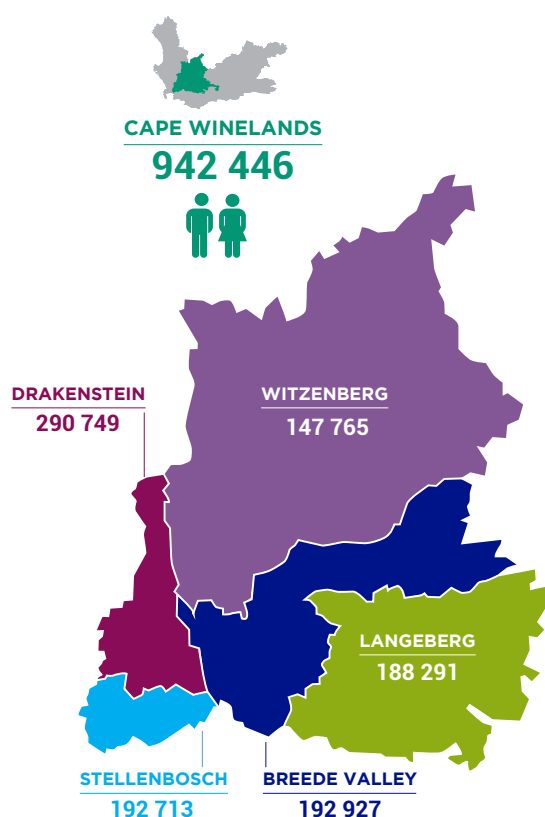
Some of the key indicators used in the socio-economic analysis include the population growth rate, GDP per capita, household income, the Gini coefficient, the Human Development Index (HDI), educational development, health, crime, dwelling types and access to basic services.



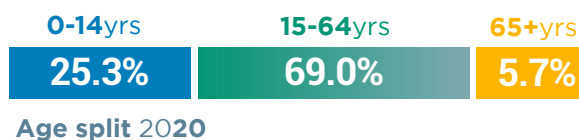
GENDER AND AGE DYNAMICS



CURRENT POPULATION, Cape Winelands District, 2020



AGE PROFILE



HOUSEHOLDS

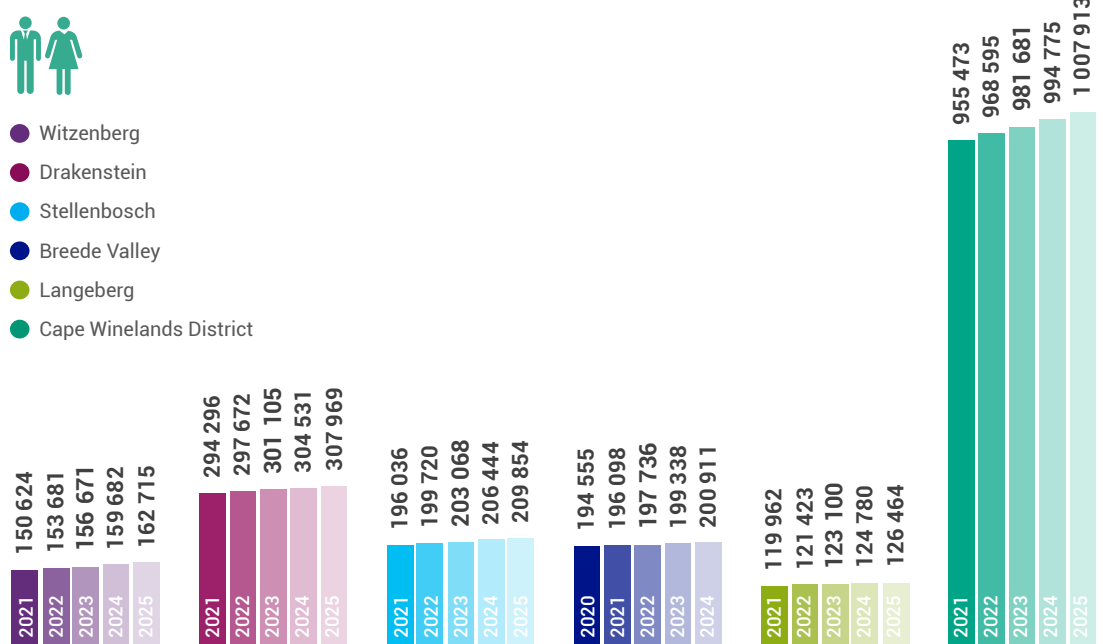


4.2 POPULATION PROFILE

The CWD has a population of 955 473 people in 2021, and this is estimated to increase to 1 007 913 in 2025. The Drakenstein municipal area has the largest population in the District (30.8 per cent), followed by the Stellenbosch (20.5 per cent) and Breede Valley (20.4 per cent) municipal areas. The least populated municipal area in the District is the Langeberg municipal area, with a total population of 119 962 people, accounting for 12.6 per cent of the CWD population.

Figure 4.1 illustrates the future population growth of the CWD and the municipal areas between 2021 and 2025.

Figure 4.1
FUTURE POPULATION GROWTH,
Cape Winelands District, 2021 – 2025



Source: Western Cape Government PPU, 2021. Provincial, District and local municipality population estimates by sex and age (2002 – 2036) based on Stats SA mid-year population estimate (MYPE) series 2021 and 2020

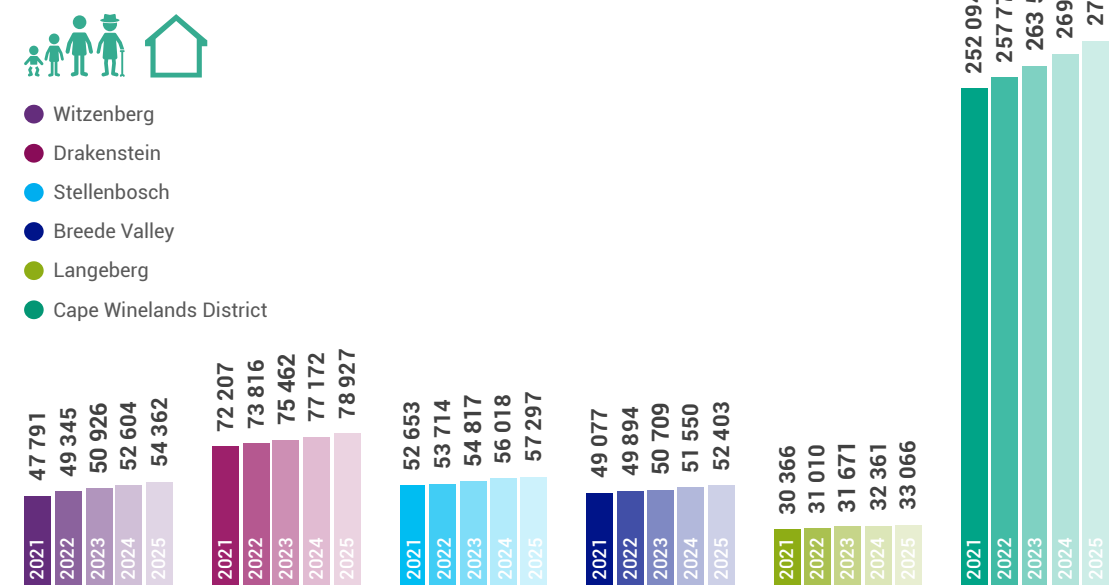
With an anticipated average annual growth rate of 1.2 per cent, the Drakenstein municipal area will be the leading source of population increases in the CWD between 2021 and 2025. Over the next five years, the Witzenberg and Stellenbosch municipal areas are expected to realise an average annual population growth rate of 1.9 per cent and 1.7 per cent respectively. The Langeberg municipal area is expected to grow at an average annual rate of 1.3 per cent between 2021 and 2025. The population of the Breede Valley municipal area, which has the third-largest population in the CWD in 2021, is only expected to increase by a marginal rate of 0.8 per cent over the reference period.

Households are the central point of various demographic, social and economic processes owing to decisions regarding education, lifestyles and standards, healthcare and labour force participation. An increase in household growth and the establishment of new households provide a diverse consumer market.

Figure 4.2 illustrates the future household growth in the CWD between 2021 and 2025. The number of households in the District is expected to increase from 252 094 households in 2021 to 276 054 in 2025, with an average annual growth rate of 2.3 per cent between 2021 and 2025.

Figure 4.2

FUTURE HOUSEHOLD GROWTH, Cape Winelands District, 2021 - 2025



Source: Western Cape Government PPU, 2021. Provincial, District and local municipality population estimates by sex and age (2002 – 2036) based on Stats SA MYPE series 2021 and 2020

In line with the population data, the majority of the CWD's households are concentrated in the Drakenstein municipal area, accounting for 28.6 per cent of the District's total number of households. Furthermore, households in the Drakenstein municipal area are expected to increase by an average annual rate of 2.3 per cent and will therefore be the main source of household growth in the CWD.

The Witzenberg municipal area is also anticipated to grow substantially in terms of households, at an average rate of 3.3 per cent per annum between 2021 and 2025. The household growth rates in the Stellenbosch (2.1 per cent), Langeberg (2.1 per cent) and Breede Valley (1.7 per cent) municipal areas are anticipated to be slower than the District average (2.3 per cent). Household growth outpaces population growth in all municipal areas, showing that household sizes are declining over time. The increase in households will increase the demand for housing, municipal and other social services.



Figure 4.3 uses population pyramids to illustrate gender and age patterns in the CWD in 2020. The District's population was mainly aged between 15 and 34 years (35.1 per cent), followed by individuals between 35 and 64 years (33.9 per cent), indicating that the CWD had a large working-age population that consisted mainly of the youth. Conversely, the District had a small elderly population, with individuals 65 years and older accounting for only 5.7 per cent of the District's population.

Figure 4.3
GENDER AND AGE DYNAMICS,
Cape Winelands District, 2020



Source: Western Cape Government PPU, 2021. Provincial, District and local municipality population estimates by sex and age (2002 – 2036) based on Stats SA mid-year population estimate (MYPE) series 2021 and 2020

In the Witzenberg municipal area, the largest share of the municipal area's population was between 15 and 34 years old (37.2 per cent), followed by those aged between 35 and 44 years (34.2 per cent), while children younger than 15 made up 24.1 per cent of the population. The age trends in this municipal area could indicate a high dependency on the working-age population to care for children.

In the Drakenstein municipal area, the largest share of the population was between 35 and 64 years old (35.9 per cent), followed by individuals between 15 and 34 (33.2 per cent), while children younger than 15 accounted for 24.8 per cent of the population. The large working-age population means that there is a significant need for employment opportunities in the Drakenstein municipal area, particularly for young people.

In the Stellenbosch municipal area, the largest age group was those aged between 15 and 34 years (41.5 per cent), followed by individuals between 35 and 64 (30.7 per cent). This trend could point to an inward migration of job-seeking young adults to the area and could also reflect the large student body of Stellenbosch University. Furthermore, the Stellenbosch municipal area also had the smallest share of children between the ages of 0 and 14 years in 2020 (22.4 per cent) and the second-smallest share of individuals over 65 (5.5 per cent) compared with the other municipal areas in the District.

The Breede Valley municipal area had the District's largest share of individuals between 35 and 64 years in 2020, accounting for 33.6 per cent of the population. This was followed by individuals between 15 and 34 years old, who accounted for 32.7 per cent of the population in 2020. Compared with other municipal areas, children younger than 15 make up a substantial portion of the population in the Breede Valley municipal area (27.8 per cent in 2020). There is thus a high dependency on those who are able to work to take care of children. Furthermore, the large child population has implications for the current demand for school infrastructure and will result in a large increase in the labour force in future.

In the Langeberg municipal area, the largest share of the population was between 35 and 64 years old (34.3 per cent), followed by individuals between 15 and 34 years old (30.5 per cent). The municipal area had the District's largest portion of individuals older than 65 and children aged between 0 and 14 years old, accounting for 6.2 per cent and 28.9 per cent of the population of the municipal area respectively. There is thus a large dependency on working-age people to care for children as well as the elderly in the Langeberg municipal area.



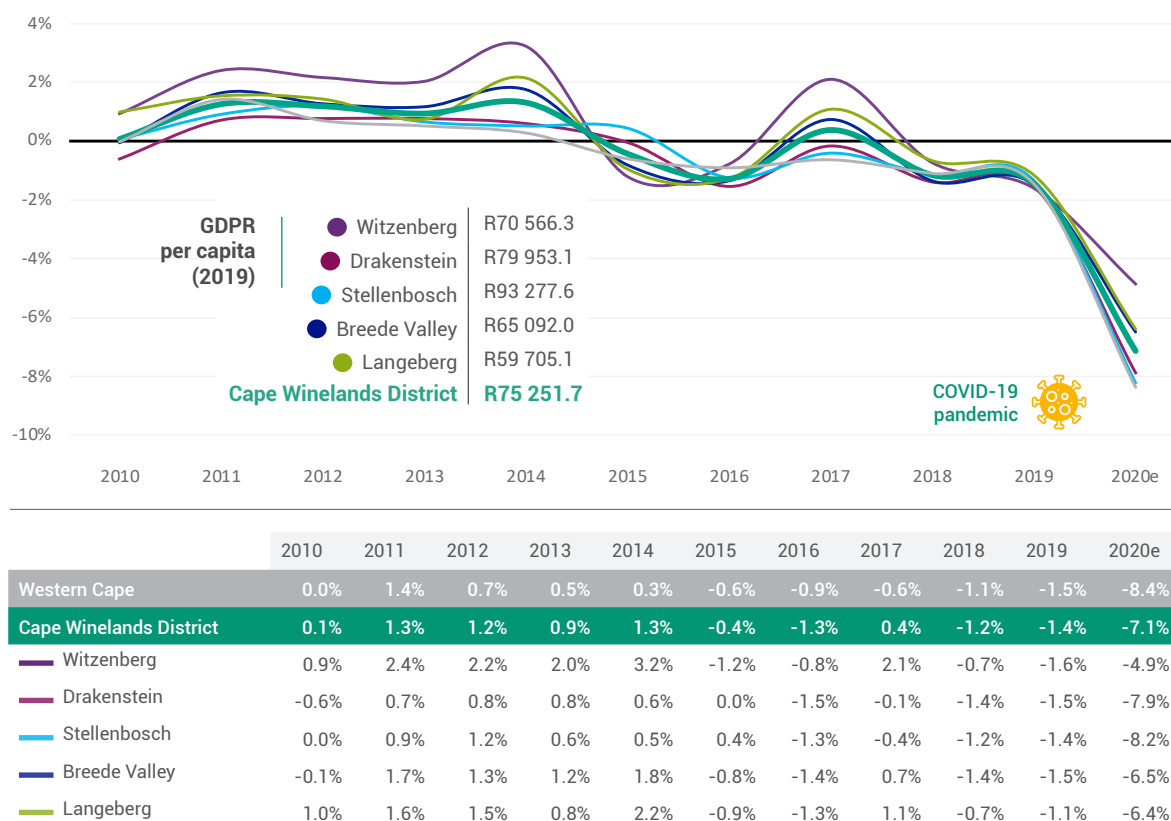
4.3 HUMAN DEVELOPMENT

The HDI is used to assess the level of socio-economic development in countries. The performance of the economy plays a major role in determining the quality of life for citizens, which is measured by the standard of education, health, dwellings, access to basic services and crime levels.

4.3.1 Income

The District's GDPR per capita decreased from R75 251.7 in 2019 to an estimated R72 778.1 in 2020 in current prices. However, in real prices, the GDPR contracted substantially in 2020. Figure 4.4 below illustrates the GDPR per capita growth in the CWD between 2010 and 2020.

Figure 4.4
GDPR PER CAPITA GROWTH, Cape Winelands District, 2010 – 2020



Source: Quantec Research, 2021 (e denotes estimate)

The GDPR per capita in the CWD fluctuated during the period under review, but has been on a declining trend over the reference period. Since 2018 the GDPR per capita has contracted, with the worst contraction recorded in 2020 (7.1 per cent). This decline was due to the poor economic performance in 2020 as a result of the COVID-19 pandemic.

All the municipal areas in the District experienced a downturn in GDP per capita owing to the economic downturn. However, the Stellenbosch and Drakenstein municipal areas experienced the most significant decline in GDP per capita growth, with contractions of 8.2 per cent and 7.9 per cent respectively in 2020. The decline in these municipal areas was greater than that experienced at the District level (7.1 per cent), but remained less than the GDP per capita contraction at a Provincial level (8.4 per cent). The GDP per capita contractions in the other municipal areas of the CWD were less severe, as these economies were somewhat boosted by the strong performance recorded in the agriculture sector in 2020.

Table 4.1 illustrates the average monthly household income of the CWD in 2019.

Table 4.1

**AVERAGE MONTHLY HOUSEHOLD INCOME (CURRENT PRICES),
Cape Winelands District, 2019**

MUNICIPALITY	Average household income 2019 (current prices)	Trend 2015 – 2019
● Witzenberg	R17 434	0.8%
● Drakenstein	R19 999	-0.2%
● Stellenbosch	R19 791	0.1%
● Breede Valley	R15 522	-0.3%
● Langeberg	R14 327	0.7%
Cape Winelands District	R17 846	0.0%
Western Cape	R19 430	-0.3%

Source: Urban-Econ calculations based on Quantec Research, 2021

In 2019, the average monthly household income in the CWD was R17 846 (in current prices), which was lower than the average household income in the Western Cape in 2019. Between 2015 and 2019, the average household income in the Province declined by an average annual rate of 0.3 per cent, while that of the CWD remained stagnant.

The municipal areas that had the lowest average household income were the Langeberg (R14 327) and Breede Valley (R15 522) municipal areas. However, the Witzenberg municipal area experienced the greatest improvement in the period under review, growing at an average annual rate of 0.8 per cent, followed by the Langeberg municipal area (0.7 per cent), while the Stellenbosch municipal area experienced only a marginal change in the average monthly household income (0.1 per cent) in the period under review. However, considering that the average inflation over the period was recorded at 5.0 per cent,⁶⁵ household income in these municipal areas did not grow sufficiently to compensate for higher prices caused by inflation. Since 2016, annual inflation has been on a declining trend, while remaining within the target bands set by the SARB. At a rate of 3.3 per cent in 2020, inflation was at its lowest level in more than a decade. However, the job losses caused by the economic downturn in 2020 are likely to result in a decline in household income.

The Drakenstein and Breede Valley municipal areas followed the Provincial trend, as the average household income declined by an average annual rate of 0.2 per cent and 0.3 per cent respectively.

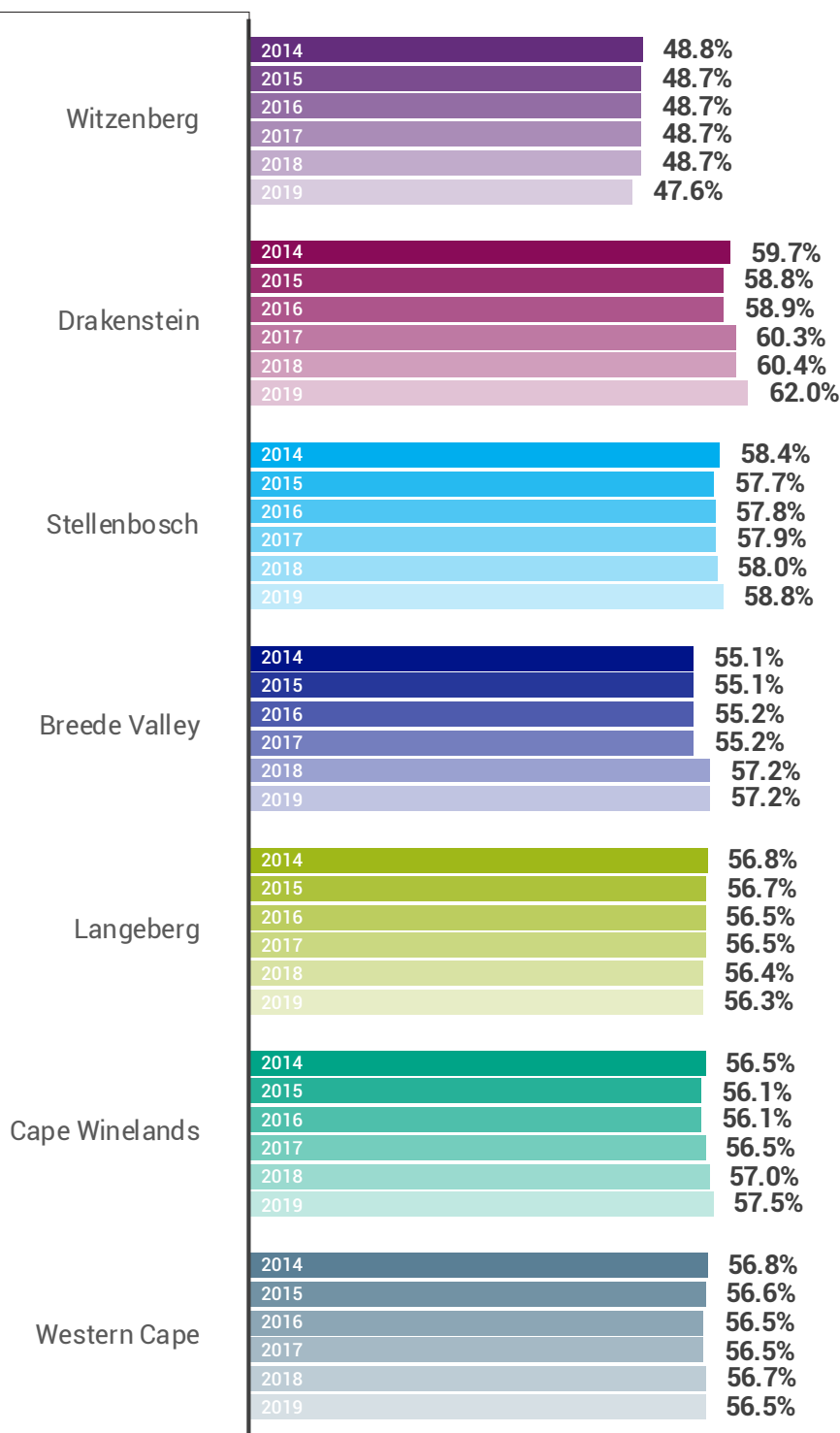
⁶⁵ (Stats SA, 2021).

Stats SA utilises a cost-of-basic-needs approach to produce three poverty lines, namely the food poverty line (FPL), the lower-bound poverty line (LBPL) and the upper-bound poverty line (UBPL). This allows monitoring of poverty at different levels. The FPL is the rand value below which individuals are not able to afford sufficient food that is required for adequate health. The LBPL and the UBPL use the FPL as a base, but they also have a non-food component. Individuals at the LBPL do not have enough resources to purchase both adequate levels of food and non-food items, and must therefore sacrifice food to obtain essential non-food items. Those at the UBPL can afford both adequate food and non-food items.⁶⁶ Between 2019 and 2020, the FPL increased from R561 to R585, the LBPL increased from R810 to R840, and the UBPL increased from R1 227 to R1 268 per person per month.⁶⁷

The figure below details the proportion of the population that are at the UBPL.

Figure 4.5
PROPORTION
OF POPULATION
AT UBPL, Cape
Winelands District,
2014 – 2019

- Witzenberg
- Drakenstein
- Stellenbosch
- Breede Valley
- Langeberg
- Cape Winelands District
- Western Cape



⁶⁶ (Stats SA, 2017).

⁶⁷ (Stats SA, 2020).

Source: Quantec Research, 2021

Poverty levels in the CWD are very similar to that of the Province. The proportion of people at the UBPL declined between 2014 (56.5 per cent) and 2016 (56.1 per cent), from where it increased to 57.5 per cent in 2020. The Provincial drought is likely to have impacted poverty levels in the CWD. The Drakenstein municipal area had the largest proportion of people at the UBPL over the reference period. Furthermore, since 2015, the proportion of the population at the UBPL in the Drakenstein municipal area has also been on an increasing trend. The Stellenbosch and Breede Valley municipal areas recorded similar trends. In the Stellenbosch municipal area, the proportion of people at the UBPL increased from 57.7 per cent in 2015 to 58.8 per cent in 2020, and has increased from 55.1 per cent to 57.2 per cent in the Breede Valley municipal area over the same reference period. Between 2014 and 2019, the Witzenberg and Langeberg municipal areas recorded declines of 1.1 percentage points and 0.4 percentage points respectively.

There are numerous measurements of inequality in a society, including income, expenditure, asset, employment, education, health, basic services and social mobility inequality. By utilising a multidimensional view of inequality, the broader context of the challenges South Africans face can be analysed. Ratios and indices that measure inequality include the Gini coefficient, the Theil index, general entropy, the Palma ratio and the Atkinson index.⁶⁸ However, on a local municipal level, data that is readily available is the Gini coefficient, which can therefore be utilised to analyse income inequality on a local level.

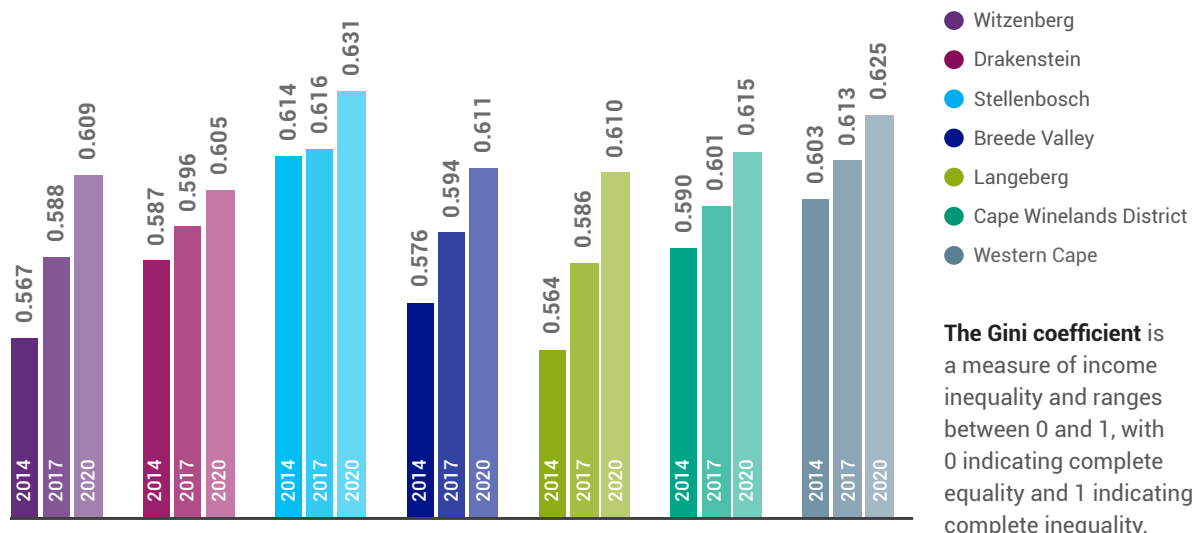


⁶⁸ (Stats SA, 2019).

Figure 4.6 illustrates the Gini coefficient per municipal area in the CWD between 2014 and 2020.

Figure 4.6

GINI COEFFICIENTS, Cape Winelands District, 2014 – 2020



Source: IHS Markit, 2020

The Gini coefficient was marginally lower in the CWD (0.615) than in the Province (0.625) in 2020. However, both the District and the Province recorded a similar increasing trend between 2014 and 2020. In 2014, the CWD recorded a Gini coefficient of 0.590, which increased to 0.615 by 2020, thereby showing an increasing level of income inequality in the District. The Stellenbosch municipal area recorded the highest level of income inequality compared with the other municipal areas, with a Gini coefficient of 0.631 in 2020. The Drakenstein and Witzenberg municipal areas recorded Gini coefficients of 0.605 and 0.609 respectively, which were lower than the other municipal areas, the District and the Province.



The job losses as a result of the COVID-19 pandemic would have contributed to income inequality in the CWD. Workers who were able to work from home would have been able to continue earning an income, while those who were unable to do so, either owing to the lack of connectivity or because their jobs required physical labour, would have been left without income. This also emphasises the importance of COVID-19 relief measures such as TERS.

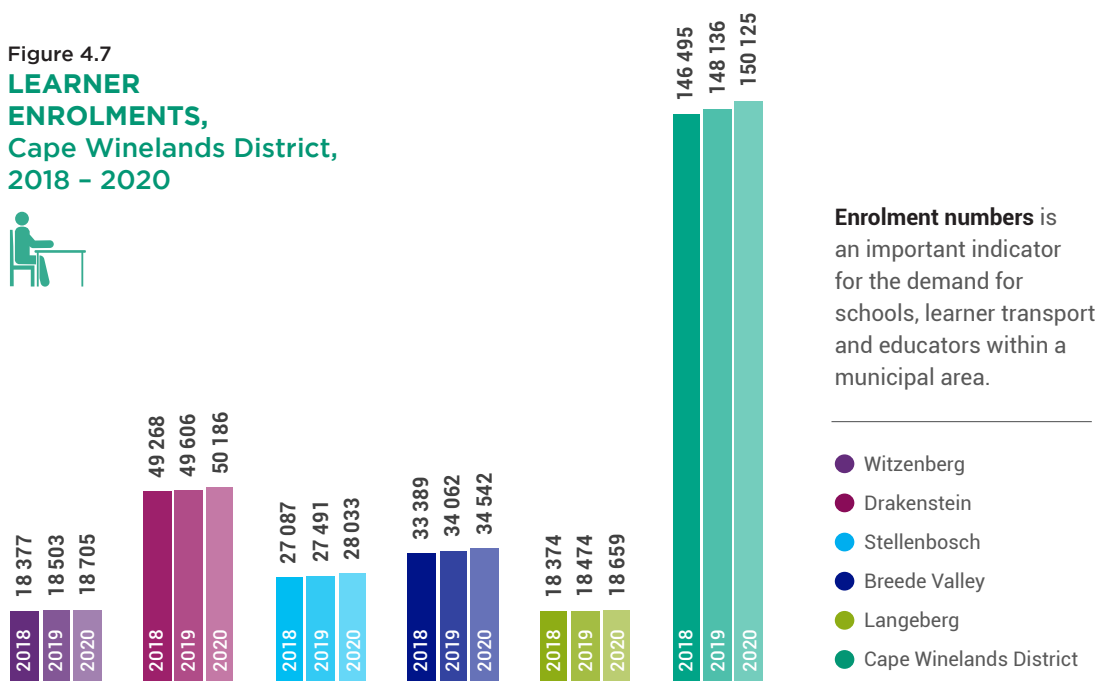
4.3.2 Education

This subsection discusses the extent of improvement in the educational profile of households in the CWD based on learner enrolment, the Grade 10 to 12 retention rate, matric pass rates and learner-teacher ratios.

Figure 4.7 depicts the learner enrolment figures in the CWD between 2018 and 2020.

Figure 4.7

LEARNER ENROLMENTS, Cape Winelands District, 2018 – 2020



Source: Western Cape Education Department, 2021

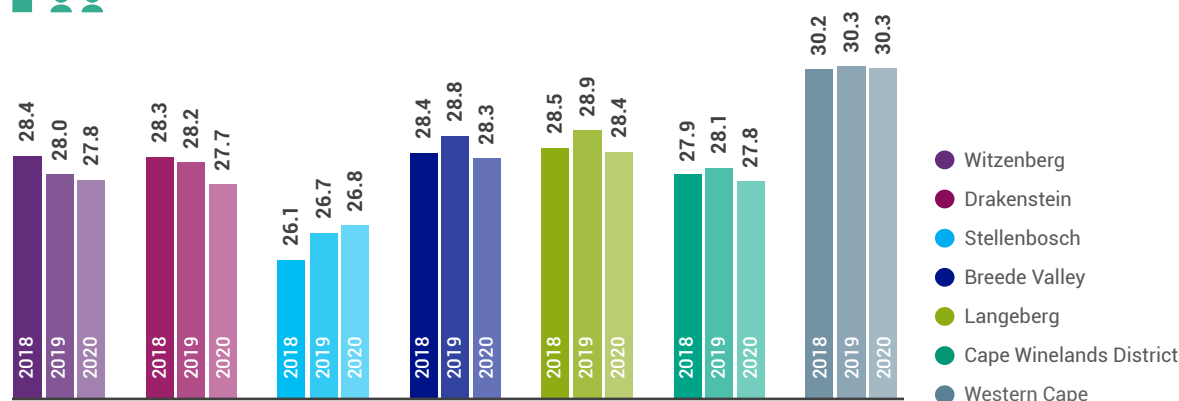
In the CWD, learner enrolments increased consistently from 146 495 learners in 2018 to 150 125 learners in 2020, and the municipal areas have also followed this positive trend, with a consistent increase in learner enrolments for the period under review. The Drakenstein municipal area had the largest learner enrolment for the period under review, with 50 186 learners enrolled in 2020, followed by the Breede Valley (34 542 learners) and the Stellenbosch (28 033 learners) municipal areas.

The Breede Valley municipal area experienced the largest increase in learner enrolments between 2018 and 2020, with learner enrolments increasing by 1 153 learners, followed by the Stellenbosch municipal area increasing by 946 learners. The Langeberg municipal area had the lowest increase in learner enrolments, with an increase of 285 learners between 2018 and 2020.



Figure 4.8 illustrates the learner-teacher ratio in the CWD between 2018 and 2020.

Figure 4.8
LEARNER-TEACHER RATIO,
Cape Winelands District, 2018 – 2020



Source: Western Cape Education Department, 2021

Learner-teacher ratios are indicative of the capacity of schools to accommodate more learners. Learner-teacher ratio upper limits of 40:1 in ordinary primary schools and 35:1 in ordinary high schools are set by the Department of Education.⁶⁹ Lower learner-teacher ratios are associated with more interaction between teachers and learners, which could contribute to better-quality education.⁷⁰

The learner-teacher ratio in the District was below 30 learners per teacher in 2020, which is associated with more interaction between teachers and learners, and contributes to better-quality education. However, the learner-teacher ratio in the CWD increased marginally from 27.9 learners per teacher in 2018 to 28.1 learners per teacher in 2019, before decreasing to 27.8 learners per teacher in 2020. Thus, the number of educators increased proportionally to the increase in learner enrolments in the District between 2019 and 2020.

Between 2018 and 2020, an increase in the learner-teacher ratio was recorded only in the Stellenbosch municipal area (from 26.1 learners per teacher in 2018 to 26.8 learners per teacher in 2020). However, the learner-teacher ratio in the Stellenbosch municipal area was the lowest recorded compared with the other municipal areas in the District.

The municipal areas with above-average learner-teacher ratios relative to the District were the Breede Valley and Langeberg municipal areas. However, between 2019 and 2020 the learner-teacher ratio declined marginally from 28.8 learners per teacher to 28.3 learners per teacher in the Breede Valley municipal area, and from 28.9 learners per teacher to 28.4 learners per teacher in the Langeberg municipal area. The trends indicate that the number of educators increased slightly in line with learner enrolments in these two municipal areas.

⁶⁹ (Sephton, S, 2017).

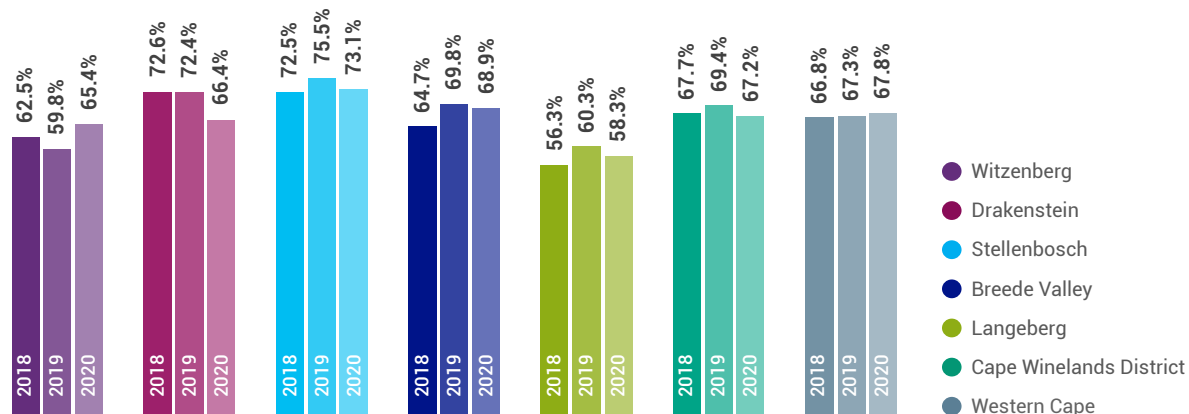
⁷⁰ (Southern and Eastern Africa Consortium for Monitoring Educational Quality, 2011).

The learner-teacher ratio is a strong indicator of the students' level of engagement in a class, the quality of education and student achievement. A lower learner-teacher ratio therefore indicates that there are fewer learners per teacher, and learners generally have the advantage that teachers can provide more personalised/tailored teaching methods and support, which improves the quality of education received and the ability of students to achieve. Research has also shown that lower learner-teacher ratios are associated with better test results, fewer drop-out learners and higher graduation rates.⁷¹

Figure 4.9 illustrates the Grade 10 to 12 retention rate in the CWD between 2018 and 2020. Retention rates are proxies for the level of drop-outs and by implication the efficiency of schools in facilitating learners' completion of a given school stage.

Figure 4.9

GRADE 10 TO 12 RETENTION RATE, Cape Winelands District, 2018 - 2020



Source: Western Cape Education Department, 2021

The Grade 10 to 12 retention rate is determined by obtaining the proportion of Grade 12 learners in a particular year compared with the number of Grade 10 learners two years prior. This shows the proportion of students who progressed to Grade 12, compared with those enrolled in Grade 10 two years before.

The Grade 10 to 12 retention rate in the CWD improved from 67.7 per cent in 2018 to 69.4 per cent in 2019, before dropping to 67.2 per cent in 2020. The disruptions to the school year in 2020 as a result of COVID-19 could have influenced the retention rate. The District's learner retention rate was also slightly lower than the Western Cape retention rate (67.8 per cent) in 2020. Over the reference period, learner retention improved by 1.0 percentage point in the Province, compared with a 0.5 percentage point decline in the CWD.

The Stellenbosch municipal area recorded the highest learner retention rate in 2020 (73.1 per cent), followed by the Breede Valley (68.9 per cent) and Drakenstein (66.4 per cent) municipal areas. However, the Drakenstein municipal area recorded a significant decline (6.0 percentage points) from 72.4 per cent in 2019 to 66.4 per cent in 2020. The Stellenbosch, Langeberg and Breede Valley municipal areas also recorded declines, with the learner retention rate dropping by

⁷¹ (The Hun School of Princeton, 2019).

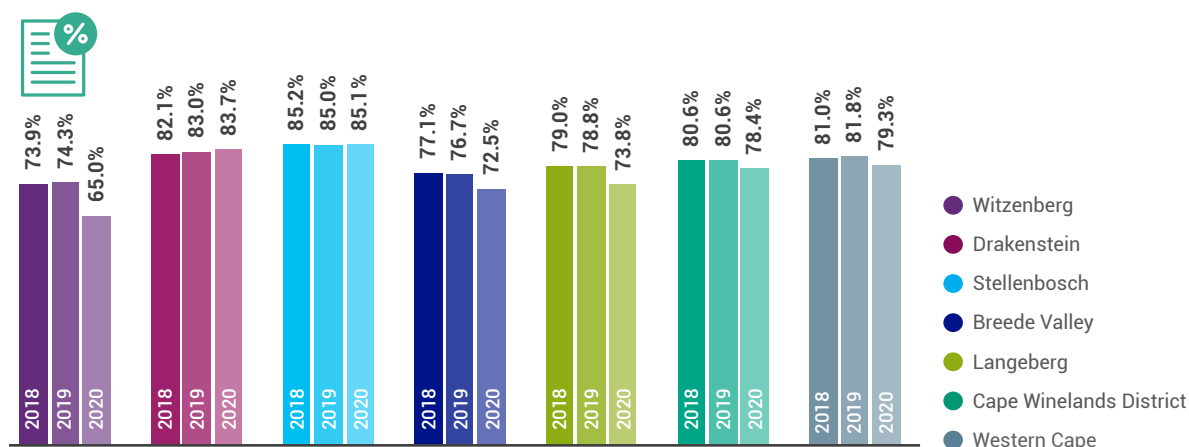
2.4 percentage points, 2.0 percentage points and 0.9 percentage points respectively between 2019 and 2020. Only the Witzenberg municipal area recorded a considerable improvement in learner retention rates between 2019 and 2020 (a 5.6 per cent increase).

Access to education is an important indicator for labour market skills and access to economic opportunity. Local challenges that result in learners leaving school before Grade 12 need to be assessed, especially considering that most sectors require semi-skilled and skilled labour.

Together with several other variables not considered in this section, learner enrolment, learner-teacher ratios and Grade 10 to 12 retention rates all contribute to an area's Grade 12 pass rate.

Figure 4.10 depicts the matric pass rate in the CWD between 2018 and 2020.

Figure 4.10
MATRIC PASS RATE,
Cape Winelands District, 2018 – 2020



Source: Western Cape Education Department, 2021

Over the reference period, the matric pass rate for the CWD was marginally lower than the pass rate in the Western Cape. The matric pass rate for the CWD also declined from 80.6 per cent in 2019 to 78.4 per cent in 2020. The challenges the education sector experienced in 2020 therefore translated into a reduced retention rate and matric pass rate in the District.

On a municipal level, only the Drakenstein and Stellenbosch municipal areas recorded an increase in the matric pass rate between 2019 and 2020. However, only the Drakenstein municipal area recorded consistent increases since 2018. Both the Witzenberg and Langeberg municipal areas recorded the steepest decline in the matric pass rate, decreasing by 8.9 percentage points and 5.2 percentage points respectively between 2018 and 2020. This is likely to have a negative impact on providing employment opportunities for the youth in these municipal areas.

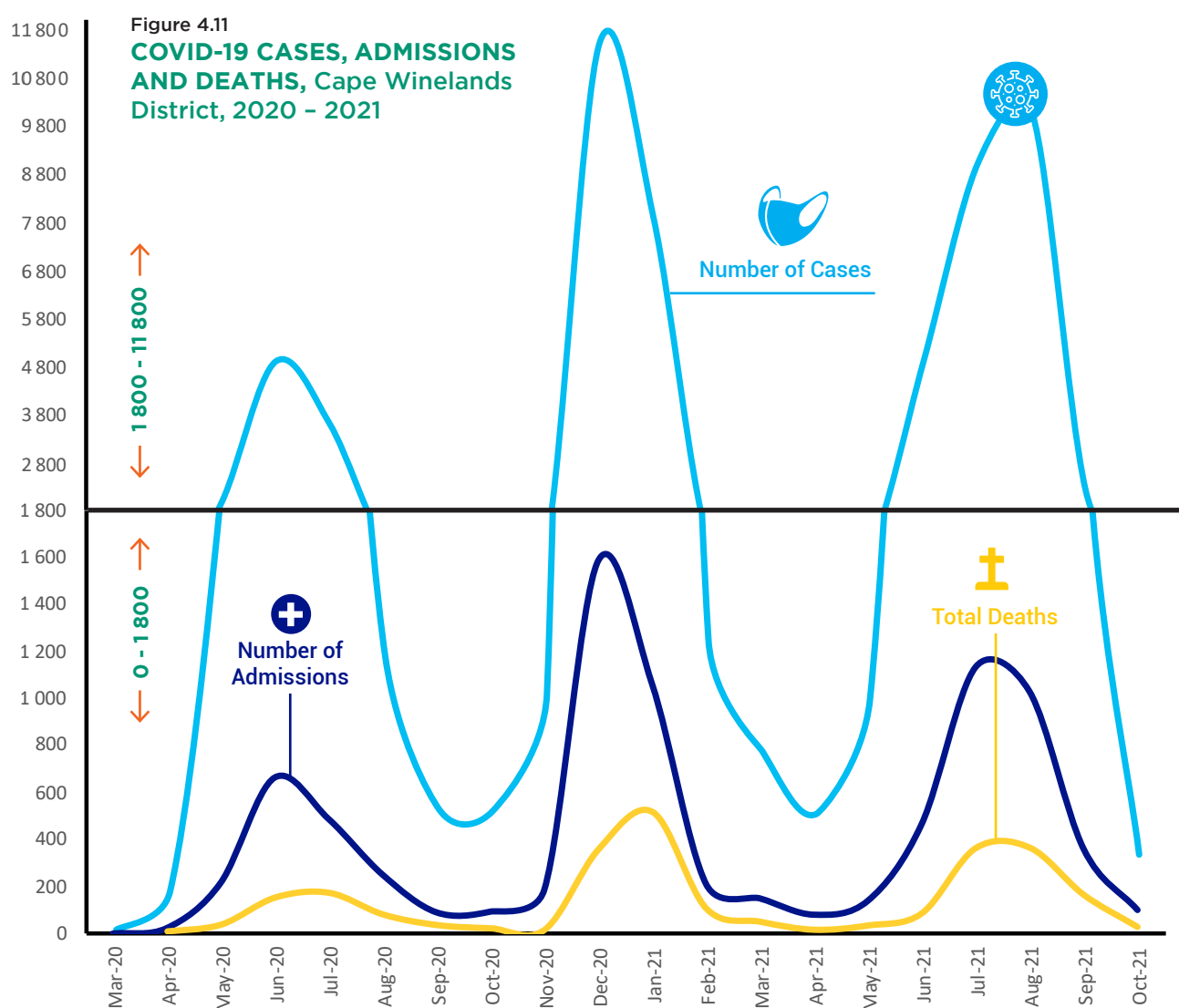


4.3.3 Health

The health conditions of people living within the CWD are analysed in this section by reviewing COVID-19, mortality, the prevalence of TB, HIV, infant mortality rates, maternal death rates and teenage pregnancies.

4.3.3.1 COVID-19

Figure 4.11 indicates the number of COVID-19 cases, admissions and deaths, as well as the distribution of deaths per age group in the CWD since the start of the COVID-19 pandemic in March 2020.⁷²



Source: Western Cape Department of Health, 2021

	Mar 20	Apr 20	May 20	Jun 20	Jul 20	Aug 20	Sep 20	Oct 20	Nov 20	Dec 20	Jan 21	Feb 21	Mar 21	Apr 21	May 21	Jun 21	Jul 21	Aug 21	Sep 21	Oct 21
Cases	24	188	2 004	4 923	3 626	1 177	534	530	1 028	11 537	7 892	1 253	782	515	1 002	4 924	9 020	10 132	2 261	343
Admissions	1	24	216	662	487	251	91	94	186	1 581	1 058	211	150	81	140	466	1 131	1 026	360	101
Total deaths		5	34	149	169	77	32	18	12	354	513	102	46	12	30	82	359	361	161	24

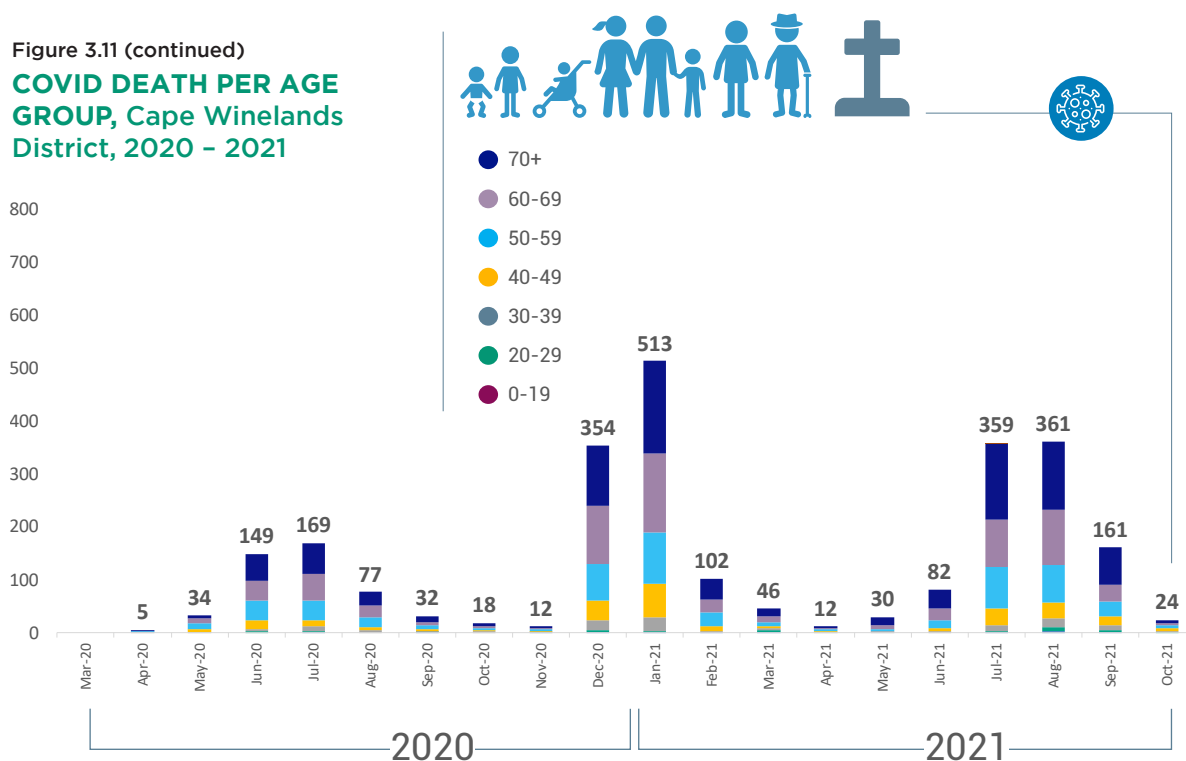
⁷² Data for COVID-19 cases, admissions and deaths was extracted in November 2021.

During the start of the COVID-19 pandemic, 24 cases were recorded in the CWD in March 2020. The number of cases increased to 4 923 in June 2020 and fell to 3 626 by July 2020. This was during the first wave of COVID-19 in South Africa, which is defined as the period from weekly incidence of 30 cases per 100 000 persons to peak weekly incidence (week 24 to week 28).⁷³ During the second wave, which is defined as the period from week 47 of 2020 to the first week of 2021, the number of cases peaked at 11 537 in December 2020 and fell to 7 892 in January 2021. By August 2021, during the third wave, the number of cases peaked at 10 132.

The number of hospital admissions during the peak of the first wave of COVID-19 decreased from 662 in June 2020 to 487 in July 2020. During the second wave, the number of admissions peaked at 1 581 in December 2020 and fell to 1 058 in January 2021. The number of admissions during the third wave peaked at 1 131 in July 2021 before declining to 1 026 in August 2021. The number of deaths during the first wave was relatively low compared with the subsequent waves. During this period, 34.3 per cent of deaths were people older than 70, followed by 29.0 per cent of people between the ages of 60 and 69. During the second wave, 354 deaths were recorded in December 2020, with deaths peaking at 510 in January 2021. The number of deaths recorded during the height of the third wave (August 2021) was 361, of which 35.7 per cent were people older than 70 and 28.8 per cent were people between the ages of 60 and 69.

Figure 3.11 (continued)

COVID DEATH PER AGE GROUP, Cape Winelands District, 2020 – 2021



Source: Western Cape Department of Health, 2021



By mid-August 2021, 54.6 per cent of persons older than 60 had been vaccinated in the CWD compared with 54.4 per cent provincially. Vaccinations of persons between the ages of 50 and 59 (34.8 per cent) were marginally higher compared with provincial vaccinations (33.4 per cent). For the 35 to 49 age group, vaccination progress (15.5 per cent) was marginally higher compared with the Province (14.2 per cent). The Witzenberg and Stellenbosch municipal areas recorded vaccination rates of 20.2 per cent and 18.9 per cent respectively in this age group.

⁷³ (Centre for Respiratory Diseases and Meningitis, NICD-NHLS, 2021).

4.3.3.2 Mortality

Table 4.2 provides an overview of the top 10 natural causes of death in the CWD in 2018.

Table 4.2

TOP 10 NATURAL CAUSES OF DEATH, Cape Winelands District, 2018



Cape Winelands District			Western Cape	
Rank	Cause of death	%	Cause of death	%
1	Diabetes mellitus	7.9%	Diabetes mellitus	7.6%
2	Cerebrovascular disease	6.9%	Ischaemic heart disease	6.1%
3	HIV	6.6%	Cerebrovascular disease	5.9%
4	Chronic lower respiratory diseases	6.5%	HIV	5.7%
5	TB	5.6%	Chronic lower respiratory diseases	5.1%
6	Ischaemic heart disease	4.9%	TB	4.9%
7	Malignant neoplasms of respiratory and intrathoracic organs	4.7%	Malignant neoplasms of digestive organs	4.5%
8	Malignant neoplasms of digestive organs	4.4%	Malignant neoplasms of respiratory and intrathoracic organs	4.5%
9	Hypertensive diseases	3.5%	Hypertensive diseases	3.8%
10	Other forms of heart disease	2.8%	Other forms of heart disease	3.3%
Other natural		35.3%		35.6%
Non-natural		10.9%		13.0%

Source: Stats SA, 2021

The main natural causes of death in the CWD in 2018 were diabetes mellitus (7.9 per cent of deaths), cerebrovascular disease (6.9 per cent of deaths) and HIV (6.6 per cent). On a Provincial level, 7.6 per cent of deaths were caused by diabetes mellitus, while 6.1 per cent and 5.9 per cent of deaths were caused by ischaemic heart disease and cerebrovascular disease respectively. More people died of non-natural causes in the Province (13.0 per cent) compared with the CWD (10.9 per cent) in 2018.



WELLBEING

Diabetes mellitus is considered a lifestyle disease that places severe strain on the public healthcare system. Obesity, caused by poor diet and lack of physical activity, is one of the leading causes of Type 2 diabetes. One of the focus areas of the Western Cape Recovery Plan is increasing the wellbeing of citizens by promoting nutrition, exercise and psycho-social support, and it can therefore play a critical role in reducing the burden of lifestyle diseases, as well as mortalities, on the healthcare system.

4.3.3.3 HIV/AIDS and TB

Table 4.3 provides an overview of the trends in HIV testing, treatment and outcomes in the CWD between 2017/18 and 2020/21.

Table 4.3

TRENDS IN HIV TESTING, TREATMENT AND OUTCOMES, Cape Winelands District, 2017/18 – 2020/21



	2017/18	2018/19	2019/20	2020/21
Known HIV+ (Tested; n)	48 715	49 363	46 804	49 592
Of which: Clients started but no longer on ART	40.9%	48.5%	46.4%	48.8%
Of which: Clients on ART	56.1%	58.5%	38.3%	37.6%
Of which: Clients with confirmed viral suppression	76.7%	74.5%	69.2%	68.7%

Source: Western Cape Department of Health, 2021

The number of people who are known to have tested HIV-positive in the CWD increased over the reference period, from 48 715 in 2017/18 to 49 592 in 2020/21. Knowledge of HIV status is an important starting point to receiving treatment. Even though more people knew their status in 2020/21 than in 2019/20, the treatment of HIV was influenced by the disruption of the healthcare system as a result of the COVID-19 pandemic.

The Joint United Nations Programme on HIV/AIDS (UNAIDS) targeted that by 2020, 90.0 per cent of all people living with HIV would know their status, 90.0 per cent of people diagnosed with HIV would be receiving antiretroviral treatment (ART) and 90.0 per cent of people receiving ART would have viral suppression.⁷⁴ Viral suppression is when HIV medicine is used to reduce the viral load in the body in such a way that the immune system is able to function. Between 2017/18 and 2019/20, the percentage of people who started ART but were no longer on it increased from 46.4 per cent in 2019/20 to 48.8 per cent in 2020/21. Furthermore, the percentage of people who were on ART has been on a declining trend since 2018/19. The percentage of people with confirmed viral suppression in the CWD has also been on a declining trend, from 76.7 per cent in 2017/18 to 68.7 per cent in 2020/21. This is likely to be associated with the decline in people receiving ART. Increasing ART and viral suppression are essential to keep the most economically and socially active individuals healthy in the CWD.⁷⁵

The age group that is most susceptible to infection (those between the ages of 15 and 50) is also the most economically and socially active.⁷⁶ The economic impacts of HIV/AIDS include reduced labour supply, reduced labour productivity, reduced exports and increased imports.⁷⁷ Given the current economic challenges in the CWD, increasing ART treatment and viral suppression is essential.

⁷⁴ (UNAIDS, 2014).

⁷⁵ (UNAIDS, 2000).

⁷⁶ (UNAIDS, 2000).

⁷⁷ (Dixon, et al., 2002).

Table 4.4 shows the trends in TB notification and outcomes in the CWD between 2018/19 and 2020/21.

Table 4.4
TRENDS IN TB NOTIFICATION AND OUTCOMES,
Cape Winelands District, 2018/19 – 2020/21



	2018/19	2019/20	2020/21
TB programme success rate	77.9%	76.9%	72.0%
TB clients lost to follow-up	13.3%	18.3%	22.8%
TB clients death rate	3.9%	3.9%	4.0%
TB/HIV co-infected	30.5%	38.3%	39.1%
TB MDR treatment success rate	54.5%	63.1%	64.5%

Source: Western Cape Department of Health, 2021

The success of the TB programme in the CWD declined from 77.9 per cent in 2018/19 to 72.0 per cent in 2020/21. TB clients lost to follow-up increased from 13.3 per cent in 2018/19 to 22.8 per cent in 2020/21. The multidrug-resistant (MDR) treatment success rate increased from 54.5 per cent in 2018/19 to 64.5 per cent in 2020/21.

The TB client death rate increased from 3.9 per cent in 2018/19 to 4.0 per cent in 2020/21. Although the MDR treatment success rate increased in the District, the TB client death rate also increased in the period under review.

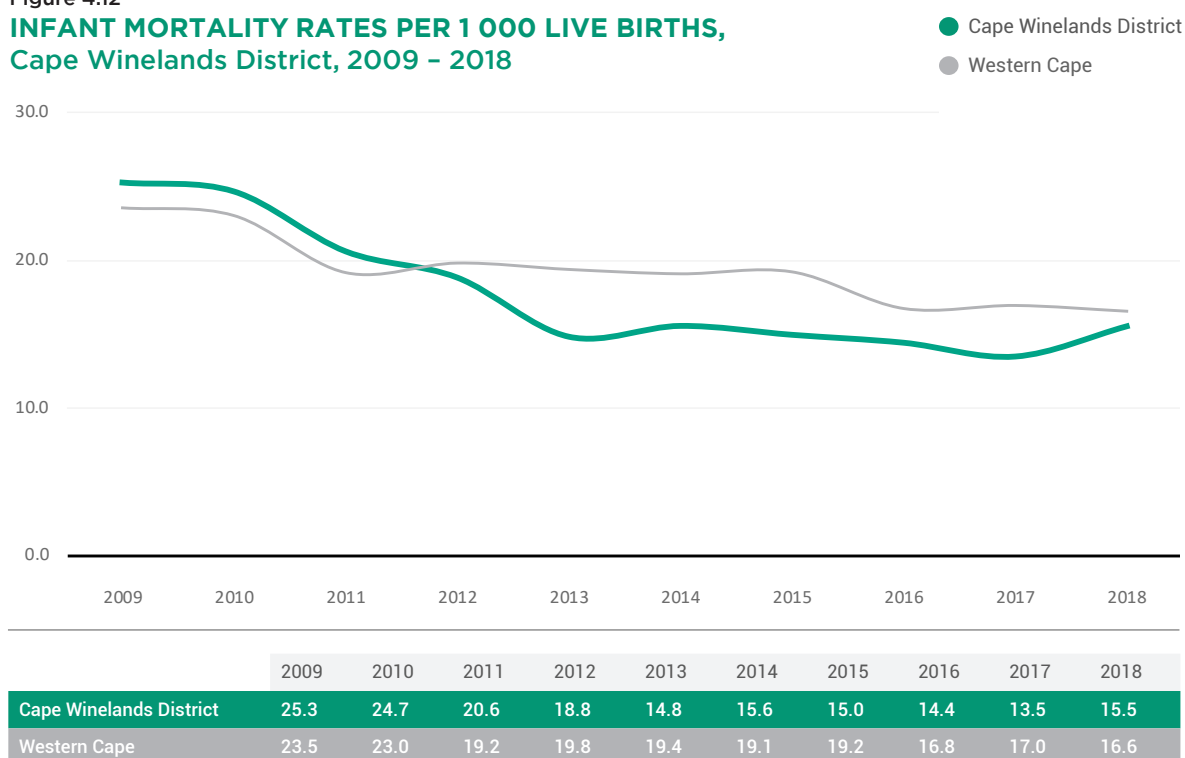


4.3.3.4 Infant, child and maternal health

Figure 4.12 depicts the infant mortality rates per 1 000 live births in the Western Cape and the CWD between 2009 and 2018.

Figure 4.12

INFANT MORTALITY RATES PER 1 000 LIVE BIRTHS, Cape Winelands District, 2009 – 2018



Source: Western Cape Department of Health, 2021

The infant mortality rates of the Western Cape and the CWD have been on a declining trend since 2009. From 2012, the infant mortality rate was lower in the CWD compared with the Province. The infant mortality rate of the CWD decreased steadily from 25.3 deaths per 1 000 live births in 2009 to 14.8 deaths per 1 000 live births in 2013. In 2014 the infant mortality rate increased to 15.6 deaths per 1 000 live births, but declined to 13.5 deaths per 1 000 live births in 2017. In 2018, the infant mortality rate increased to 15.5 deaths per 1 000 live births, but it remains lower than the Provincial infant mortality rate.

Table 4.5 provides the maternal death rates per 100 000 births in the CWD between 2018 and 2020.

Table 4.5

MATERNAL DEATH RATES PER 100 000 LIVE BIRTHS, Cape Winelands District, 2018 – 2020

MUNICIPALITY	2018	2019	2020
Witzenberg	72.7	0	204.4
Drakenstein	68.5	50.4	69.6
Stellenbosch	66.5	0	57.3
Breede Valley	207.1	84.2	184.7
Langeberg	0	0	123.2
Cape Winelands District	95.5	42.7	118.3

Source: Western Cape Department of Health, 2021

The maternal death rate is defined as maternal deaths per 100 000 live births in health facilities. Maternal death is death occurring during pregnancy, childbirth and the puerperium of a woman while pregnant or within 42 days of termination of pregnancy, irrespective of the duration and site of pregnancy and irrespective of the cause of death (obstetric and non-obstetric).

The maternal death rate in the CWD decreased from 95.5 deaths per 100 000 live births in 2018 to 42.7 in 2019, before increasing to 118.3 deaths per 100 000 live births in 2020. In 2018 and 2019, the Breede Valley municipal area recorded the largest number of maternal deaths in the District (207.1 deaths per 100 000 live births and 84.2 deaths per 100 000 live births) respectively. However, in 2020, the Witzenberg municipal area recorded the highest number of maternal deaths in the District (204.4 deaths per 100 000 live births).

4.3.3.5 Teenage pregnancy

Teenage pregnancies can perpetuate the poverty cycle while also resulting in early school drop-out by pregnant teenagers. Teenage pregnancy is influenced by several factors, including lack of knowledge or access to contraceptives, access to healthcare services and other socio-cultural factors.

Table 4.6 provides the delivery rate to women aged 10 to 19 years between 2018 and 2020.

Table 4.6
DELIVERY RATE TO WOMEN 10 – 19 YEARS,
Cape Winelands District, 2018 – 2020

MUNICIPALITY	2018	2019	2020
● Witzenberg	20.9%	18.8%	15.9%
● Drakenstein	10.2%	14.4%	13.5%
● Stellenbosch	13.6%	13.5%	11.4%
● Breede Valley	15.8%	14.5%	13.1%
● Langeberg	20.6%	17.2%	15.3%
Cape Winelands District	14.2%	15.1%	13.6%

Source: Western Cape Department of Health, 2021

The delivery rate to teenagers in the CWD declined from an average rate of 14.2 per cent in 2018 to 13.6 per cent in 2020. The delivery rates to teenagers in the Drakenstein and Stellenbosch municipal areas were lower than the average delivery rate to teenagers in the CWD between 2018 and 2020. The Witzenberg municipal area had the highest delivery rate to teenagers in 2020 (15.9 per cent), followed by the Langeberg municipal area (15.3 per cent).

Between 2019 and 2020, the delivery rate to teenagers in the CWD declined by 1.5 percentage points. All the municipal areas in the District recorded a decline in the delivery rate to teenagers between 2019 and 2020. The Stellenbosch and Witzenberg municipal areas experienced the highest decline (2.1 percentage points and 2.9 percentage points respectively) in the delivery rate to teenagers, while the Drakenstein municipal area recorded the smallest decline (0.9 percentage points) between 2019 and 2020.

An increase in delivery rates to teenagers puts additional pressure on the public sector for support, as these teenagers often drop out of school and therefore struggle to find employment owing to low skill levels.

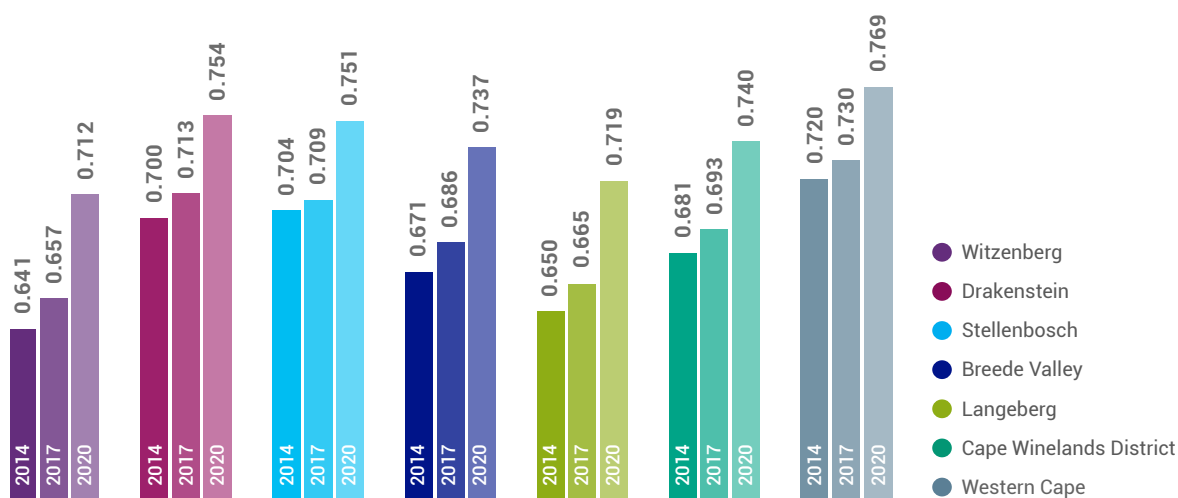
4.3.4 Human Development Index

The United Nations uses the HDI – a composite indicator reflecting education levels, health and income – to assess the relative level of socio-economic development in countries. Economic growth plays an important role in determining the quality of life of citizens; economists expect economic growth to result in improvements in human development and economic decline to have an adverse effect on human development.

Figure 4.13 illustrates the HDI per municipal area in the CWD between 2014 and 2020. HDI scores above 0.7 are considered to be high, while those between 0.55 and 0.69 are taken to be medium.⁷⁸

Figure 4.13

HDI PER MUNICIPAL AREA, Cape Winelands District, 2014 – 2020



Source: IHS Markit, 2021

The HDI is a measure of people's ability to live a long and healthy life, to communicate, to participate in the community and to have sufficient means to afford a decent standard of living. The HDI is represented by a number between 0 and 1, where 1 indicates a high level of human development and 0 represents no human development.

Despite the challenges in various economic and social spheres in 2020, the HDI of the CWD improved over the reference period – from 0.681 in 2014 to 0.740 in 2020. However, the CWD's HDI remains marginally lower compared with that of the Province (0.769). The Drakenstein municipal area had the highest HDI in 2020 (0.754), while the Witzenberg municipal area recorded the lowest HDI (0.712) in the same period.

GLOBAL HDI COMPARISON

According to the United Nations Development Programme (UNDP),⁷⁹ South Africa was ranked 114th in the world with an HDI of 0.709 in 2019, which was lower than the average world HDI of 0.737. However, the HDI in South Africa was still considered to be high and was above the average HDI of developing countries (0.689). Globally, Norway had the highest HDI in 2019 (0.957), while Niger was ranked lowest at 0.394. In 2019, the HDI in the Western Cape (0.757) was also considered to be high according to the UNDP classification and above the world average. The 2019 HDI in the CWD (0.726) was considered to be high according to the HDI classification and was similar to that of Paraguay (0.728).

⁷⁸ (UNDP, 2019).

⁷⁹ (UNDP, 2021).

4.4 HOUSING AND ACCESS TO BASIC SERVICES

Access to decent formal housing is regarded as a basic human right and an important indicator of the level of human development within an economy. Table 4.7 shows the different types of dwellings of households living in the CWD in 2020.



Table 4.7

NUMBER AND PROPORTION OF DWELLINGS, Cape Winelands District, 2020

	Cape Winelands District		● Witzenberg		● Drakenstein	
	Number	% of total	Number	% of total	Number	% of total
Formal	189 559	80.8%	27 866	85.0%	57 112	83.9%
Informal	40 792	17.4%	4 163	12.7%	9 908	14.6%
Other	4 346	1.9%	740	2.3%	1 064	1.6%

	● Stellenbosch		● Breede Valley		● Langeberg	
	Number	% of total	Number	% of total	Number	% of total
Formal	36 592	72.7%	40 035	76.2%	27 954	90.2%
Informal	12 699	25.2%	11 376	21.7%	2 646	8.5%
Other	1 037	2.1%	1 104	2.1%	401	1.3%

Source: Quantec Research, 2021

Formal dwelling refers to a structure built according to approved plans, i.e. house on a separate stand, flat or apartment, townhouse, room in back yard, room or flatlet elsewhere.

Informal dwelling is a makeshift structure not erected according to approved architectural plans, for example, shacks or shanties in informal settlements or in back yards.

Most of the households in the CWD reside in formal dwellings (80.8 per cent in 2020). Municipal areas with proportionally more households residing in formal dwellings include Langeberg (90.2 per cent) and Witzenberg (85.0 per cent). The Stellenbosch (25.2 per cent) and Breede Valley (21.7 per cent) municipal areas have a large proportion of households residing in informal dwellings. Migration from farms to urban areas in these municipal areas is contributing to the large proportion of households in informal dwellings.

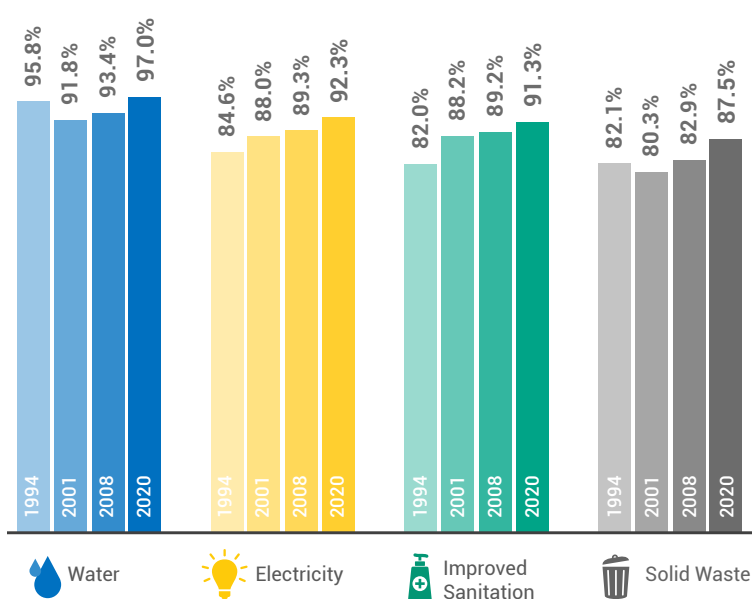


Access to basic services, particularly water and sanitation, can influence the health, safety and wellbeing of communities. Furthermore, by providing basic services to communities, municipalities are creating an enabling environment that will allow for private investment and entrepreneurship that can create local economic opportunities. In some instances, households have access to electricity directly from Eskom, and not through a local authority.

Figure 4.14 illustrates households' access to water, electricity, sanitation and solid waste removal services in the CWD.

Figure 4.14

ACCESS TO BASIC SERVICES, Cape Winelands District, 1994 – 2020



Access to a basic level of piped or tap water refers to having access to water inside a dwelling or yard or within 200m of the home.

Access to improved sanitation includes having access to a flush or chemical toilet or a pit toilet with ventilation.

Access to a basic level of solid waste removal services includes having refuse removed at least once a week by local government, or having access to a communal refuse container or collection point.⁸⁰

Source: Urban-Econ calculations based on Quantec Research, 2021

The proportion of people with access to piped water declined from 95.8 per cent in 1994 to 91.8 per cent in 2001. However, since then access to piped water has increased, with 97.0 per cent of households in the CWD having access to piped water in 2020. Access to solid waste removal services followed a similar trend, declining from 82.1 per cent of households in 1994 to 80.3 per cent of households in 2001, before increasing to 87.5 per cent in 2020. Access to solid waste removal services often lags other services, particularly in areas with a large farming community, like the CWD. Access to electricity has improved by 7.6 percentage points since 1994, with 92.3 per cent of households having access in 2020. Access to improved sanitation increased the most (9.4 percentage points) over the reference period, from 82.0 per cent of households in 1994 to 91.3 per cent in 2020.



⁸⁰ (Stats SA, 2017).

INDIGENT HOUSEHOLDS

A household is classified as indigent when the occupants of the household earn a combined income of less than a certain amount as specified by each local municipality in an indigent policy. Table 4.8 indicates the number of indigent households per municipal area of the CWD.

Table 4.8

NUMBER OF INDIGENT HOUSEHOLDS, Cape Winelands District, 2018 – 2020

	2018		2019		2020	
	Number	% of households	Number	% of households	Number	% of households
Witzenberg	4 591	10.7%	6 742	15.1%	5 790	12.5%
Drakenstein	19 030	28.2%	19 805	28.7%	21 636	30.6%
Stellenbosch	6 453	13.1%	6 813	13.5%	7 011	13.6%
Breede Valley	9 009	19.4%	8 596	18.2%	8 891	18.4%
Langeberg	7 556	26.6%	6 665	22.9%	6 738	22.7%
Cape Winelands District	46 639	19.9%	48 621	20.2%	50 066	20.3%

Source: Department of Local Government & Drakenstein Municipality, 2021

The number of indigent households in the CWD increased marginally between 2019 and 2020. This is mainly as a result of a large increase in indigent households in the Drakenstein municipal areas (1.9 percentage points). Only the Langeberg (0.3 percentage points) and Witzenberg (2.6 percentage points) municipal areas recorded a decline in indigent households.

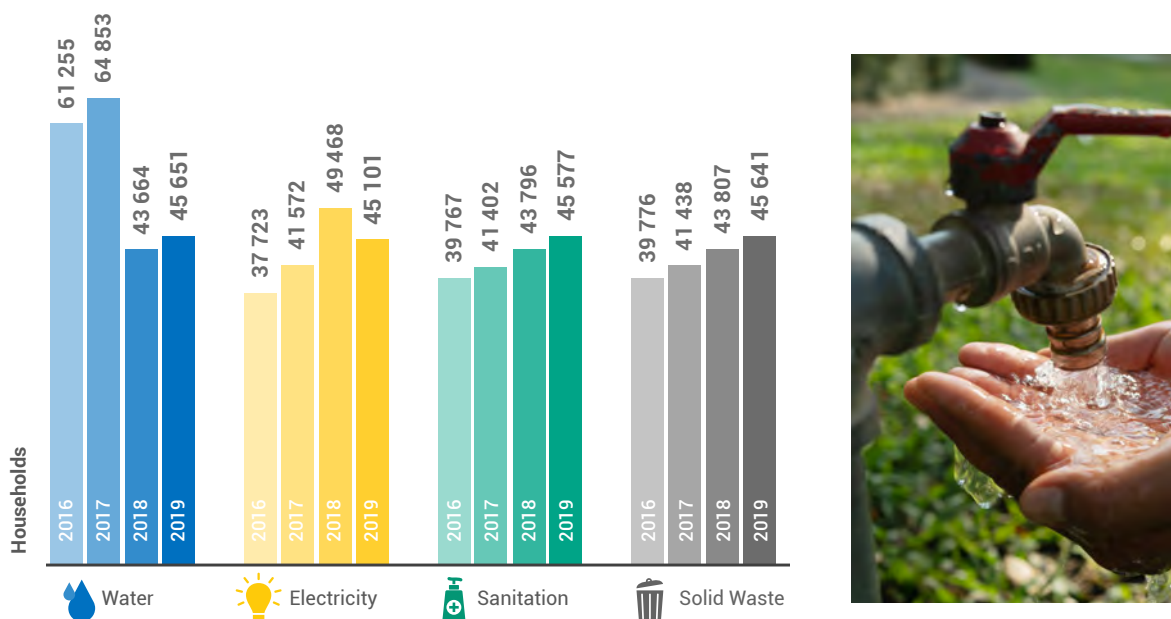
The Drakenstein and Breede Valley municipal areas recorded the highest number of indigent households in 2020, accounting for approximately 21 636 and 8 891 households respectively in the municipal areas. Furthermore, the Breede Valley municipal area recorded an increase of 295 indigent households in 2020, while 198 more indigent households were recorded in the Stellenbosch municipal area.



Figure 4.15 illustrates the access to free basic services in the CWD.

Figure 4.15

ACCESS TO FREE BASIC SERVICES, Cape Winelands District, 2016 – 2019



Source: Non-financial Census of Municipalities, Stats SA, 2021

The extent of free basic services support is determined by the indigent policy of each local municipality. Most municipalities offer free basic water services (up to 6kl) and free electricity up to 50kWh – with some providing partial support for sanitation and solid waste services as well. The provision of free basic services therefore differs according to the type of service, as access levels and policies differ across municipalities. The number of households receiving free basic services was on an upward trend for all services except water services between 2016 and 2019. Between 2016 and 2019, access to free water services decreased by 17 591 households from 61 255 households in 2016 to 43 664 households in 2018. The sharp decline in free water services between the reference period is likely to be linked to the drought experienced at the time.⁸¹ Free access to water increased to 45 656 in 2019.

Between 2016 and 2018, access to free electricity services increased by 11 745 households, before declining to 45 101 households in 2019. Access to free sanitation services increased by 4 040 households and access to free solid waste services increased by 5 810 households. The estimated future growth of households in the CWD is anticipated to increase the demand for services. However, poor economic growth and declining household incomes will influence households' ability to pay for these services.



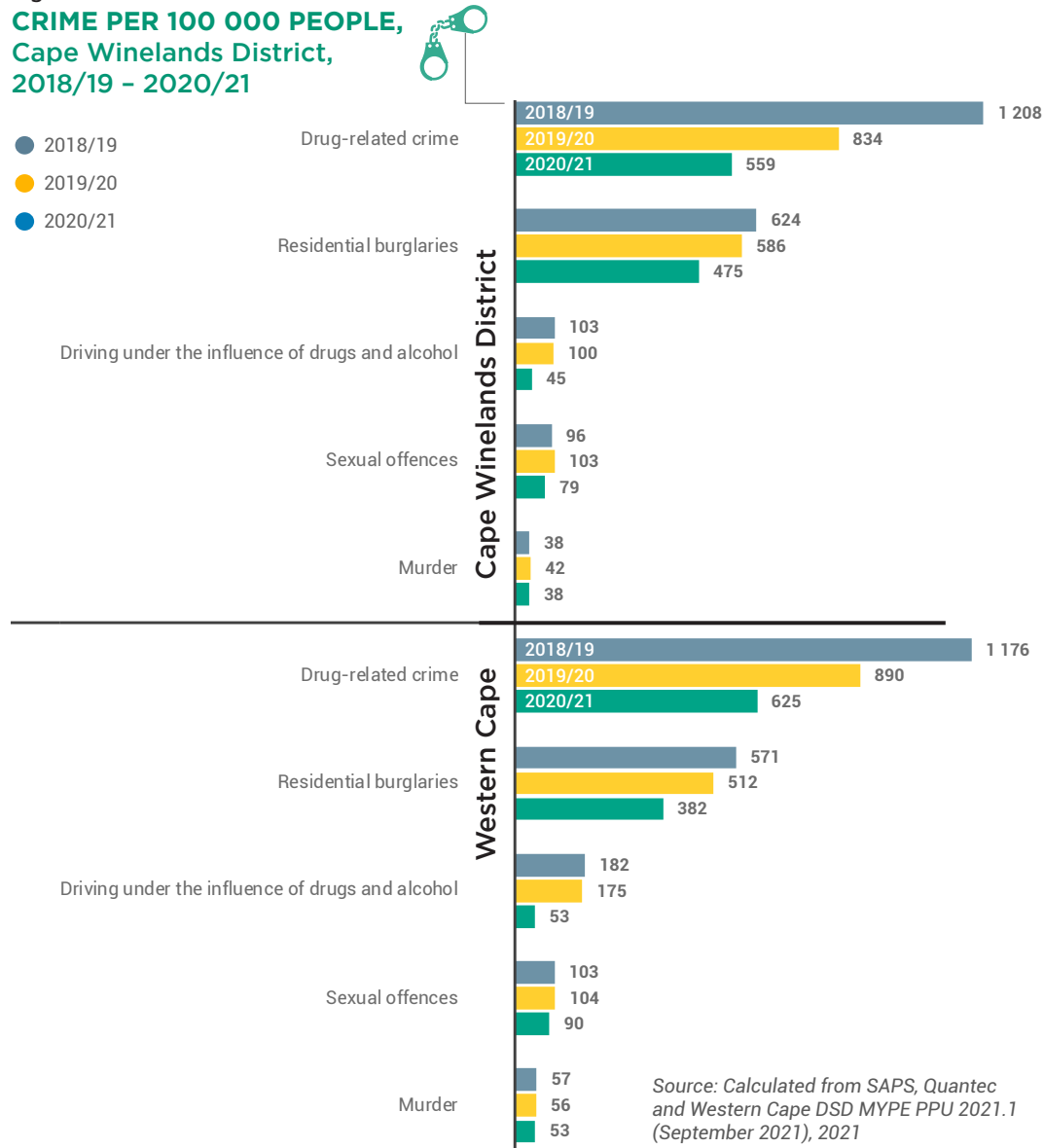
⁸¹ Cape Winelands District Municipality, 2017).

4.5 CRIME

An analysis of the CWD's crime trend is important to determine the potential occurrence and types of criminal activities that are prevalent in the region. Figure 4.16 compares the types of criminal activities in the CWD and the Western Cape between 2018/19 and 2020/21.

Figure 4.16

**CRIME PER 100 000 PEOPLE,
Cape Winelands District,
2018/19 – 2020/21**



The CWD recorded significantly fewer cases of murder per 100 000 people over the reference period compared with the Province. Both the Province and the CWD recorded a decline in the murder rate between 2019/20 and 2020/21. In the CWD, the murder rate declined from 42 cases per 100 000 people in 2019/20 to 38 cases per 100 000 people in 2020/21. On a municipal level, the steepest decline in murder rates was experienced in the Langeberg municipal area during the reference period. However, a decline in the murder rate was not recorded in all municipal areas, with the Breede Valley municipal area recording an increase in the murder rate per 100 000 people between 2018/19 (32 cases per 100 000 people) and 2020/21 (40 cases per 100 000 people).

Cases of sexual offences, driving under the influence of drugs and alcohol, residential burglaries and drug-related crime also declined in the Province and the CWD between 2019/20 and 2020/21. In 2020/21, the CWD also recorded fewer crimes per 100 000 people in these crime categories than the Province, with the exception of residential burglaries.

In 2020/21, the CWD recorded 475 residential burglaries per 100 000 people, whereas the Province recorded 382 residential burglaries per 100 000 people. On a positive note, all municipal areas in the CWD recorded a decline in residential burglaries during the reference period. The Langeberg municipal area recorded the most incidences of residential burglary compared with other municipal areas, with 673 cases per 100 000 people recorded in 2021/21.

The Drakenstein and Stellenbosch municipal areas recorded above-average incidences of sexual offences in 2020/21, with 100 cases and 99 cases per 100 000 people respectively, compared with 79 cases per 100 000 in the CWD and 90 cases per 100 000 people in the Province. Despite the high number of incidences, the Drakenstein and Stellenbosch municipal areas recorded a decline in cases between 2019/20 and 2020/21.

Despite a decline in cases between 2019/20 and 2020/21, the Stellenbosch and Witzenberg municipal areas recorded above-average incidences of driving under the influence of drugs and alcohol. The aforementioned municipal areas recorded 84 cases and 49 cases per 100 000 people respectively, compared with 45 cases per 100 000 people in the CWD in 2020/21.

As all the abovementioned types of crimes saw reduced incidences per 100 000 people in 2020/21, the lockdown measures implemented to curb the spread of the COVID-19 pandemic are likely to have reduced crime levels.



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4.6 CONCLUDING REMARKS

The population of the CWD is predicted to increase by 1.3 per cent from 955 473 people in 2021 to 1 007 913 people in 2025. The majority of the CWD's population reside in the Drakenstein and Stellenbosch municipal areas. In terms of age dynamics, the CWD's population was mainly between the ages of 15 and 34 years (35.1 per cent), followed by individuals between 35 and 64 years (33.9 per cent) in 2020.

The CWD's GDP per capita declined by 1.5 per cent in 2019 and by an estimated 6.5 per cent in 2020. All the municipal areas in the District experienced a downturn owing to the economic slowdown, especially as a result of the COVID-19 pandemic. The District's average household income in 2019 was R17 846 (in current prices), which was less than the Province's average (R19 430). Despite the increase between 2017 and 2020, income inequality was marginally lower in the CWD (0.615) than in the Western Cape (0.625). The Drakenstein and Stellenbosch municipal areas had above-average household incomes, while the Drakenstein and Witzenberg municipal areas recorded higher levels of income equality.

The matric pass rate for the CWD declined from 80.6 per cent in 2019 to 78.4 per cent in 2020 and was also lower than the pass rate for the Western Cape over the same period. The challenges experienced by the education sector during the COVID-19 pandemic are evident since, despite increased learner enrolments, the Grade 10 to 12 retention rate in the CWD during the period under review declined from 69.4 per cent in 2019 to 67.2 per cent in 2020. However, the number of educators has increased in proportion with the increase in learner enrolments in the District.

Disruptions to and pressure on the healthcare system as a result of the COVID-19 pandemic contributed to declines in several health outcomes, including a decline in the percentage of people with confirmed viral suppression of HIV, an increase in TB clients lost to follow-up and an increase in the TB death rate. Infant mortality rates and delivery rates to teenagers in the CWD have nevertheless declined in recent years.

Although the CWD recorded a marginally lower HDI than the Western Cape, the District's HDI improved despite the challenges in various economic and social spheres in 2020. The HDI stood at 0.769 for the Province and 0.740 for the District in 2020.

Most of the households in the CWD reside in formal dwellings (80.8 per cent in 2020). The Stellenbosch (25.2 per cent) and Breede Valley (21.7 per cent) municipal areas had the highest proportion of informal dwellings. In terms of access to basic services, the number of consumers with access to water, electricity and solid waste removal services has increased substantially since 1994, particularly the number of people with access to electricity (7.6 percentage points) and improved sanitation services (9.4 percentage points).

There was a decline from 2019/20 to 2020/21 in all the crime categories under review. Although the CWD had higher cases of residential burglaries per 100 000 people than the Western Cape in 2021, the District had fewer incidents of murder, sexual offences, driving under the influence of drugs and alcohol, and drug-related crime per 100 000 people than the Province.





CAPE WINELANDS DISTRICT

GROWTH POTENTIAL STUDY 2018



The **CAPE WINELANDS** has the highest overall growth potential in the Western Cape. Comparatively, the District has the highest performance across the economic, infrastructure and institutional themes. While the population is expected to expand within the next five years, the challenge will be to maintain performance in indicators on economic growth, access to amenities and social service organisations, the digital economy and food security. Indicators on access to basic services, unemployment, economic empowerment and the labour force have room for improvement.

PRECONDITIONS FOR GROWTH

ECONOMIC



- Extent and diversity of retail and services sector
- Tourism potential
- Economic size and growth
- Economic diversity
- Market potential
- Change in labour force
- Property market

PHYSICAL NATURAL



- Availability and quality of water
- Natural potential

INFRASTRUCTURE



- Land availability and use
- Transport and communication
- Availability of municipal infrastructure

INNOVATION POTENTIAL



INSTITUTIONAL

- Quality of governance
- Safety and security
- Administrative and institutional function
- Availability of community and public institutions



HUMAN CAPITAL

- Poverty and inequality
- Human resources
- Population structure and growth



DEVELOPMENTAL POTENTIAL

- Development potential reflects inherent preconditions for growth and innovation potential
- General improvement in infrastructure conditions and institutional components
- General regression in economic, physical natural and human capital conditions

The Growth Potential Study (GPS) is an instrument for effective spatial decision-making and implementation. This support tool aims to inform strategic objectives, policy-making and spatially targeted investment, and to strengthen allocative decisions for integrated management, service delivery and spatial alignment within the Provincial and municipal spheres of government in the Western Cape.

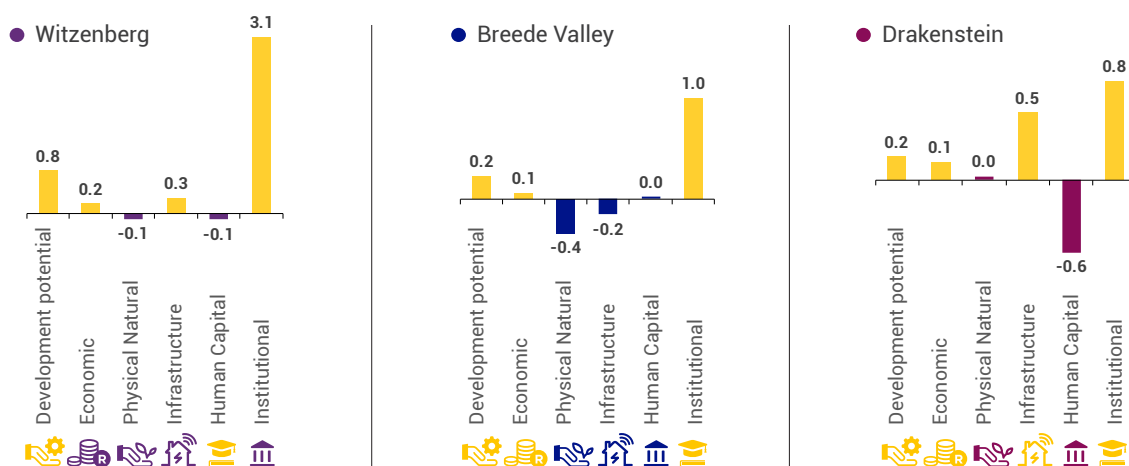
Economic, infrastructure and physical natural composite thematic indices form the basis for modelling growth preconditions, and institutional and human capital composite thematic indices model innovation potential. Indicators are informed by local, national and international literature, and are the premise for forecasting where economic growth is likely to occur, i.e. growth or development potential.

The GPS2018 shows that the Stellenbosch and Drakenstein municipal areas have “very high” growth potential and are the first and third most likely, respectively, to facilitate economic development. The Langeberg, Witzenberg and Breede Valley municipal areas have “medium” growth potential.

WITZENBERG is the only municipal area in the District where a change in growth potential classification has occurred, up from “very low” in GPS2013. This performance improvement is largely due to advances in the institutional theme and indicators such as audit outcomes, infrastructure backlog reduction and percentage of institutional posts filled.

The **BREED VALLEY** municipal area has also made gains in the Institutional theme and shows particularly strong performance in indicators on the provision of amenities and social service organisations. Improvements are required in human capital, economic and infrastructure indicators to progress the growth potential in future. A regression in the human capital theme has occurred in the **DRAKENSTEIN** municipal area from GPS2013 to GPS2018. Challenges in indicators relating to economic empowerment, labour force and matric pass rates are threats to the growth potential.

Difference between GPS18 Z-score and GPS13 Z-score⁸²

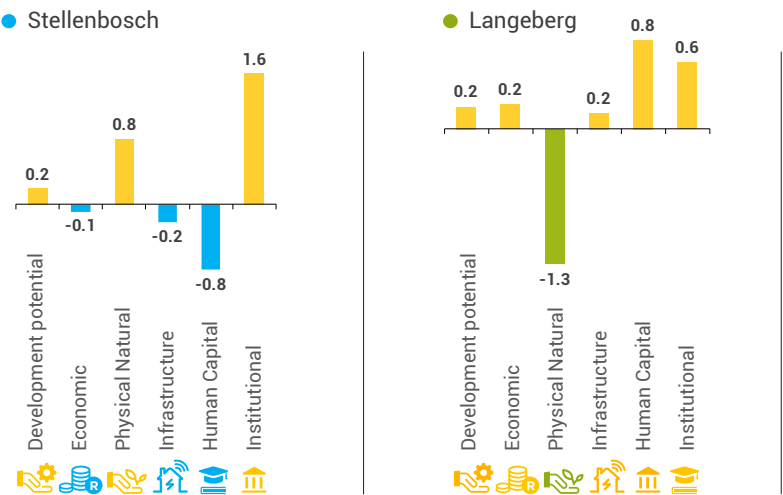


⁸² The Z-score is a method (statistical test) that can denote the range (gap) between the lowest- and highest-scoring municipalities, i.e. the greater the difference, the greater the gap. It signifies the extent of relative municipal performance. For instance, the further away from zero the indicator scores, the further away from the average score for municipalities, relative to one another. This type of scoring is useful to identify outliers and indicate areas for improvement or praise.

Access to basic services, infrastructure backlog reduction, economic empowerment and skilled labour are indicators that can be improved in the **STELLENBOSCH** municipal area.

The **LANGEBERG** municipal area has made gains in all themes except physical natural. The biggest gain is in the human capital theme, driven largely by improvements in economic empowerment and human development indicators. There remains room for improvement in most indicators to progress the growth potential outlook for the area.

Difference between GPS18 Z-score and GPS13 Z-score⁸³



⁸³ The Z-score is a method (statistical test) that can denote the range (gap) between the lowest- and highest-scoring municipalities, i.e. the greater the difference, the greater the gap. It signifies the extent of relative municipal performance. For instance, the further away from zero the indicator scores, the further away from the average score for municipalities, relative to one another. This type of scoring is useful to identify outliers and indicate areas for improvement or praise.





OVERBERG DISTRICT

12 241KM²



OVERBERG DISTRICT

THEEWATERSKLOOF, OVERSTRAND, CAPE AGULHAS, SWELLENDAM

INFOGRAPHIC SUMMARY

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- Introduction
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- Labour trend analysis
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2 Sectoral growth, employment and skills per municipal area

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- Investments
- Concluding remarks

4 Municipal socio-economic analysis

- Introduction
- Population profile
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- Housing and access to basic services
- Crime
- Concluding remarks



OD OVERBERG DISTRICT

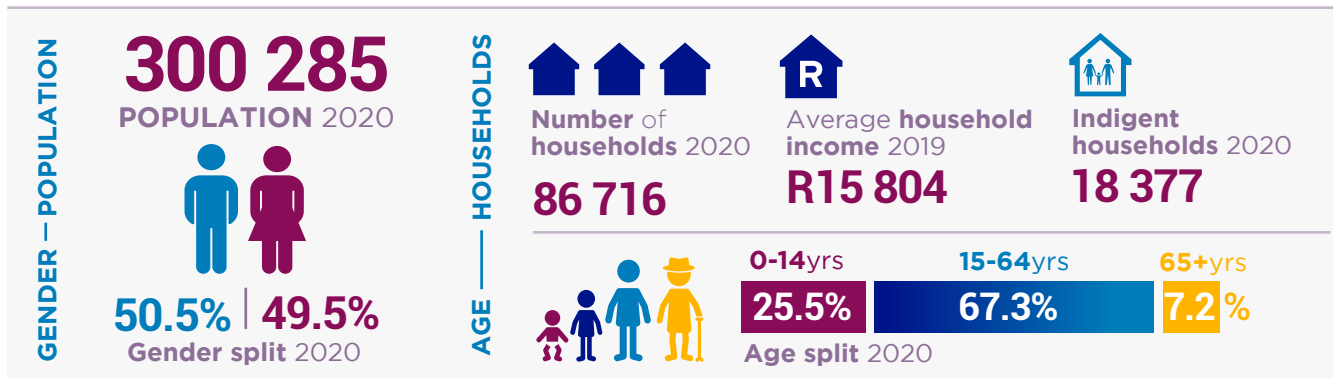
SEAT
Bredasdorp

AREA
12 239KM²

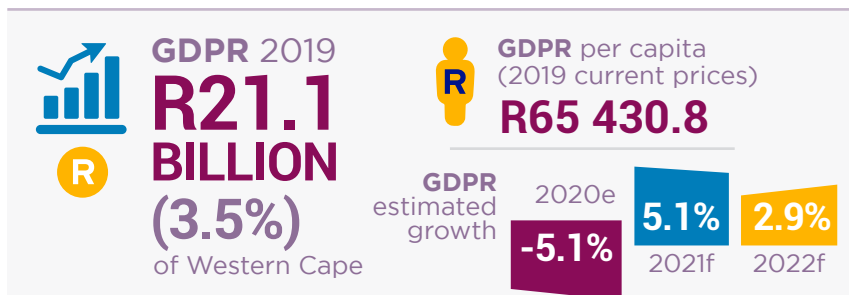
DENSITY
21/KM²

MUNICIPALITIES | THEEWATERSKLOOF, OVERSTRAND, CAPE AGULHAS, SWELLENDAM

DEMOGRAPHICS



GROSS DOMESTIC PRODUCT



SERVICES



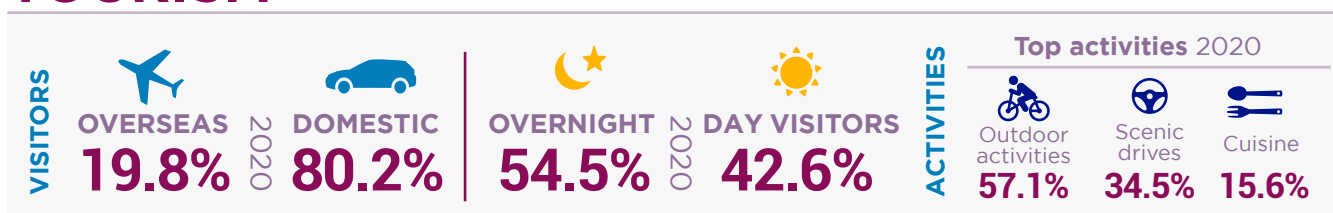
EMPLOYMENT



TRADE



TOURISM





GDPR

2019

2020

**GDPR
CONTRIBUTION**
**GDPR
GROWTH**


EMPLOYMENT

2019

2020

**EMPLOYMENT
CONTRIBUTION**
**EMPLOYMENT
GROWTH**

PRIMARY SECTOR

8.5% **11.2%**
**AGRICULTURE,
FORESTRY & FISHING**
8.4% **11.5%**
**MINING &
QUARRYING**
0.1% **-18.9%**

SECONDARY SECTOR

23.9% **-11.1%**
MANUFACTURING
14.2% **-7.6%**
**ELECTRICITY,
GAS & WATER**
2.6% **-6.6%**
CONSTRUCTION
7.1% **-21.2%**

TERTIARY SECTOR

67.6% **-5.7%**
**WHOLESALE &
RETAIL TRADE,
CATERING &
ACCOMMODATION**
20.2% **-9.6%**
**TRANSPORT,
STORAGE &
COMMUNICATION**
11.1% **-14.5%**
**FINANCE,
INSURANCE,
REAL ESTATE
& BUSINESS
SERVICES**
20.0% **-2.2%**
**GENERAL
GOVERNMENT**
9.3% **0.2%**
**COMMUNITY,
SOCIAL &
PERSONAL
SERVICES**
7.0% **-2.0%**
20.9% **-5.1%**
20.9% **-5.1%**
0.0% **-11.1%**
14.3% **-8.9%**
7.8% **-5.6%**
0.3% **-2.8%**
6.3% **-13.2%**
64.8% **-5.4%**
23.5% **-6.2%**
4.1% **-3.5%**
16.2% **-4.1%**
7.8% **0.9%**
13.2% **-9.7%**



1

REGIONAL ECONOMIC REVIEW AND OUTLOOK

1.1 INTRODUCTION

The OD is well known for its coastline, the southernmost tip of Africa and vast farmlands, especially grain farming. Bordering the Cape Metro area, the CWD and the GRD, the OD covers 12 239km², constituting 9.5 per cent of the Western Cape's total area, and comprises four local municipal areas, namely the Theewaterskloof, Overstrand, Cape Agulhas and Swellendam municipal areas. The OD Municipality's headquarters are in Bredasdorp, and other large towns in the District include Grabouw, Caledon, Hermanus and Swellendam.¹

This chapter provides a broad overview of the Provincial macroeconomic context wherein the OD operates by focusing on GDP performance and labour trends. The period under review for MERO 2021 is between 2015 and 2020, with 2020² figures being estimated. Economic forecasting is also done for 2021 and 2022.

¹ (Overberg District Municipality, 2020).

² Stats SA will only release official regional indicators for 2020 in 2022.

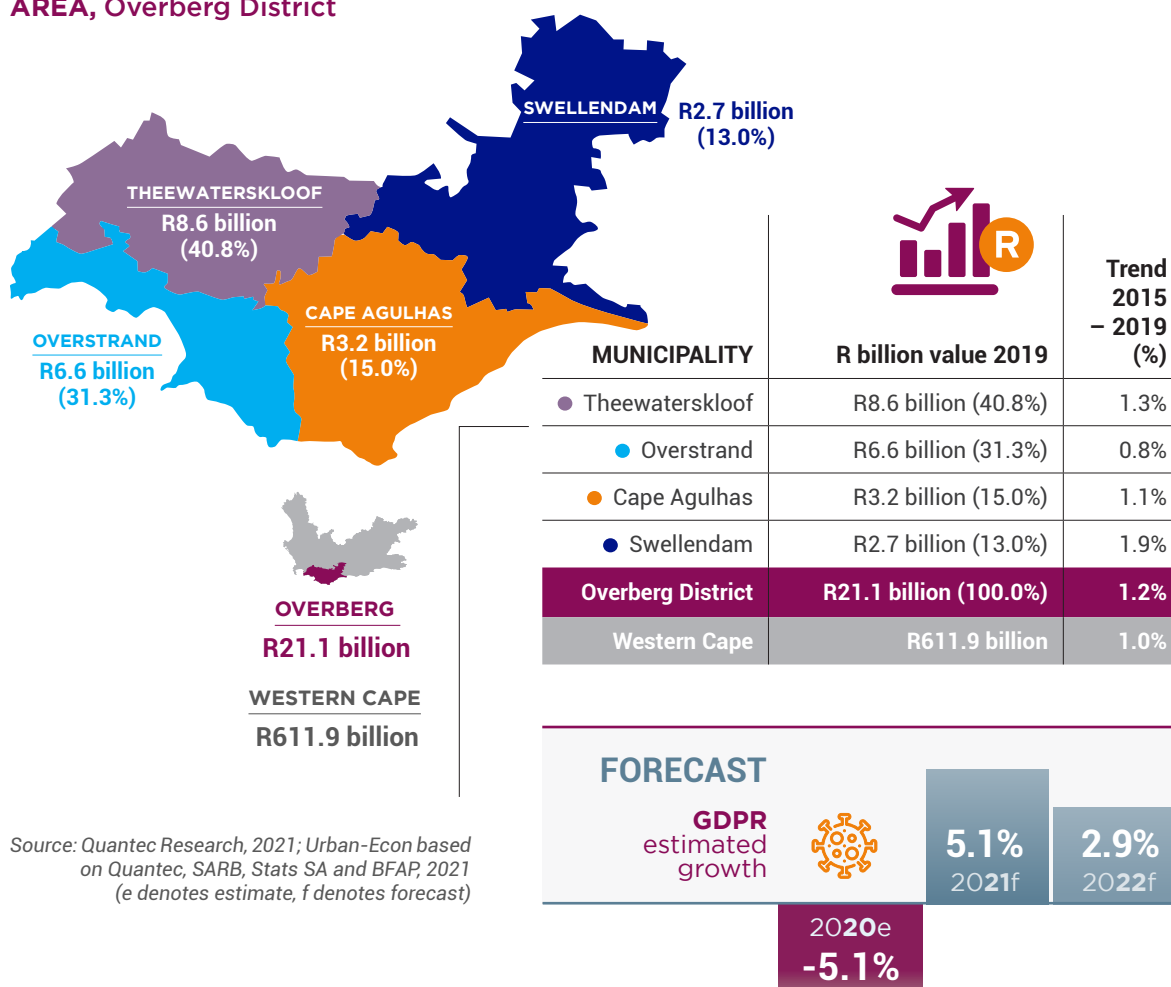
1.2 GROWTH IN GDPR PERFORMANCE

This section provides a brief overview of the key highlights of the OD's economy. This includes the size of the OD's economy, average GDPR contribution and the respective growth rates for the various municipal areas within the District.

1.2.1 GDPR performance per municipal area

Diagram 1.1

GDPR CONTRIBUTION AND AVERAGE GROWTH RATES PER MUNICIPAL AREA, Overberg District



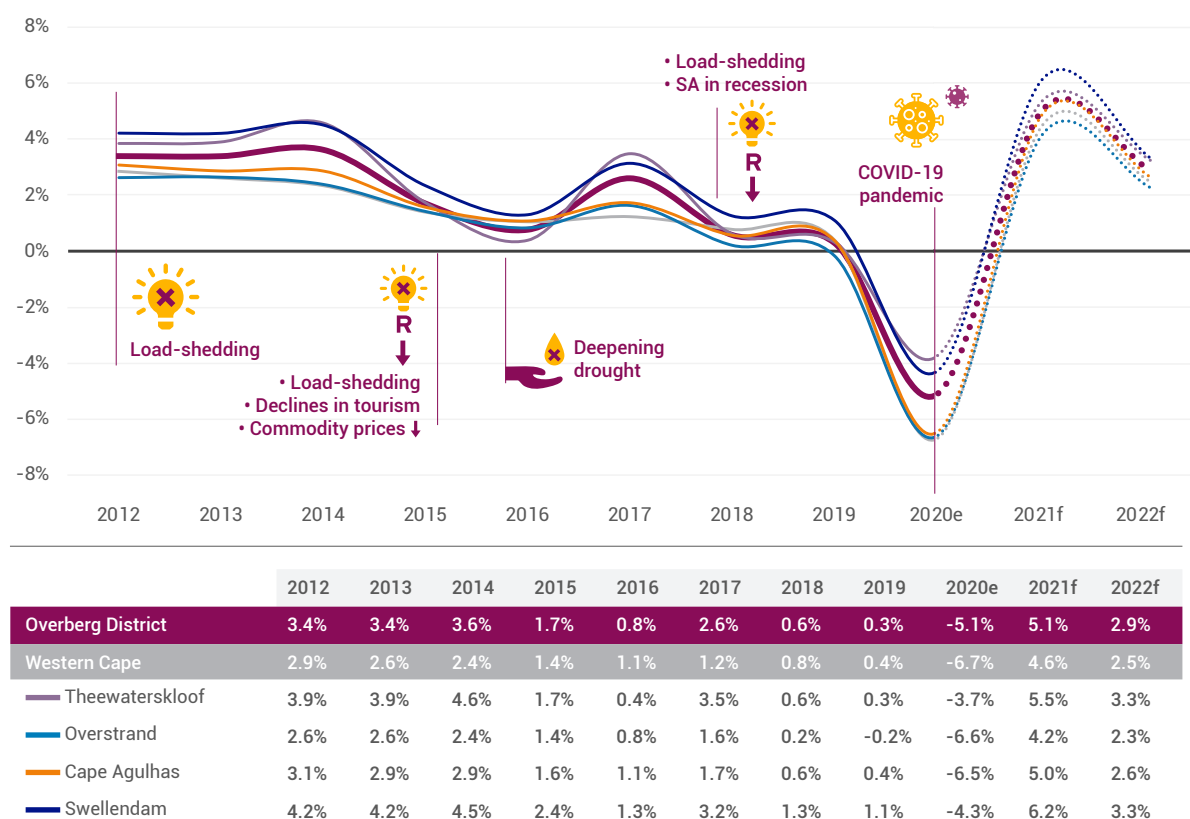
In 2019, the OD's economy was valued at R21.1 billion and contributed 3.4 per cent to the economy of the Western Cape. Between 2015 and 2019, GDPR in the OD experienced average annual growth of 1.2 per cent. This rate is higher than that of the Provincial economy, which grew by 1.0 per cent over the same period.

The two municipal areas that contributed the most to the District's GDPR in 2019 were the Theewaterskloof (40.8 per cent) and Overstrand (31.3 per cent) municipal areas. In the same year, the Cape Agulhas and Swellendam municipal areas contributed 15.0 per cent and 13.0 per cent respectively to the economy of the OD.

Over the five-year period, the Theewaterskloof municipal area realised average annual growth of 1.3 per cent, which is marginally higher than that of the District economy. Given the relative size of the Theewaterskloof economy within the District, it highlights the importance of the Theewaterskloof municipal area to growth in the District. Furthermore, the Swellendam municipal area registered the highest average annual growth (1.9 per cent) between 2015 and 2019. However, this only represents a small economic base of the Swellendam municipal economy within the District. The Cape Agulhas and Overstrand municipal areas both realised average annual growth rates below that of the District economy, at 1.1 per cent and 0.8 per cent respectively.

Figure 1.1 provides an overview of the historical trends in the GDP growth rate of the respective municipal areas, along with the OD and the Western Cape. Furthermore, insights are provided around the dynamics of the economies and their dependencies on endogenous and exogenous factors within the Province and the country.

Figure 1.1
GDPR GROWTH PER MUNICIPAL AREA, Overberg District, 2012 – 2022



Source: Quantec Research, 2021; Urban-Econ based on Quantec, SARB, Stats SA and BFAP, 2021 (e denotes estimate, f denotes forecast)

Between 2012 and 2014, the OD economy experienced strong growth, which remained relatively steady over the three-year period. Growth in GDP increased slightly from 3.4 per cent in 2012 to 3.6 per cent in 2014. Furthermore, it should be noted that annual GDP growth rates in the District surpassed that of the Province over the same period.

In 2015, GDPR growth slowed significantly, with the OD registering a growth rate of 1.7 per cent. However, this rate was still higher than that of the Provincial economy during the same year. GDPR growth continued to deteriorate in 2016, with the District economy registering a growth rate of 0.8 per cent. This can largely be attributed to declines in tourism, commodity prices, periods of load-shedding in South Africa and drought conditions in the Province. The decline in the performance of national tourism in 2015 was brought about by the introduction of new visa regulations, economic crises in several source countries and acts of terror across the African continent.³

Growth in the OD recovered in 2017, with the District realising a growth rate of 2.6 per cent. This was largely driven by the improved performance of the South African economy in 2017 arising from recoveries experienced in the agriculture sector during the year.

Post-2017, growth in the District slowed significantly. In 2018, the District realised an annual growth rate of 0.6 per cent. This rate was lower than that of the Provincial economy, which registered a growth rate of 0.8 per cent during the same year. The macroeconomic performance of the District economy continued to deteriorate in 2019, with GDPR growth slowing to 0.3 per cent for the year. The downturn in annual growth in the District was likely the result of the overall worsening performance of the national economy, as South Africa entered technical recessions in 2018 and 2019.

Estimates indicate that annual GDPR growth for the District and Provincial economies declined further in 2020. The further deterioration of growth prospects in the District and Provincial economies can be ascribed to the COVID-19 pandemic and the national lockdown measures to contain its spread. GDPR growth in the District is expected to have contracted by 5.1 per cent in 2020. This rate is lower than that of the Provincial economy, with an estimated annual contraction of 6.7 per cent during the year. Furthermore, all municipal areas within the OD are estimated to have registered contractions in 2020, with the Overstrand municipal area registering the largest contraction, at 6.6 per cent during the year. The economies of the Cape Agulhas and Swellendam municipal areas are estimated to have declined by 6.5 per cent and 4.3 per cent respectively in 2020. Theewaterskloof, the largest municipal area in terms of GDPR contribution, is expected to have contracted by 3.7 per cent during the same year.

In 2021, GDPR growth in the OD is forecast to increase to 5.1 per cent, higher than that of the Provincial economy. This is due to the strong performance of the Theewaterskloof and Overstrand municipal areas during the same year. At 6.2 per cent, the Swellendam municipal area is anticipated to record the highest GDPR growth rate in 2021. However, owing to the size of the municipal area's economy, the impact will be less compared with the contribution to growth from the larger municipal areas. In the 2022 forecast period, annual GDPR growth across the District is expected to slow significantly. In 2022, the OD is expected to register an annual growth rate of 2.9 per cent, which is again higher than the anticipated growth rate of the Provincial economy.


³ (Department of Tourism, 2016).

1.2.2 Sectoral GDPR performance

The sectoral GDPR performance of the OD in 2019 is illustrated in Table 1.1. Furthermore, GDPR trends between 2015 and 2019, estimates for 2020 and forecasts for 2021 and 2022 are provided.

Table 1.1

GDPR PERFORMANCE PER SECTOR, Overberg District, 2019 – 2022 (%)

SECTOR		R million value 2019	Trend 2015 – 2019	Real GDPR growth		
				2020e	2021f	2022f
Primary Sector		R1 800.0 (8.5%)	-4.2%	11.2%	4.2%	-1.9%
PS Agriculture, forestry & fishing		R1 777.9 (8.4%)	-4.3%	11.5%	4.2%	-1.9%
Mining & quarrying		R22.2 (0.1%)	0.8%	-18.9%	11.1%	-0.6%
Secondary Sector		R5 051.5 (23.9%)	1.4%	-11.1%	2.3%	8.5%
SS Manufacturing		R3 010.2 (14.2%)	2.5%	-7.6%	3.7%	9.4%
Electricity, gas & water		R547.5 (2.6%)	-0.8%	-6.6%	-1.3%	3.7%
Construction		R1 493.8 (7.1%)	-0.2%	-21.2%	-0.5%	7.7%
Tertiary Sector		R14 283.2 (67.6%)	2.1%	-5.7%	6.1%	2.1%
TS Wholesale & retail trade, catering & accommodation		R4 262.6 (20.2%)	2.0%	-9.6%	10.0%	4.2%
Transport, storage & communication		R2 340.5 (11.1%)	2.1%	-14.5%	11.5%	-2.3%
Finance, insurance, real estate & business services		R4 235.1 (20.0%)	3.0%	-2.2%	4.5%	4.4%
General government		R1 973.5 (9.3%)	0.2%	0.2%	-2.5%	-0.6%
Community, social & personal services		R1 471.4 (7.0%)	1.7%	-2.0%	6.0%	-2.2%
Total Overberg District		R21 134.8 (100.0%)	1.2%	-5.1%	5.1%	2.9%

Source: Quantec Research, 2021; Urban-Econ based on Quantec, SARB, Stats SA and BFAP, 2021 (e denotes estimate, f denotes forecast)

The tertiary sector was the largest contributor to GDPR in the OD. Valued at R14.3 billion in 2019, the tertiary sector contributed 67.6 per cent to the total GDPR of the OD and registered an average annual growth rate of 2.1 per cent between 2015 and 2019. The main drivers of economic activity in the tertiary sector were the trade sector (20.2 per cent) and the finance sector (20.0 per cent). It should be noted that the trade sector was the largest singular contributing sector to the District economy in 2019. Over the five-year period, the trade sector realised average annual growth of 2.0 per cent, marginally lower than that of the tertiary sector. Furthermore, the finance sector grew at an average annual rate of 3.0 per cent between 2015 and 2019.

Estimates for 2020 indicate that the tertiary sector contracted by 5.7 per cent. Furthermore, the trade sector declined by 9.6 per cent in 2020 and was therefore the main contributor to the tertiary sector's poor performance during the year. It has been noted that the sector relies on tourism as a driver of economic growth. This impact was realised through, among other things, the closing of beaches in the District because of lockdown regulations, resulting in a decline in the number of tourists.

Therefore, the economic impact of level five of the national lockdown is evident through the poor performance of the trade sector in 2020.

The secondary sector was the second-largest contributor to GDPR in the OD in 2019, with a contribution of 23.9 per cent during the year. Furthermore, the secondary sector realised an average annual growth rate of 1.4 per cent between 2015 and 2019. Within the secondary sector, the manufacturing sector was the largest contributor to the District's GDPR in 2019 at 14.2 per cent and with an average annual growth rate of 2.5 per cent over the five-year period. The manufacturing sector's average annual growth rate exceeded that of the secondary sector and was thus a crucial driver of the secondary sector's performance.

The secondary sector is estimated to have contracted by 11.1 per cent in 2020. Although all individual sectors encompassed by the secondary sector are anticipated to have declined in 2020, the construction sector is expected to have realised the largest contraction at 21.2 per cent during the year, followed by the manufacturing sector at 7.6 per cent. It is concluded that contractions in these two sectors, brought about by COVID-19 restrictions, were the main contributors to the steep decline in activity in the secondary sector in 2020.

Valued at R1.8 billion in 2019, the primary sector contributed 8.5 per cent to GDPR in the OD, with an average annual decline of 4.2 per cent between 2015 and 2019 owing to the Provincial drought. As the performance of the primary sector relies extensively on that of the agriculture sector, its poor performance was solely driven by the average annual contraction of 4.3 per cent in the agriculture sector over the five-year period.

Estimates for 2020 indicate that the primary sector grew by an annual growth rate of 11.2 per cent. The sector's positive performance was driven by the strong performance of the agriculture sector, which is estimated to have increased by 11.5 per cent in 2020. This is due to the limited impact of COVID-19 restrictions on agricultural activities, as well as increased demand for healthy foods during the national lockdown. Furthermore, the agriculture sector also benefited from a strong recovery in international agricultural prices towards the end of 2020.⁴

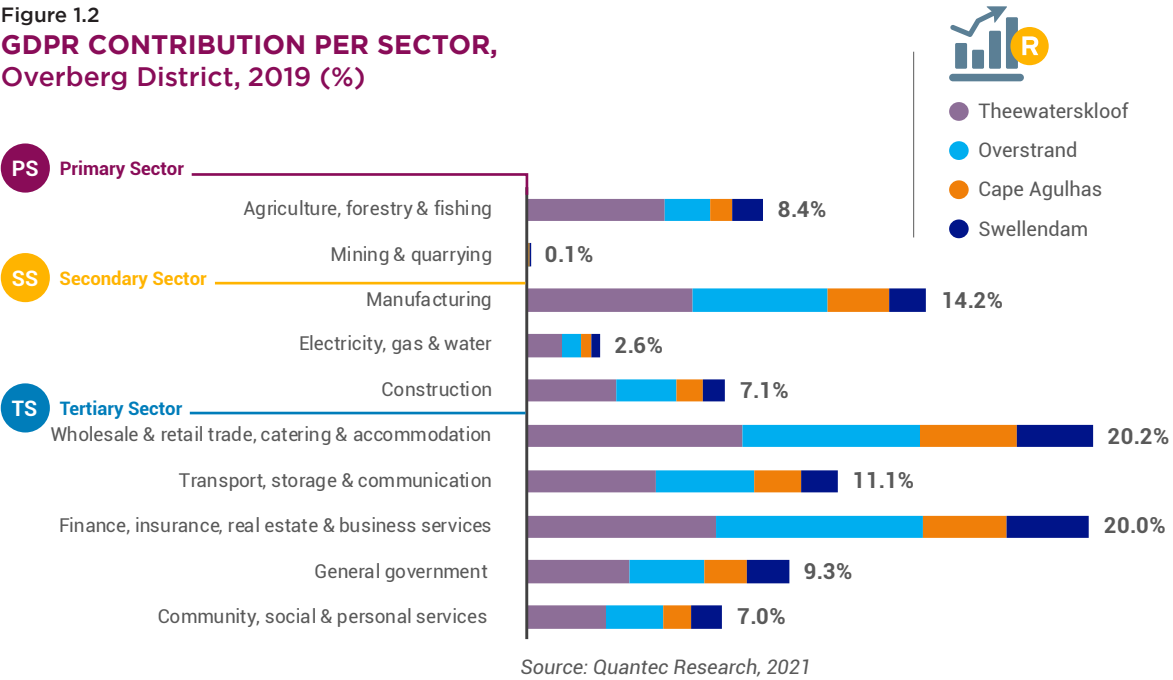
Forecasts for 2021 and 2022 point to a steep initial recovery in the tertiary and secondary sectors. However, annual growth in the tertiary and primary sectors is expected to slow between 2021 and 2022. Growth in the tertiary sector is forecast to increase to 6.1 per cent in 2021, driven by strong growth in the trade sector at 10.0 per cent during the year. The secondary sector is forecast to register an annual growth rate of 2.3 per cent in 2021 owing to the strong recovery of the manufacturing sector. The primary sector is anticipated to register a growth rate of 4.2 per cent in 2021, which is driven by the strong performance of the agriculture sector.

In 2022, annual growth across most individual sectors is forecast to slow significantly, with the primary sector expected to contract by 1.9 per cent during the year. Growth in the secondary sector is expected to increase to 8.5 per cent in 2022, while the tertiary sector is expected to realise a growth rate of 2.1 per cent during the same year.

⁴ (World Bank Group, 2020).

Figure 1.2 depicts the OD’s sectoral GDP contribution per municipal area in 2019. Across all sectors, the Theewaterskloof and Overstrand municipal areas had the highest concentration of economic activities in 2019.

Figure 1.2
GDP CONTRIBUTION PER SECTOR, Overberg District, 2019 (%)



The trade sector was the largest contributor to economic activity in the Cape Agulhas municipal area. This was followed by the finance sector. Furthermore, within the Cape Agulhas municipal area the contribution of the manufacturing sector outweighed that of the agriculture sector, suggesting the beneficiation of agricultural commodities.

Economic activity in the Swellendam municipal area was concentrated in the finance and trade sectors in 2019. The contribution of the manufacturing sector slightly outweighed that of the agriculture sector in the Swellendam municipal area, indicating limited agro-processing activities.



1.3 LABOUR TREND ANALYSIS

This subsection identifies and discusses some of the key employment trends by indicating which municipal areas within the OD are the largest contributors to employment creation in the District. Furthermore, an overview of the historical employment trends in the local municipal areas is provided. The subsection also discusses sectoral employment by identifying which sectors employ the most individuals, and highlights which sectors have contributed more to creating new job opportunities (or have experienced job losses) in the District. Finally, it also summarises the unemployment rate, labour absorption rate and labour participation rate for each of the municipal areas within the OD.

1.3.1 Employment per municipal area

Table 1.2 depicts the status of employment in each municipal area in 2019 and the number of jobs created over a five-year period, and provides estimates of net employment in 2020.

Table 1.2
EMPLOYMENT GROWTH, Overberg District, 2019

MUNICIPALITY	Number of jobs 2019	Average annual change 2015 – 2019	Net change 2020e
● Theewaterskloof	62 047 (46.8%)	1 494	-3 234
● Overstrand	36 600 (27.6%)	474	-2 591
● Cape Agulhas	16 180 (12.2%)	325	-953
● Swellendam	17 710 (13.4%)	437	-921
Overberg District	132 537 (100.0%)	2 731	-7 699
Western Cape	2 581 736	40 794	-159 299

Source: Quantec Research, 2021 (e denotes estimate)

In 2019, the OD employed 132 537 workers and contributed 5.1 per cent to Provincial employment during the year. During the same year, the Theewaterskloof municipal area was the largest contributor to employment in the District at 46.8 per cent. The Overstrand municipal area contributed 27.6 per cent to employment in the OD, while the Swellendam and Cape Agulhas municipal areas contributed 13.4 per cent and 12.2 per cent respectively.

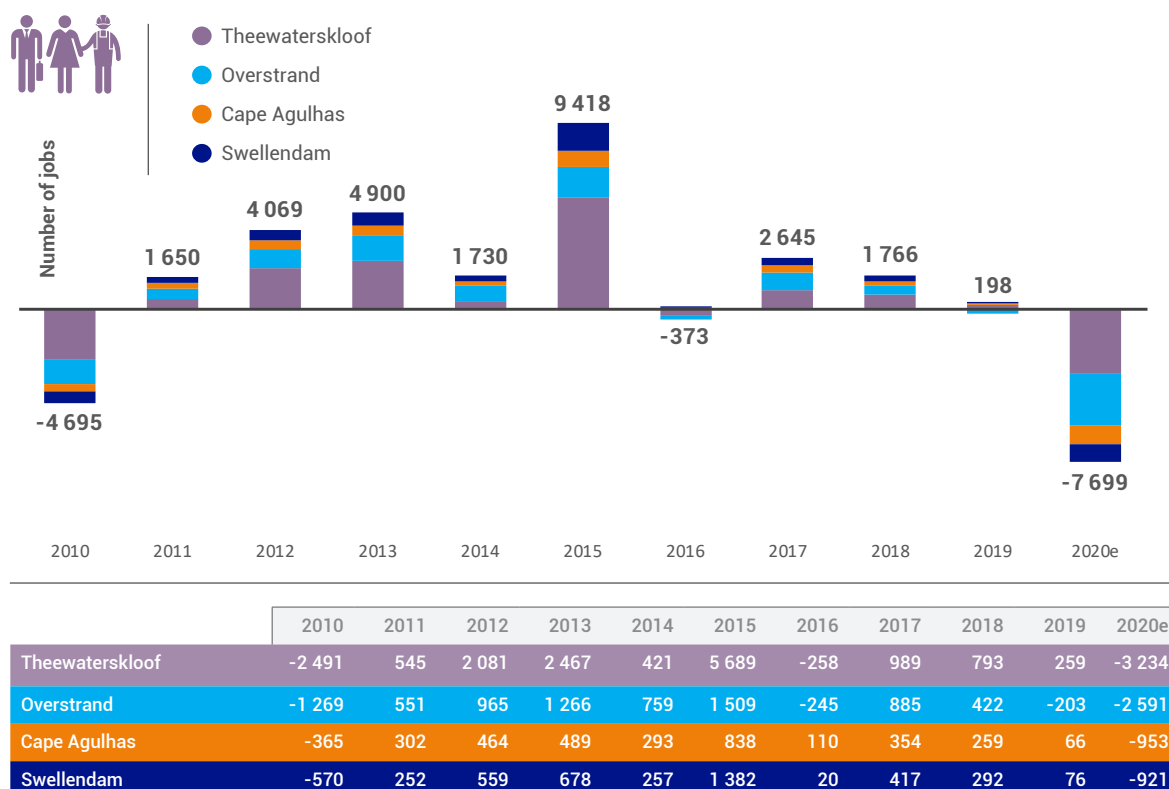
Over the five-year period, the OD experienced an average annual increase of 2 731 jobs. The Theewaterskloof municipal area contributed the largest share to the average annual increase in jobs in the District, with an average increase of 1 494 jobs per annum between 2015 and 2019. This reflects the Theewaterskloof municipal area's importance to the District economy in terms of both GDP and employment. The Overstrand and Swellendam municipal areas experienced similar average annual job increases of 474 jobs and 437 jobs respectively over the five-year period. The Cape Agulhas municipal area experienced the fewest number of new employment opportunities over the period, with an average annual increase of 325 jobs.

Estimates for 2020 indicate that a total of 7 699 jobs were lost in the District, with the Theewaterskloof municipal area contributing the largest share to this decline. Furthermore,

jobs losses in the Overstrand municipal area are expected to have amounted to 2 591 in 2020. The Cape Agulhas and Swellendam municipal areas are expected to have lost 953 and 921 jobs respectively in 2020.

Figure 1.3 provides an overview of the historical employment trends in the OD between 2010 and 2020. Employment trends over the five-year period broadly mirror those of the annual changes in GDP over the same period.

Figure 1.3
EMPLOYMENT CHANGE PER MUNICIPAL AREA, Overberg District, 2010 - 2020



Source: Quantec Research, 2021 (e denotes estimate)

A total of 4 695 jobs were lost in the District in 2010. This can be attributed to the delayed recovery in employment creation when compared with economic growth following the global financial crisis. Furthermore, job-shedding in the District can also be attributed to labour unrest in the country during the year.

Between 2011 and 2015,⁵ employment creation in the District exhibited a recovery, with new employment opportunities peaking at 9 418 jobs in 2015. However, job-shedding was recorded in 2016, with a total of 373 jobs lost in the District. The downturn in employment in the OD was likely due to the exacerbation of drought conditions in the Province. This effect was further amplified by the District's reliance on the agriculture sector as a source of employment opportunities.

⁵ It should be noted, however, that in 2015, a new master sample was implemented in the Quarterly Labour Force Survey (QLFS), which may have impacted the data owing to variations in its design (Stats SA, 2015).

In 2017, new employment opportunities in the District recovered, with a total of 2 645 jobs created during the year. However, a downward trend was evident during the two-year period thereafter. New employment opportunities declined from a net increase of 2 645 jobs in 2017 to a net increase of 198 jobs in 2019. This trend was due to the deterioration of the South African economy's growth prospects over the same period.

Labour market conditions in the District are expected to have worsened significantly in 2020. Estimates for 2020 indicate a total of 7 699 job losses in the District economy during the year. This can be attributed to the macroeconomic impact of the COVID-19 pandemic on the South African economy, with economic activity being significantly restrained by the implementation of lockdown measures. The Theewaterskloof and Overstrand municipal areas are expected to have realised the largest number of job losses in 2020.




1.3.2 Sectoral employment

The sectoral distribution of employment in the OD is depicted in Table 1.3. To that end, the number of jobs in each sector and their contribution to employment in 2019 is provided, along with the trend observed between 2015 and 2019, as well as estimates for 2020.

Table 1.3

EMPLOYMENT PER SECTOR, Overberg District, 2019

		Number of jobs 2019	Average annual change 2015 – 2019	Net change 2020e
SECTOR				
PS	Primary Sector	27 670 (20.9%)	403	-1 410
	Agriculture, forestry & fishing	27 643 (20.9%)	403	-1 407
	Mining & quarrying	27 (0.0%)	-1	-3
SS	Secondary Sector	18 977 (14.3%)	220	-1 682
	Manufacturing	10 315 (7.8%)	232	-576
	Electricity, gas & water	361 (0.3%)	3	-10
	Construction	8 301 (6.3%)	-14	-1 096
TS	Tertiary Sector	85 890 (64.8%)	2 108	-4 607
	Wholesale & retail trade, catering & accommodation	31 099 (23.5%)	997	-1 939
	Transport, storage & communication	5 489 (4.1%)	172	-190
	Finance, insurance, real estate & business services	21 441 (16.2%)	737	-879
	General government	10 328 (7.8%)	-3	98
	Community, social & personal services	17 533 (13.2%)	205	-1 697
	Total Overberg District	132 537 (100.0%)	2 731	-7 699

Source: Quantec Research, 2021 (e denotes estimate)





With a total of 85 890 jobs and a contribution of 64.8 per cent in 2019, the tertiary sector was the largest contributing sector to overall employment in the District. Furthermore, the tertiary sector also experienced the largest average annual increase in new employment opportunities, with 2 108 jobs between 2015 and 2019. When evaluating individual sectoral contributions, the trade sector was the largest contributor to District employment in 2019, at 23.5 per cent. Other individual sectors of note within the tertiary sector were the finance (16.2 per cent) and the community services (13.2 per cent) sectors.

In 2019, the primary sector was the second-largest contributor to total employment in the District, with a contribution of 20.9 per cent. Between 2015 and 2019, the secondary sector realised an average annual increase of 403 jobs, with new employment opportunities being solely realised by the agriculture sector. As the contribution of the agriculture sector to employment in the District outweighs its contribution to GDP, the agriculture sector is regarded as being labour-intensive.

The secondary sector contributed 14.3 per cent to employment in the OD in 2019, with an average annual increase of 220 jobs between 2015 and 2019. The manufacturing sector contributed 7.8 per cent to employment in the District in 2019. The manufacturing sector is considered to be capital-intensive, as its GDP contribution exceeds its contribution to employment in the District. Furthermore, the construction sector contributed 6.3 per cent to total District employment in 2019, but reduced by an average of 14 jobs per annum between 2015 and 2019.

Estimates for 2020 indicate a total of 7 699 job losses in the District in 2020. Job-shedding was largely concentrated in the tertiary sector, with a total of 4 607 jobs lost during the year. The trade sector is expected to have shed 1 939 jobs in 2020, followed by the community services sector with 1 697 jobs. This highlights the effect of the national lockdown on economic activities associated with these sectors. The general government sector is the only sector estimated to have had a positive performance in 2020, with 98 new jobs in the sector. This is largely due to the upscaling of general government services during the COVID-19 pandemic. However, it is worth noting that all remaining sectors are estimated to have shed jobs in 2020.

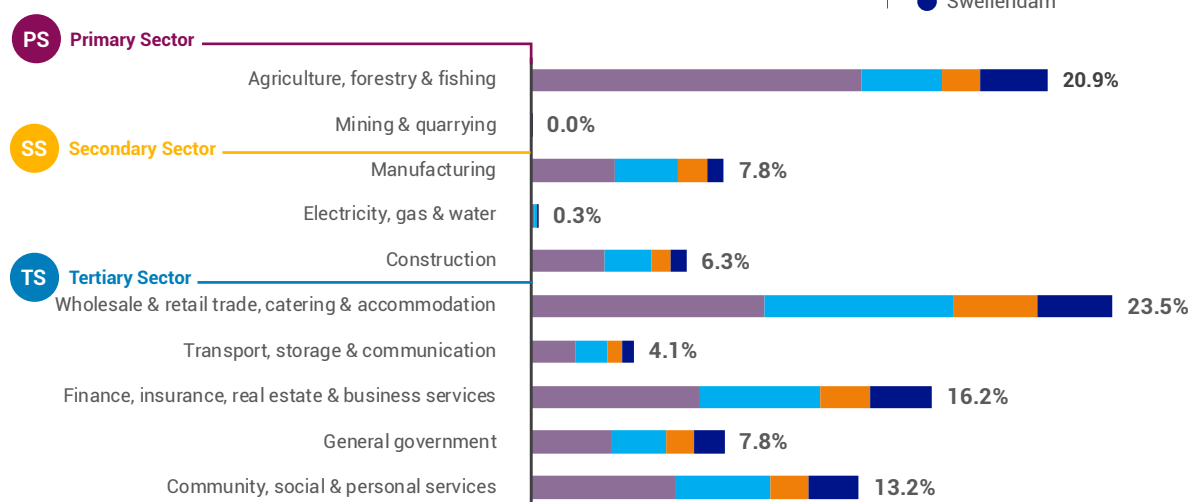
Figure 1.4 depicts the sectoral contributions to employment by each municipal area in the OD in 2019.

Figure 1.4

SECTORAL EMPLOYMENT CONTRIBUTION PER MUNICIPAL AREA, Overberg District, 2019 (%)



- Theewaterskloof
- Overstrand
- Cape Agulhas
- Swellendam



Source: Quantec Research, 2021

In terms of sectoral employment concentrations, employment in the OD was concentrated in the Theewaterskloof municipal area in 2019, followed by the Overstrand municipal area. This reflects the respective contributions of both municipal areas to the District's GDP. Employment in the agriculture sector is largely concentrated in the Theewaterskloof municipal area. Furthermore, given the concentration of the manufacturing sector in the Theewaterskloof municipal area, it is evident that the area has a well-developed agro-processing industry.

The trade sector contributed the largest share to employment in the District in 2019 (23.5 per cent), with the Theewaterskloof and Overstrand municipal areas contributing the largest share to this percentage. Within the Cape Agulhas and Swellendam municipal areas, the trade sector was the largest contributor to employment in both municipal areas during the year. Furthermore, these two municipal areas also rely on the finance sector for employment. The concentration of these two sectors in the Cape Agulhas and Swellendam municipal areas highlights their dependence on tourist activities.



Diagram 1.2 provides an overview of the employment dynamics in the OD by depicting the unemployment rate, labour absorption rate, labour participation rate and the “not economically active” population as a proportion of the working-age population for each of the municipal areas.

Diagram 1.2





UNEMPLOYMENT PROFILE, Overberg District, 2019 (%)

Unemployed persons, according to the official Statistics South Africa (Stats SA) definition, are those (aged 15 to 64 years) who: a) were not employed in the reference week; and b) actively looked for work or tried to start a business in the four weeks preceding the survey interview; and c) were available for work, i.e. would have been able to start work or a business in the reference week; or d) had not actively looked for work in the past four weeks, but had a job or business to start at a definite date in the future and were available. This does not include people who were not actively looking for work.

Labour force participation rate is the proportion of the working-age population that is either employed or unemployed.

Employment-to-population ratio (labour absorption rate) is the proportion of the working-age population that is employed.

Not economically active refers to persons aged 15 to 64 years who were neither employed nor unemployed in the reference week.

MUNICIPALITY	 Unemployment rate (%) 2019		 Labour force participation rate (%) 2019		 Labour absorption rate (employment-to-population ratio) 2019		 Not economically active 2019 (% of working-age population)	
	2019	2020e	2019	2020e	2019	2020e	2019	2020e
● Theewaterskloof	9.4%	—	74.4%	↓	67.4%	↓	25.6%	↑
● Overstrand	16.0%	↑	76.3%	↓	64.1%	↓	23.7%	↑
● Cape Agulhas	8.1%	↑	76.3%	↓	70.1%	↓	23.7%	↑
● Swellendam	6.7%	—	72.5%	↓	67.6%	↓	27.5%	↑
Overberg District	10.8%	↑	74.9%	↓	66.8%	↓	25.1%	↑
Western Cape	19.6%	↓	67.9%	↓	54.6%	↓	32.1%	↑

Source: Quantec Research, 2021 (e denotes estimate)

In 2019, the unemployment rate in the OD (10.8 per cent) was significantly below that of the Western Cape (19.6 per cent). The Overstrand municipal area, with an unemployment rate of 16.0 per cent in 2019, was the only municipal area with a higher unemployment rate than that of the District, with the Swellendam municipal area having the lowest unemployment rate (6.7 per cent) in 2019.

The unemployment rate in the District is estimated to have increased between 2019 and 2020. The unemployment rates in the Theewaterskloof and Swellendam municipal areas have remained constant over the two-year period, while increases are estimated in the Overstrand and Cape Agulhas municipal areas. This is likely as a result of the number of job losses exceeding the number of individuals who were moved to the “not economically active” category.

However, this is in contrast with the decrease in the unemployment rate in other regions of the Western Cape.

In 2019, the labour force participation rate in the District stood at 74.9 per cent, which was higher than the 67.9 per cent recorded in the Province during the same year. Across the District and all the municipal areas, the labour force participation rate is estimated to have decreased between 2019 and 2020. A similar pattern is evident when evaluating the labour absorption rate.

The percentage of “not economically active” individuals in the District stood at 25.1 per cent in 2019, which was lower than that of the Western Cape (32.1 per cent). The number of “not economically active” individuals is estimated to have increased between 2019 and 2020 in all municipal areas in the District as well as in the Province. This is due to individuals not being able to seek employment opportunities during level five of the national lockdown in 2020.



1.4 CONCLUDING REMARKS

The OD economy was valued at R21.1 billion in 2019 and contributed 3.4 per cent to the Provincial economy during the year. Between 2015 and 2019, growth in the District averaged 1.2 per cent, which was slightly above the 1.0 per cent recorded by the Provincial economy over the same period. Estimates for 2020 indicate that the District economy is expected to contract by 5.1 per cent, with growth recovering to 5.1 per cent in 2021.

In 2019, the Theewaterskloof municipal area was the largest contributor to GDP in the OD, followed by the Overstrand municipal area. In terms of sectoral performance, the tertiary sector was the main driver of economic activity in the District, with a contribution of 67.6 per cent in 2019. Estimates for 2020 indicate that the tertiary and secondary sectors contracted by 5.7 per cent and 11.1 per cent respectively during the year. In contrast, the primary sector is anticipated to have realised a positive annual growth rate of 11.2 per cent in 2020. The strong performance of the primary sector was driven by the strong performance of the agriculture sector, which was not as constrained by lockdown measures.

The trade sector was the dominant source of employment in the District in 2019, at 23.5 per cent. This was followed by the agriculture sector, with a contribution of 20.9 per cent to employment in the District in 2019.

An evaluation of the unemployment profile of the OD revealed that fewer employment opportunities were available in the District in 2020. This is showcased by a decline in the labour force participation and labour absorption rates between 2019 to 2020. Furthermore, unemployment across the District increased over the same period. This is expected to stem from high job losses in the trade sector and the finance sector. Given that the District relies on tourism, the implementation of the national lockdown to contain the spread of COVID-19 resulted in particularly adverse consequences for employment in the District.



A photograph of a red tractor in an orchard, viewed from behind. The tractor is pulling several wooden crates filled with ripe, red and yellow apples. The orchard has green trees and grass in the background.

2

SECTORAL GROWTH, EMPLOYMENT AND SKILLS PER MUNICIPAL AREA

2.1 INTRODUCTION

This chapter provides a more in-depth macroeconomic outlook by considering the trends in GDP, employment and skill levels for each of the municipal areas within the OD.



2.2 OVERBERG DISTRICT THEEWATERSKLOOF



GDPR

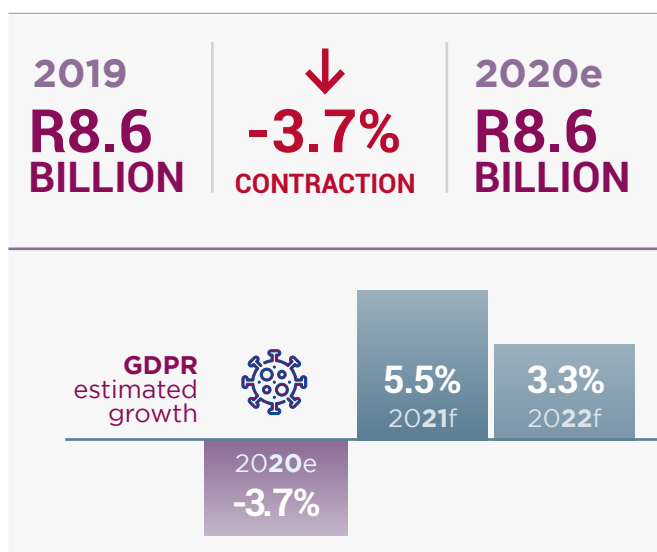
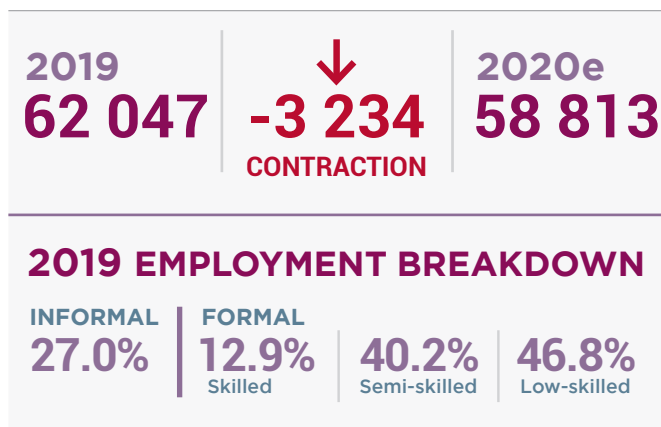


Diagram 2.1

**GDPR (CURRENT PRICES) AND EMPLOYMENT,
THEEWATERSKLOOF, 2019 and 2020e**



JOBS



Source: Quantec Research, 2021; Urban-Econ based on Quantec, SARB, Stats SA and BFAP, 2021 (e denotes estimate, f denotes forecast)

The Theewaterskloof municipal area covers 3 259km², which constitutes approximately 26.6 per cent of the OD's geographical area.⁶ It borders the Cape Metro and the Cape Winelands District, and is traversed by the N2, which is a valuable transit link for tourists and goods. The Theewaterskloof municipal area is a popular tourism destination and is well known for its natural assets such as the Kogelberg Biosphere, Theewaterskloof Dam, blue cranes, various mountain ranges and fynbos.⁷ The main towns in the municipal area include Botrivier, Caledon, Genadendal, Grabouw, Greyton, Riviersonderend, Tesselaarsdal and Villiersdorp.⁸

2.2.1 GDPR and employment performance

The Theewaterskloof municipal area's economy was valued at R8.6 billion in 2019. The municipal area had 62 047 employed workers in 2019, and this is expected to have decreased to 58 813 workers in 2020. The economy of the municipal area is estimated to have contracted by 3.7 per cent, resulting in 3 234 jobs lost during 2020. It is forecast that the municipal area's economy will recover in 2021, with an estimated GDPR growth of 5.5 per cent.

⁶ (Municipal Demarcation Board, 2018).

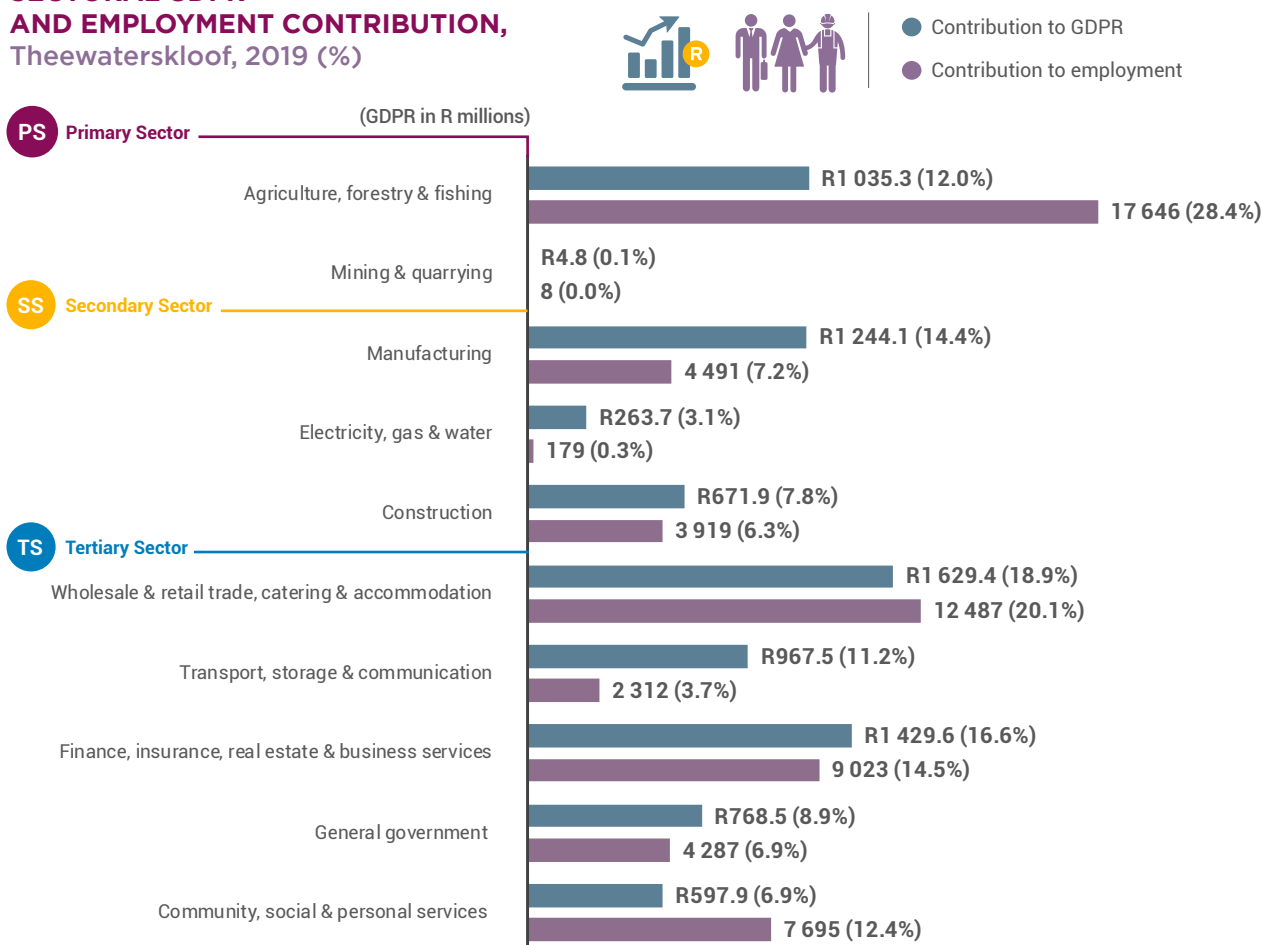
⁷ (Theewaterskloof Municipality, 2016).

⁸ (Theewaterskloof Municipality, 2017).

Figure 2.1 depicts the sectoral contribution to employment and GDPR in the Theewaterskloof municipal area in 2019.

Figure 2.1

SECTORAL GDP AND EMPLOYMENT CONTRIBUTION, Theewaterskloof, 2019 (%)



Source: Quantec Research, 2021


Employment in the agriculture sector was substantially higher than GDP. This high employment concentration indicates that this sector is very labour-intensive. Likewise, the community services sector is also labour-intensive, accounting for 12.4 per cent of total employment, but only contributing 6.9 per cent to GDP. The transport sector contributed more to GDP than to employment (11.2 per cent compared with 3.7 per cent), while the manufacturing sector contributed 7.2 per cent to employment but 14.4 per cent to GDP, highlighting the capital-intensive nature of the sector.

The trade sector (18.9 per cent) and the finance sector (16.6 per cent) were the main drivers of GDP in the municipal area. In terms of employment, the agriculture sector was the main source of employment in the Theewaterskloof municipal area, with a contribution of 28.4 per cent, followed by the trade sector (20.1 per cent) and the finance sector (14.5 per cent). Because of the lack of mineral resources, the mining sector and the electricity, gas and water sector contributed the least to GDP and employment in the Theewaterskloof municipal area in 2019.

Table 2.1 outlines the GDPR and employment performance per sector within the Theewaterskloof municipal area.

Table 2.1

GDPR AND EMPLOYMENT PERFORMANCE PER SECTOR,
Theewaterskloof



SECTOR	GDPR		Employment	
	Trend 2015 – 2019	Real GDP growth 2020e	Average annual change 2015 – 2019	Net change 2020e
Primary Sector	-4.3%	10.7%	277	-746
PS Agriculture, forestry & fishing	-4.3%	10.8%	277	-745
Mining & quarrying	0.1%	-18.1%	0	-1
Secondary Sector	2.1%	-10.7%	179	-688
SS Manufacturing	2.9%	-7.0%	120	-228
Electricity, gas & water	-1.2%	-6.9%	2	-5
Construction	1.5%	-20.3%	57	-455
Tertiary Sector	2.7%	-4.7%	1 038	-1 800
TS Wholesale & retail trade, catering & accommodation	2.5%	-9.2%	496	-720
Transport, storage & communication	1.7%	-14.7%	80	-76
Finance, insurance, real estate & business services	4.6%	0.9%	338	-336
General government	0.5%	0.4%	7	52
Community, social & personal services	2.0%	-1.8%	117	-720
Total Theewaterskloof	1.3%	-3.7%	1 494	-3 234

Source: Quantec Research, 2021 (e denotes estimate)

Between 2015 and 2019, the Theewaterskloof municipal area experienced average annual growth of 1.3 per cent. The secondary and tertiary sectors increased above the municipal average, by 2.1 per cent and 2.7 per cent respectively, while the primary sector contracted by 4.3 per cent. The finance sector experienced the best growth rate within the municipal area (4.6 per cent), while the agriculture sector had the worst growth, contracting by 4.3 per cent in the same period. The contraction in this sector for the reviewed period could be attributed to the drought experienced in the region.

The Theewaterskloof municipal area had an average annual growth of 1 494 jobs between 2015 and 2019. The tertiary sector was the largest contributor to the jobs created, with 1 038 jobs. The individual sectors that contributed most to employment were the trade sector (496 jobs), followed by the finance sector (338 jobs). Despite the contraction in the agriculture sector, the sector created 277 jobs annually between 2015 and 2019.⁹

It is estimated that the municipal area's economy contracted by 3.7 per cent in 2020 owing to poor economic conditions as a result of COVID-19.

⁹ Employment estimates in the Quarterly Labour Force Survey (QLFS) of the first quarter of 2015 were based on the new Statistics SA master sample. It is therefore hard to determine whether the significant employment growth is due to the adjusted master sample or an actual increase in employment (Stats SA, 2015).



The tertiary sector, which is the strongest sector in the municipal area, is estimated to have contracted by 4.7 per cent. The trade sector is estimated to have contracted by 9.2 per cent. The significant contraction in this sector could be attributed to the impact of COVID-19 on tourism. The only two sectors within the tertiary sector that showed marginal growth in 2020 were the finance sector (0.9 per cent) and the general government sector (0.4 per cent). Despite the lockdown regulations, the agriculture sector grew by an estimated 10.8 per cent in 2020 as a result of good weather and market conditions. The Theewaterskloof municipal area is known as a world-class fruit producer and has some of the largest packhouses in the Western Cape. It is the largest apple-producing region in the country and the third-largest pear-producing region in the country. It is home to Appletiser and South African Breweries' largest maltings plant in the country, and is a growing premier white wine-producing area.¹⁰

The government sector only recorded marginal growth. Additional expenditures had to be incurred in the sector to provide support for communities and businesses in need, as well as the additional funding required for healthcare services. The pandemic placed additional strain on local governments, as many expenses were not budgeted for, while households struggled to pay for services and businesses closed.¹¹

COVID-19 and the associated economic conditions negatively impacted employment in the municipal area in 2020. A substantial number of jobs (3 234) are estimated to have been lost, with 1 800 of these being in the tertiary sector. Despite these net job losses, new economic activity was recorded in 2020, such as the new Grabouw Shopping Complex, which created some jobs.¹²

¹⁰ (Theewaterskloof Municipality, 2017).

¹¹ (Theewaterskloof Municipality, 2021).

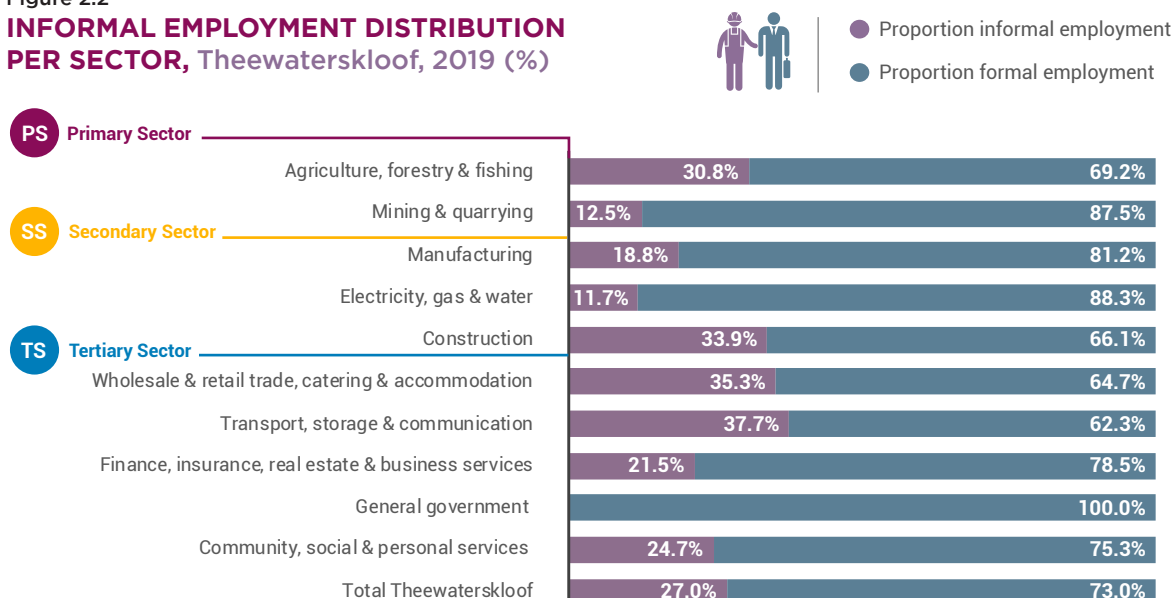
¹² (Theewaterskloof Municipality, 2021).

It is estimated that the trade sector lost 720 jobs, while the agriculture sector shed 745 jobs. The only sector that created additional employment for the municipal area in 2020 was the general government sector, with 52 jobs. Improving access to employment opportunities, such as through investment in public transport infrastructure such as the Rooidakke bus route, can be a catalyst for recovering some of the jobs lost in the pandemic.¹³

As illustrated in Figure 2.2, informal employment accounted for 27.0 per cent of the Theewaterskloof municipal area's total employment in 2019.¹⁴

Figure 2.2

INFORMAL EMPLOYMENT DISTRIBUTION PER SECTOR, Theewaterskloof, 2019 (%)



Source: Quantec Research, 2021



The transport sector had the largest proportion of informal employment in 2019, accounting for 37.7 per cent of the sector's total employment. Other noticeable sources of informal employment were the trade sector (35.3 per cent) and the construction sector (33.9 per cent).

The informal sector covers a wide range of economic activities and is an important source of employment and poverty reduction. Informal businesses are sometimes constrained by a lack of suitable trading space, onerous legal requirements, a lack of capital and limited access to business information.

¹³ (Theewaterskloof Municipality, 2021).

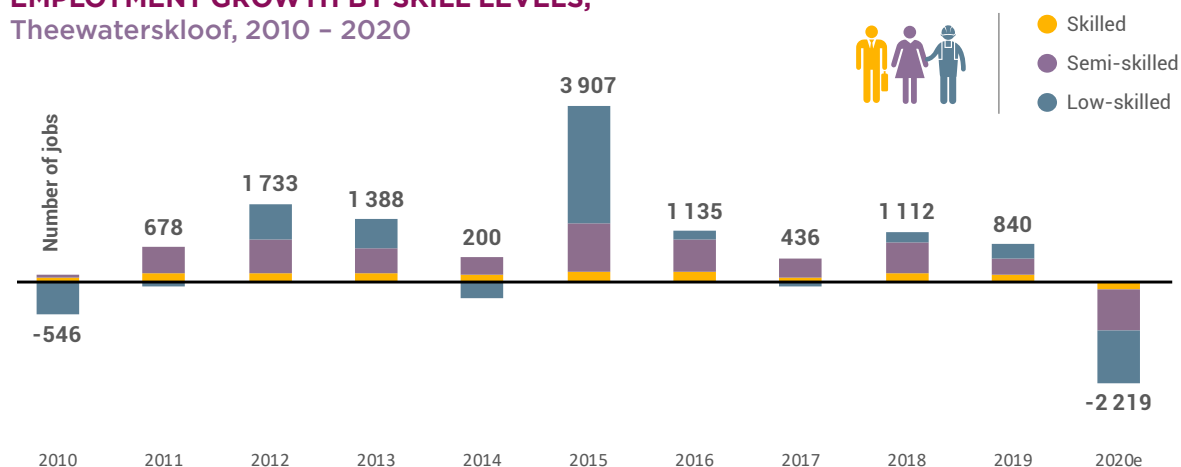
¹⁴ Throughout this chapter, it should be noted that the number of informal sector workers is determined by using labour data from the Quarterly Employment Statistics (QES) and the Quarterly Labour Force Survey (QLFS). Quantec uses the QES formal figure, to which it adds the number of formal agricultural and domestic workers. Using the total employment from the QLFS, informal employment is calculated as a residual. This residual is higher than the figure given in the QLFS owing to the inclusion of small, medium and micro enterprises, which are not accounted for in the QES.

2.2.2 Skills analysis

Figure 2.3 illustrates the changes in formal employment by skill levels between 2010 and 2020.

Figure 2.3

EMPLOYMENT GROWTH BY SKILL LEVELS, Theewaterskloof, 2010 – 2020



	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020e
Skilled	88	206	212	202	181	240	245	105	214	156	-161
Semi-skilled	82	572	727	544	374	1 056	686	434	658	376	-895
Low-skilled	-716	-100	794	642	-355	2 611	204	-103	240	308	-1 163

Source: Quantec Research, 2021 (e denotes estimate)

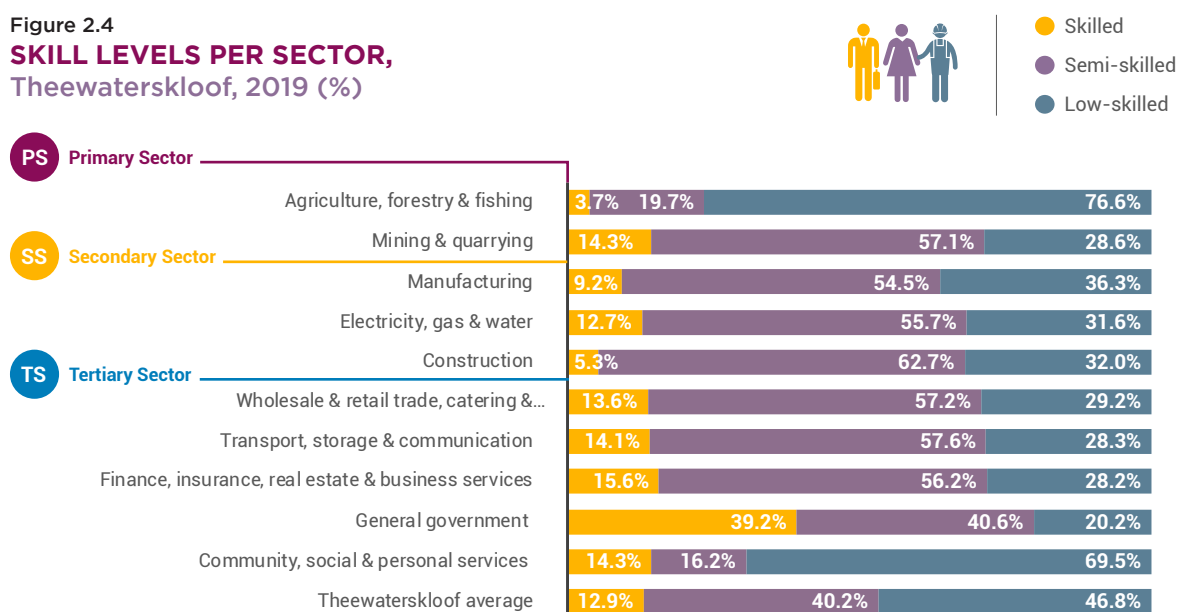
The economic downturn caused substantial job losses in the Theewaterskloof municipal area in 2010, which mostly impacted low-skilled workers. During this period, low-skilled labour experienced 716 job losses. In contrast, several jobs were created in the skilled (88 jobs) and semi-skilled (82 jobs) categories.

It is estimated that in 2020, 2 219 formal jobs were lost owing to the COVID-19 pandemic. Most of the jobs lost were low-skilled (1 163 jobs) and semi-skilled (895 jobs). This is likely to have had a substantial impact on the local economy, as many of these workers earn low incomes, resulting in an increase in poverty and a greater demand for government support.



Figure 2.4 provides a sectoral overview of the skill levels for formal employment in the Theewaterskloof municipal area. On average, the municipal area was mainly characterised by low-skilled labour (46.8 per cent), followed by semi-skilled labour (40.2 per cent) and a small proportion of skilled labour (12.9 per cent) in 2019.

Figure 2.4
SKILL LEVELS PER SECTOR,
Theewaterskloof, 2019 (%)



Source: Quantec Research, 2021

The two sectors that predominantly used low-skilled workers in 2019 were the agriculture sector (76.6 per cent) and the community services sector (69.5 per cent). The labour needed in these sectors does not require a high level of education or skills to maintain proper workflow. The remaining sectors in the Theewaterskloof municipal area employed a large proportion of semi-skilled workers, particularly the construction sector, in which 62.7 per cent of workers were classified as semi-skilled. The two sectors with the highest proportion of skilled workers were the general government sector (39.2 per cent) and the finance sector (15.6 per cent).

In 2020, only the government sector is estimated to have created jobs, while the finance sector shed fewer jobs compared with other sectors, indicating that workers with higher skills have greater job security during economic downturns. Workers in these sectors were more likely to be able to work from home during the pandemic. Prior to the pandemic, the finance sector was also one of the main job creators in the municipal area, emphasising the importance of skills development.

Low-skilled workers, who make up the majority of the Theewaterskloof municipal area's workforce, faced inconsistent demand and recurrent job losses between 2010 and 2020 owing to changes in employment and the economy's skills structure. Skilled workers, on the other hand, who make up the smallest percentage of the workforce in the area, saw consistent job growth and resilience during the time under consideration. The low-skilled population will put pressure on local municipalities for additional free basic services, as revenue in the municipal area will decrease owing to the contraction in employment and economic performance.



2.3 OVERBERG DISTRICT OVERSTRAND



GDP

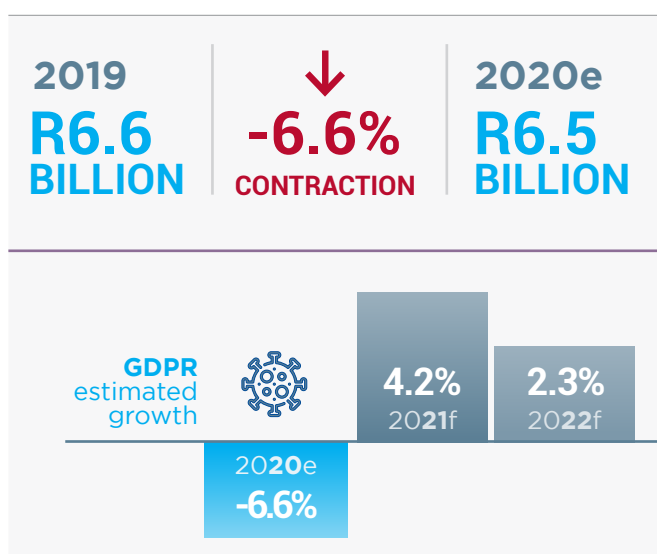
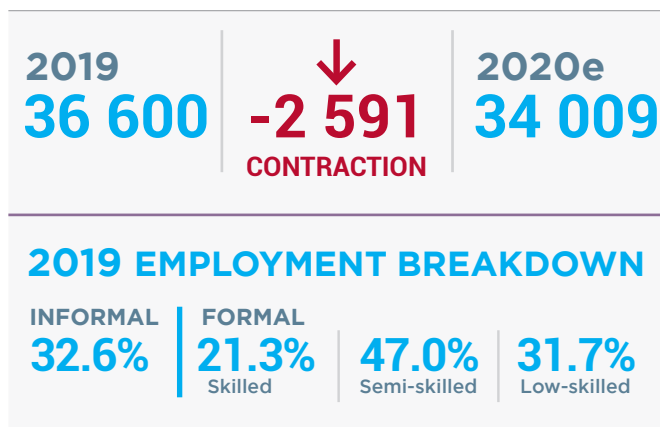


Diagram 2.2

**GDPR (CURRENT PRICES) AND EMPLOYMENT,
Overstrand, 2019 and 2020e**

JOBS



Source: Quantec Research, 2021; Urban-Econ based on Quantec, SARB, Stats SA and BFAP, 2021 (e denotes estimate, f denotes forecast)

The Overstrand municipal area is the smallest municipal area in the OD in terms of geographical spread, covering 1 675km² (13.7 per cent),¹⁵ but is the second-largest economy in the District. The municipal area is bordered by the Cape Metro, Cape Agulhas and Theewaterskloof municipal areas, and has a 230km coastline. Hermanus is the main commercial node and other main towns include Gansbaai, Hawston, Kleinmond and Stanford.¹⁶ The Overstrand municipal area is a popular tourist destination, well known for whale watching, shark-cage diving, fynbos, wine estates, abalone farms, birding areas and mountain ranges.¹⁷ Hermanus and the smaller coastal settlements are also popular areas for retirement and second homes.

2.3.1 GDPR and employment performance

The Overstrand municipal area's economy was valued at R6.6 billion (current prices) in 2019 and the municipal area employed 36 600 people. Estimates for 2020 indicate that the municipal area's economy contracted by 6.6 per cent, resulting in a GDPR drop to R6.5 billion and shedding an estimated 2 591 jobs. It is forecast that the economy will start recovering in 2021, with an estimated 4.2 per cent growth, while a further 2.3 per cent GDPR growth is expected for 2022.

¹⁵ (Municipal Demarcation Board, 2018).

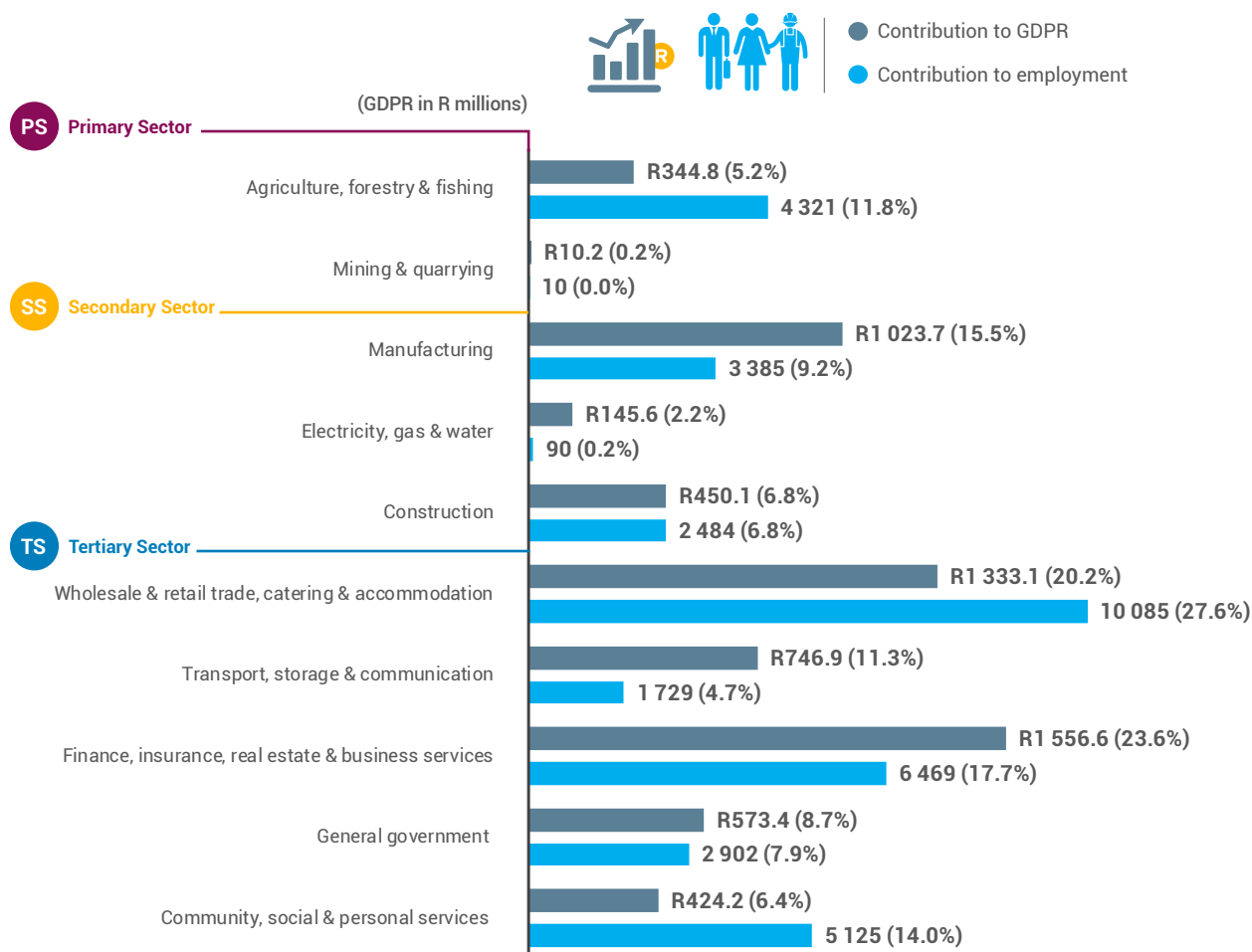
¹⁶ (Overstrand Municipality, 2017).

¹⁷ (Overstrand Municipality, 2018).

Figure 2.5 provides a breakdown of the sectoral contribution to employment and GDP in the Overstrand municipal area in 2019.

Figure 2.5

SECTORAL GDP AND EMPLOYMENT CONTRIBUTION,
Overstrand, 2019 (%)



Source: Quantec Research, 2021


The two major contributors to GDP in the municipal area in 2019 were the finance sector (23.6 per cent) and the trade sector (20.2 per cent). These sectors were also the main contributors to employment, accounting for 17.7 per cent and 27.6 per cent respectively of the area's total employment.

While the community services sector contributed only 6.4 per cent to GDP, the sector was a considerable source of employment (14.0 per cent), which indicates that this sector is more labour-intensive. The trade sector and the agriculture sector are also labour-intensive. The municipal area's capital-intensive sectors include the manufacturing sector, the transport sector, and the finance sector.

A more detailed overview of sectoral contributions to GDP and employment is provided in Table 2.2.

Table 2.2

GDP AND EMPLOYMENT PERFORMANCE PER SECTOR, Overstrand

		GDP		Employment	
SECTOR		Trend 2015 – 2019	Real GDP growth 2020e	Average annual change 2015 – 2019	Net change 2020e
PS	Primary Sector	-4.3%	14.4%	26	-412
	Agriculture, forestry & fishing	-4.4%	15.2%	26	-412
	Mining & quarrying	-0.5%	-18.8%	0	0
SS	Secondary Sector	0.7%	-11.5%	-16	-593
	Manufacturing	2.0%	-8.1%	55	-210
	Electricity, gas & water	1.3%	-5.6%	1	-3
	Construction	-2.6%	-22.8%	-72	-380
TS	Tertiary Sector	1.3%	-6.7%	464	-1 586
	Wholesale & retail trade, catering & accommodation	1.4%	-10.1%	233	-698
	Transport, storage & communication	2.7%	-14.1%	53	-55
	Finance, insurance, real estate & business services	1.0%	-4.8%	169	-317
	General government	0.4%	0.4%	-2	26
	Community, social & personal services	1.1%	-2.5%	11	-542
Total Overstrand		0.8%	-6.6%	474	-2 591

Source: Quantec Research, 2021 (e denotes estimate)

Between 2015 and 2019, the Overstrand municipal area experienced an average annual GDP growth rate of 0.8 per cent. The tertiary sector had the highest average yearly growth rate (1.3 per cent), followed by the secondary sector (0.7 per cent). The primary sector's GDP declined by an average of 4.3 per cent per annum during the same period. The main economic growth drivers of the Overstrand municipal area between 2015 and 2019 included the transport (2.7 per cent), manufacturing (2.0 per cent) and trade (1.4 per cent) sectors. The contraction of 2.6 per cent in the construction sector is an indication of the sector's poor performance. The main town, Hermanus, has exploded over the last few years in terms of housing developments, but is relatively constrained now owing to a lack of developable land. This is especially true for the Zwelihle, Kleinmond and Mount Pleasant areas. There are some developments in the pipeline (including the Schulphoek development) that should boost the sector again should they break ground.

According to estimates for 2020, the municipal area's lower GDP growth rate was primarily due to the poor performance of the secondary and tertiary sectors, which contracted by 11.5 per cent and 6.7 per cent respectively. Finance, the largest sector in the municipal area, had a 4.8 per cent contraction.

Owing to the lockdown regulations enforced as a result of COVID-19, the trade sector is estimated to have contracted by 10.1 per cent. The tourism industry was severely affected by travel restrictions throughout the country. As it is one of the leading contributors to economic growth in the Overstrand municipal area, this will have a significant negative impact on the overall economic performance of the municipal area. Wesgro indicated that 75.0 per cent of local tourism businesses that participated in the survey said they had lost revenue owing to the beach closures, and almost 80.0 per cent of respondents lost revenue owing to the ban on alcohol sales during the festive season.¹⁸ The popular Hermanus Whale Festival, which attracts between 5 000 and 30 000 people per day, was postponed as a result of COVID-19. Large events such as this are significant sources of economic injections into the local towns, and because these events could not take place, the tourism industry was affected on a large scale.

Despite these contractions, the agriculture sector (15.2 per cent) and the general government sector (0.4 per cent) had positive economic growth in 2020. The agriculture sector's increase could be a result of improved market conditions and good yields at a national level. An improved market of abalone has been experienced, where high returns for farmed, fished or ranches abalone generates foreign currency earnings for the industry.¹⁹ Abagold in Hermanus is a large exporter of canned and dried abalone globally. The government sector had to remain operational and provide additional support during the lockdown periods in 2020. The Overstrand Municipality supported local businesses by allowing payment holidays on lease agreements, issuing informal trade permits, providing access to information on COVID-19 protocols, registering accommodation establishments as isolation facilities and scrapping business operating licences.²⁰

The Overstrand municipal area created an average of 474 jobs per annum between 2015 and 2019. Despite being lower than the municipal average, the primary and tertiary sectors had positive average annual changes during the period under review, while the secondary sector contracted by 16 jobs annually. Employment creation was mainly driven by the tertiary sector, which experienced an average annual increase of 464 jobs during this period, with the trade sector the leading contributor in the municipal area (233 jobs). The construction sector contracted significantly between 2015 and 2019, as 72 jobs were lost annually. Utilising local enterprises when investing in infrastructure investment projects could play a valuable role in boosting the sector. Creating an enabling environment for attracting private investment could also unlock new job opportunities in the sector.

The municipal area is estimated to have lost 2 591 jobs in 2020 owing to the economic impact of COVID-19. The tertiary sector, followed by the secondary sector, had the most jobs lost, with 1 586 and 593 jobs lost respectively. The concern is that most jobs lost were in the trade sector (698 jobs). This sector is typically one of the main sectors that contribute to employment growth in the area. The significant job losses estimated for 2020 will increase the demand for government assistance as household income declines. Furthermore, the local municipality will be put under further strain because income collection may be impeded, but the same standard of service will be expected. However, new initiatives such as the development of an Industrial Hub in Hawston, which created light industrial and commercial space for local entrepreneurs, should be a valuable boost for the secondary and tertiary sectors of the local economy.²¹

¹⁸ (Wesgro, 2021).

¹⁹ (TIPS, 2016).

²⁰ (Overstrand Municipality, 2021).

²¹ (Overstrand Municipality, 2021).



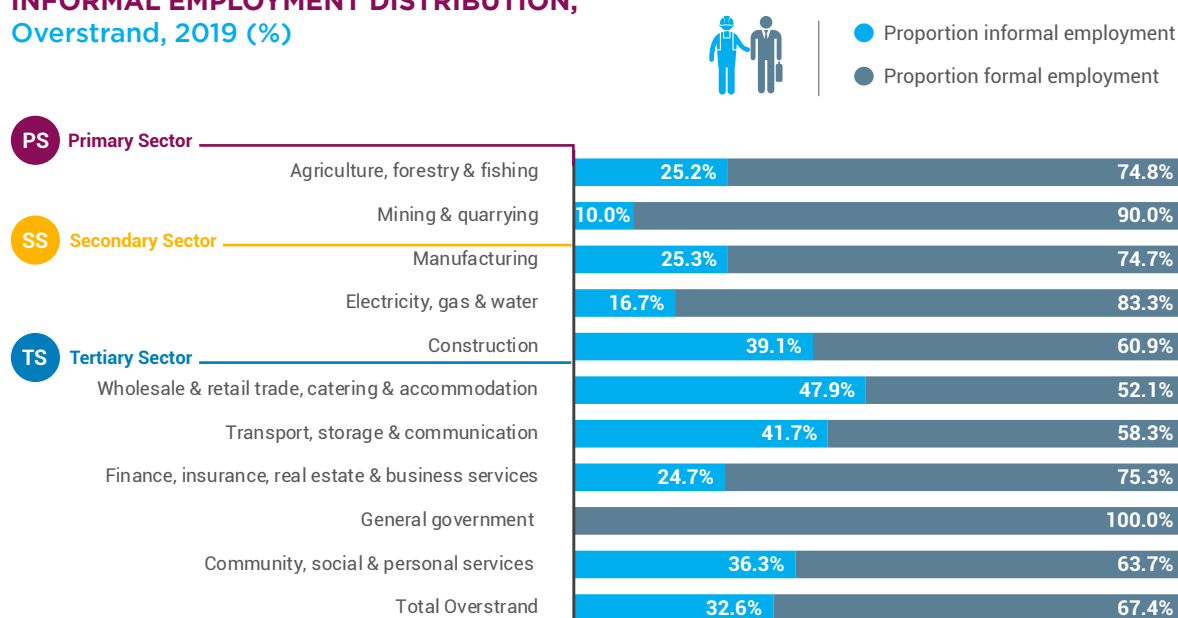
SEMIGRATION

The Western Cape benefited from COVID-19-induced semigration (moving from one part of a country to another) in 2020 and 2021. The desire for more space for home schooling and working from home aligned well with greater flexibility in the locations from which professionals could work. At a macro level, low interest rates allowed many first-time home buyers to enter the property market.²² As a result, demand for long-term and shorter stays grew as South Africans moved from other provinces (mainly Gauteng) to the Western Cape's coastal-proximal towns. Property demand in these small towns was driven by relatively lower prices (compared with the Cape Metro), good service-delivery records and perceived quality-of-life factors such as access to strong natural and cultural capital. Some of the towns that have benefited from this semigration trend include Gansbaai, Hermanus, Langebaan, St Helena Bay, Yzerfontein, George, Plettenberg Bay and Mossel Bay.^{23,24}

Looking ahead, private-sector investments in high-speed fibre internet,²⁵ healthcare and education, coupled with bulk infrastructure upgrades, will allow the Western Cape's property market to remain competitive in attracting the semigration market segment. The June unrest in KwaZulu-Natal and Gauteng in 2021 will have added to the interest in Western Cape property, and this will be bolstered by improvements to the Western Cape's community safety and security programmes. Similarly, the continued ability of local town "spoke" airports to provide cheap and quick access to regional "hubs" such as Johannesburg and Durban will support further demand for property in the Western Cape's small towns.

Figure 2.6 depicts the sectoral informal employment distribution in the Overstrand municipal area in 2019.

Figure 2.6
INFORMAL EMPLOYMENT DISTRIBUTION,
Overstrand, 2019 (%)



Source: Quantec Research, 2021

²² (Ooba Home Loans, 2021).

²³ (BusinessTech, 2021a).

²⁴ (BusinessTech, 2021b).

²⁵ (Forbes Africa, 2021).

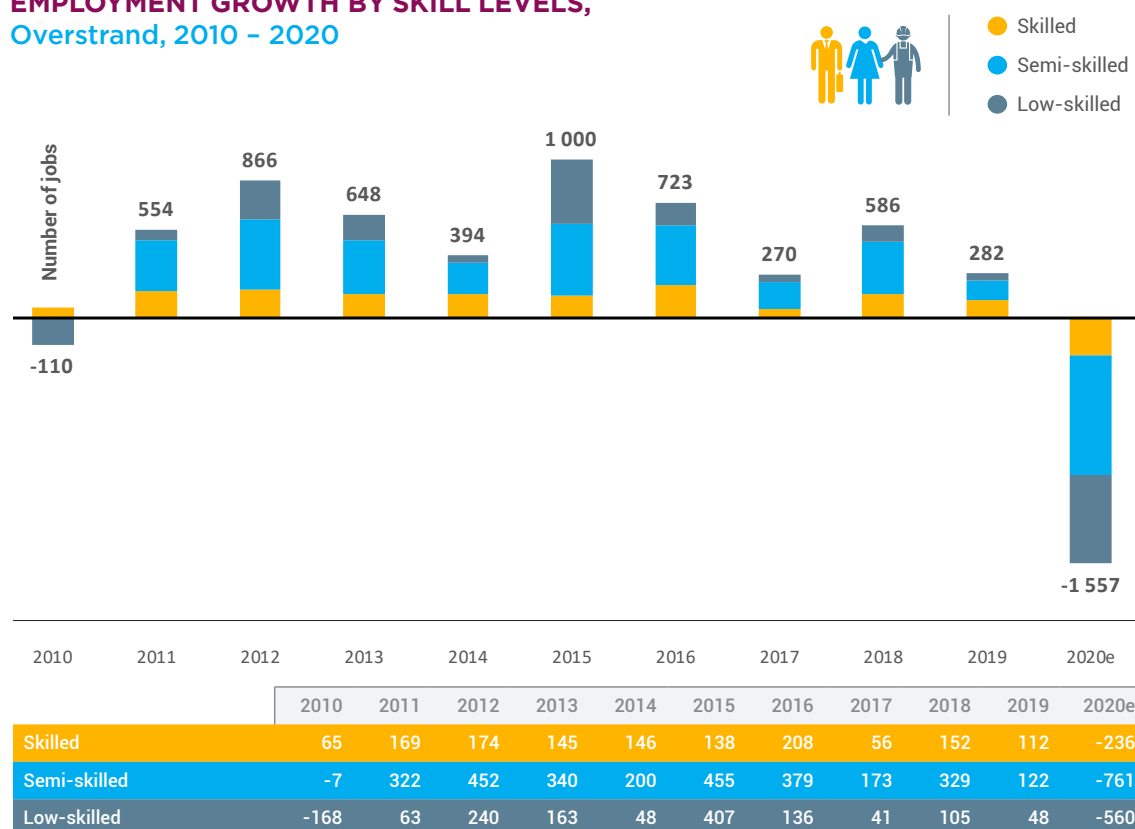
Employment in the municipal area consists mainly of formal employment opportunities (67.4 per cent), while informal employment is a valuable source of employment for 32.6 per cent of the area's workers. The trade sector is the largest source of informal employment (47.9 per cent). This is in line with national statistics, which indicate that trade is the most prominent activity in the informal sector. Other noticeable sources of informal employment are the transport (41.7 per cent), construction (39.1 per cent) and community services (36.3 per cent) sectors. The contribution of informal employment can be enhanced by addressing the key constraints experienced by informal businesses, including the availability of infrastructure.

2.3.2 Skills analysis

As illustrated in Figure 2.7, 110 jobs were lost during the economic downturn in 2010 in the Overstrand municipal area. Low-skilled workers were severely impacted during this period, as low-skilled labour experienced a decline of 168 jobs and semi-skilled labour experienced a decline of seven jobs. However, 65 skilled jobs were created in 2010.

Figure 2.7

EMPLOYMENT GROWTH BY SKILL LEVELS, Overstrand, 2010 – 2020



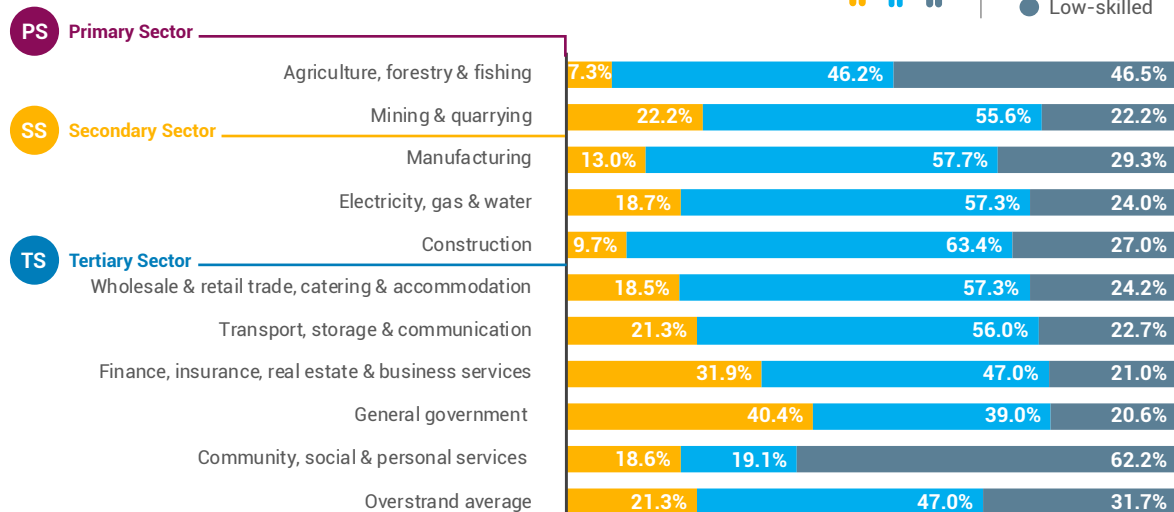
Source: Quantec Research, 2021 (e denotes estimate)

The Overstrand municipal area experienced a net increase in job opportunities across all skill levels from 2011. From 2010 to 2020, the biggest employment changes, including job creation and job losses, were experienced by semi-skilled workers, with a net addition of 2 004 semi-skilled jobs during this period. However, the Overstrand municipal area only created 523 low-skilled jobs. As a result of COVID-19, a total of 761 jobs were lost in the semi-skilled workforce, 560 jobs were lost in the low-skilled workforce and 236 jobs were lost in the skilled workforce in 2020. The total contraction in employment was 1 557 jobs.

Figure 2.8 illustrates the concentration of skill levels per sector among the formally employed in the Overstrand economy. Semi-skilled workers (47.0 per cent) are the biggest contributors to formal employment.

Figure 2.8

SKILL LEVELS PER SECTOR, Overstrand, 2019 (%)



Source: Quantec Research, 2021



Within the community services sector, which is the sector with the largest portion of low-skilled workers, 62.2 per cent of workers were low-skilled workers in 2019. The Overstrand municipal area comprised 21.3 per cent skilled workers in 2019, and the general government (40.4 per cent) and finance (31.9 per cent) sectors were the largest employers of skilled workers in the municipal area. The municipality will need to focus on skills development to ensure that low-skilled workers can seek jobs in other sectors as the economy fluctuates in the different sectors.



2.4 OVERBERG DISTRICT CAPE AGULHAS



GDPR

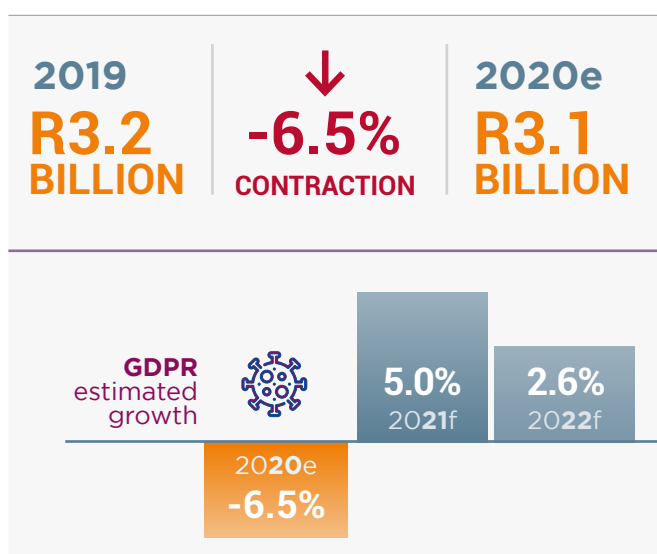
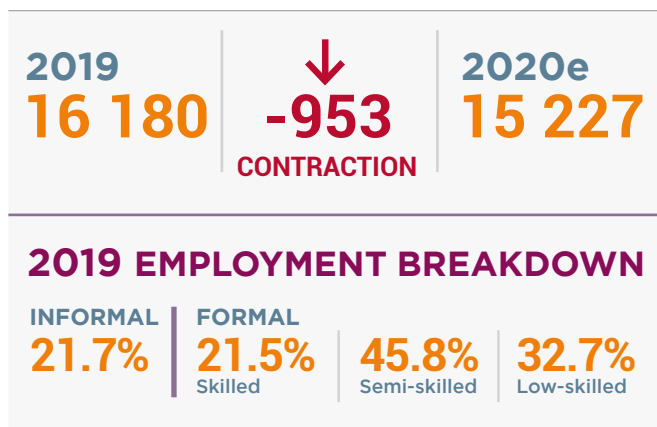


Diagram 2.3

**GDPR (CURRENT PRICES) AND EMPLOYMENT,
CAPE AGULHAS, 2019 and 2020e**

JOBS



Source: Quantec Research, 2021; Urban-Econ based on Quantec, SARB, Stats SA and BFAP, 2021 (e denotes estimate, f denotes forecast)

The Cape Agulhas municipal area covers approximately 3 471km², which constitutes approximately 28.4 per cent of the OD's geographical area, and is well known for being the southernmost tip of Africa.²⁶ The main towns in the municipal area include Bredasdorp and Napier, the coastal towns of Arniston, Struisbaai, L'Agulhas and Suiderstrand, and the rural settlements of Proteem and Klipdale.²⁷ Towns along the 178km coastline are mostly tourist towns or fishing villages.²⁸

2.4.1 GDPR and employment performance

The Cape Agulhas municipal area's economy contracted by an estimated 6.5 per cent from R3.2 billion (current prices) in 2019 to an estimated R3.1 billion in 2020. The municipal area employed 16 180 people in 2019 and is estimated to have shed 953 jobs in 2020 as a result of the weak economic performance. The contraction in GDPR and employment is a result of the COVID-19 pandemic. It is forecast that the municipal area's economy will recover partially by 5.0 per cent in 2021, continuing in 2022 with a 2.6 per cent increase.

²⁶ (Municipal Demarcation Board, 2018).

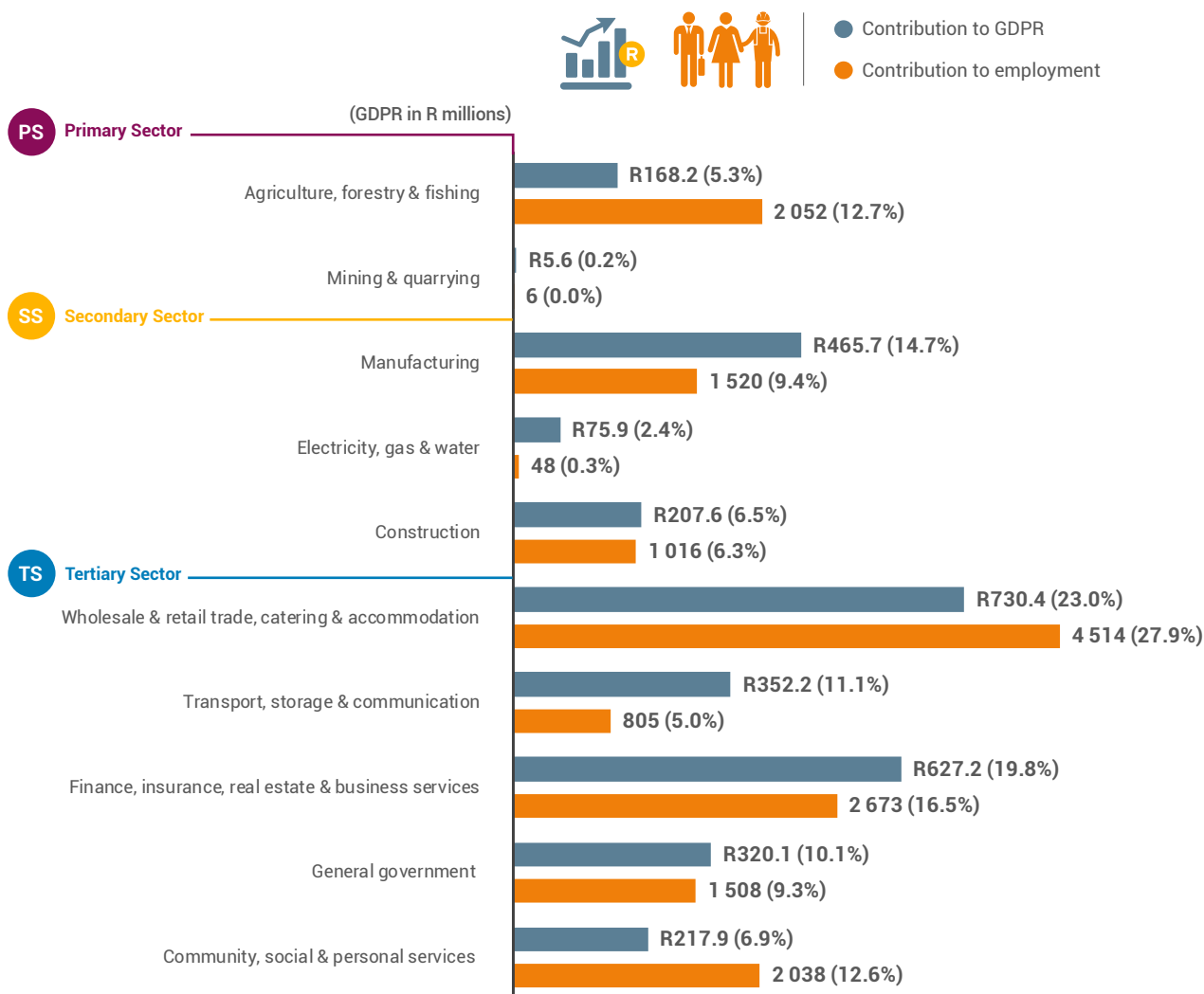
²⁷ (Cape Agulhas Municipality, 2020).

²⁸ (Cape Agulhas Municipality, 2017 and Cape Agulhas Municipality, 2018).

Figure 2.9 depicts the sectoral GDPR and employment contribution in the Cape Agulhas municipal area in 2019.

Figure 2.9

**SECTORAL GDPR AND EMPLOYMENT CONTRIBUTION,
Cape Agulhas, 2019 (%)**




Source: Quantec Research, 2021

The trade sector, which accounted for R730.4 million in 2019, was the key driver of GDP, contributing 23.0 per cent. The finance sector (19.8 per cent) and the manufacturing sector (14.7 per cent) were also key sectors contributing to the economy. Both sectors, as well as the transport sector, are capital-intensive. The trade sector was also the largest contributor of employment in the Cape Agulhas municipal area, accounting for 4 514 jobs in 2019. The municipal area is known for a large tourism industry that forms part of the trade sector. This sector, like the agriculture sector and the community services sector, is labour-intensive. With 2 673 jobs in 2019, the finance sector was the second-largest contributor to employment in the region.

Table 2.3 outlines the performance of GDPR and employment per sector in the Cape Agulhas municipal area. The tertiary sector was the largest contributor to GDPR and employment in the Cape Agulhas municipal area.

Table 2.3

GDPR AND EMPLOYMENT PERFORMANCE PER SECTOR, Cape Agulhas

		GDPR		Employment	
SECTOR		Trend 2015 – 2019	Real GDPR growth 2020e	Average annual change 2015 – 2019	Net change 2020e
PS	Primary Sector	-4.0%	10.4%	38	-105
	Agriculture, forestry & fishing	-4.2%	11.2%	38	-104
	Mining & quarrying	5.2%	-19.6%	0	-1
SS	Secondary Sector	1.0%	-11.8%	24	-234
	Manufacturing	1.9%	-9.0%	33	-91
	Electricity, gas & water	-1.1%	-5.0%	0	0
	Construction	-0.7%	-21.5%	-9	-143
TS	Tertiary Sector	1.7%	-6.5%	263	-614
	Wholesale & retail trade, catering & accommodation	1.5%	-10.0%	132	-272
	Transport, storage & communication	2.1%	-14.5%	21	-41
	Finance, insurance, real estate & business services	2.9%	-3.4%	93	-109
	General government	-1.3%	-1.2%	-19	-5
	Community, social & personal services	1.5%	-2.1%	36	-187
Total Cape Agulhas		1.1%	-6.5%	325	-953

Source: Quantec Research, 2021 (e denotes estimate)

Between 2015 and 2019, the Cape Agulhas municipal area had an average annual GDPR growth rate of 1.1 per cent. The secondary and tertiary sectors experienced positive average annual growth rates of 1.0 per cent and 1.7 per cent respectively, whereas the primary sector had an average annual contraction of 4.0 per cent. The individual sector that indicated the largest growth trend was the mining sector (5.2 per cent), followed by the finance sector (2.9 per cent). It is important to note that the mining sector is very small in the municipal area's economy, contributing only 0.2 per cent. Therefore, any small change, positive or negative, will reflect a large percentage change, while the overall impact on the economy is negligible.

As is evident in the estimates for 2020, the municipal area is estimated to have experienced a contraction, which was mainly driven by an 11.8 per cent contraction in the secondary sector and a 6.5 per cent contraction in the tertiary sector. The construction sector is estimated to have contracted by 21.5 per cent and the trade sector is estimated to have contracted by 10.0 per cent.

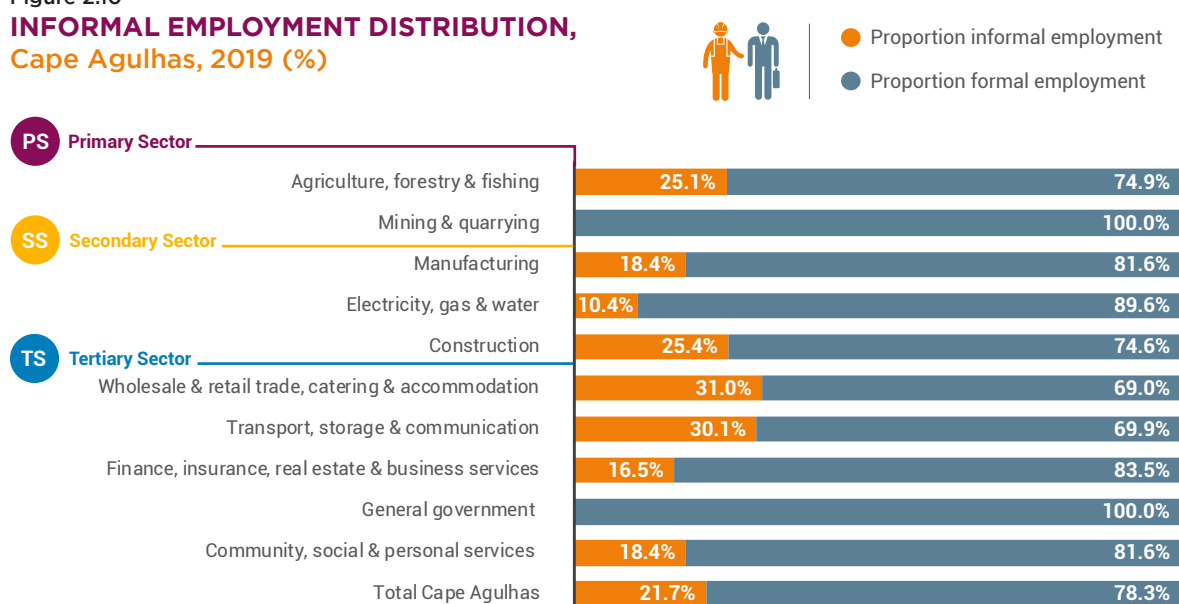
The agriculture sector was estimated to be the only sector with positive growth between 2019 and 2020, with an increase of 11.2 per cent. This could be as a result of improved weather conditions and high commodity prices nationally. The other reason might be that the sector could still operate fully under the level five lockdown in South Africa. The municipal area is a popular tourist destination and the travel restrictions and subsequent decline in tourism had a severe negative impact on the local economy. The transport sector, which is also one of the leading sources of economic growth in the municipal area, is estimated to have contracted by 14.5 per cent in 2020. The lack of transport infrastructure in the municipal area, such as a railway, as well as the poor conditions of roads, affect the performance of not only the transport sector but also many of the other economic sectors through forward and backward linkages.²⁹ This deters future growth prospects.

Between 2015 and 2019, the municipal area created an average of 325 jobs per annum. Employment was mainly driven by job creation in the tertiary sector, which experienced an average annual increase of 263 jobs during this period. The individual sectors that created the largest number of jobs during the reviewed period were the trade sector (132 jobs), followed by the finance sector (93 jobs). In combination with the declining GDP growth, estimates for 2020 indicate that the Cape Agulhas municipal area lost a total of 953 jobs. Most jobs were lost in the tertiary sector, with a total of 614 jobs, as most jobs were lost in the trade sector (272 jobs). Several restaurants closed permanently because of the COVID-19 lockdown, causing significant job losses in this sector.

As illustrated in Figure 2.10, the Cape Agulhas municipal area consists mainly of formal employment opportunities, with informal employment accounting for only 21.7 per cent of the area's total employment.

Figure 2.10

INFORMAL EMPLOYMENT DISTRIBUTION, Cape Agulhas, 2019 (%)



Source: Quantec Research, 2021

²⁹ (Cape Agulhas Municipality, 2021).

Informal employment in the Cape Agulhas municipal area is mainly concentrated in the transport sector and the trade sector, which had informal employment proportions of 30.1 per cent and 31.0 per cent respectively in 2019. Other prominent sources of informal employment included the construction (25.4 per cent) and agriculture (25.1 per cent) sectors.

The informal sector incorporates a diverse range of economic activities and is a valuable contributor to employment creation and poverty alleviation. However, funding remains a significant constraint. The municipality has developed two trading hubs, which benefited 18 entrepreneurs.³⁰ Such projects play a pivotal role in supporting and growing local businesses.



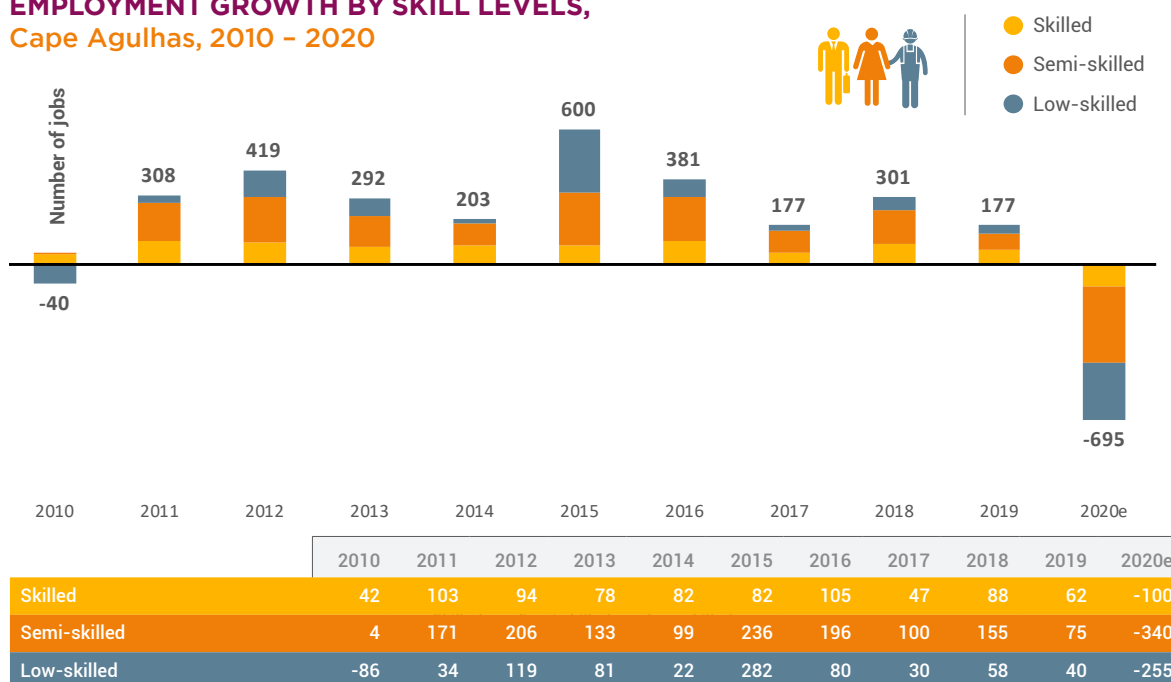
³⁰ (Cape Agulhas Municipality, 2021).

2.4.2 Skills analysis

Figure 2.11 illustrates the changes in employment by skill levels between 2010 and 2020.

Figure 2.11

EMPLOYMENT GROWTH BY SKILL LEVELS, Cape Agulhas, 2010 – 2020



Source: Quantec Research, 2021 (e denotes estimate)

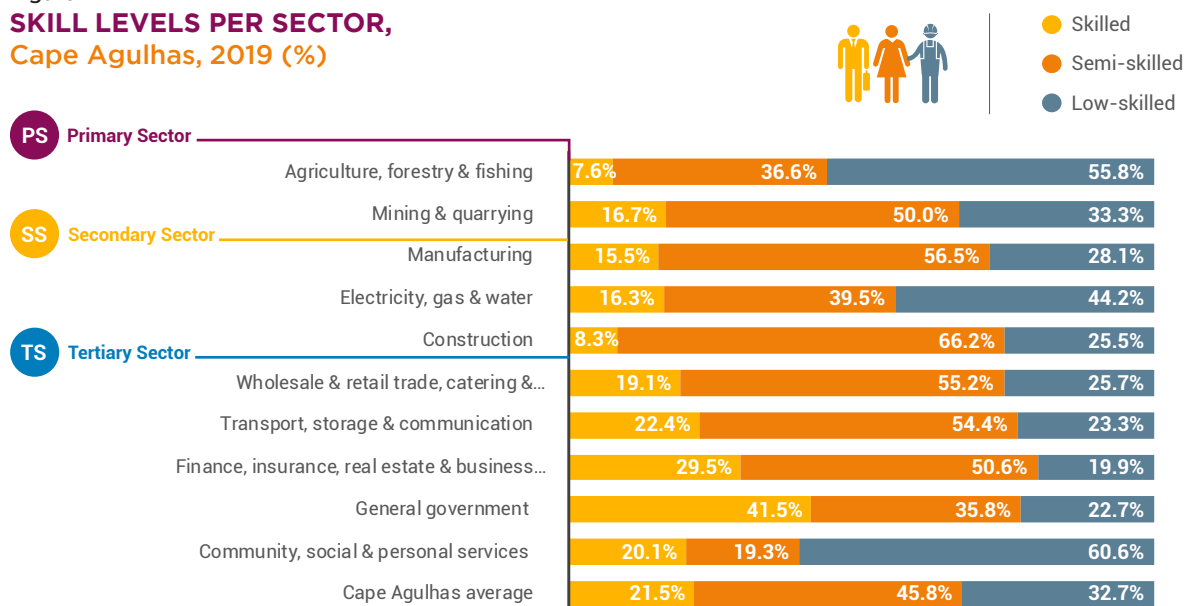
The financial crisis in the country had a significant impact on employment in 2009 and the aftershock continued into 2010. Job losses in 2010 were felt heavily by low-skilled workers, with 86 low-skilled jobs being lost. Conversely, job opportunities for semi-skilled and skilled workers are more resilient to economic fluctuations, as 42 skilled jobs and four semi-skilled jobs were created in 2010, indicating that economic recovery had started.

Between 2011 and 2019 there was a net increase of 2 858 job opportunities in the Cape Agulhas municipal area, 1 371 of which were semi-skilled jobs, followed by employment opportunities for low-skilled (746 jobs) and skilled (741 jobs) labour. It is estimated that a total of 695 formal jobs were lost in 2020, with the largest number (340 jobs) in the semi-skilled workforce. The municipal area recovered well after the financial crisis in 2008/09, with no employment contraction between 2011 and 2019. This is a positive trend, and the municipality should be able to recover the jobs lost in 2020 in the years to come.

As illustrated in Figure 2.12, formal employment in the Cape Agulhas municipal area is mainly characterised by semi-skilled labour, with 45.8 per cent of all formal workers in the region being classified as semi-skilled, followed by low-skilled labour (32.7 per cent) and skilled labour (21.5 per cent).

Figure 2.12

**SKILL LEVELS PER SECTOR,
Cape Agulhas, 2019 (%)**



Source: Quantec Research, 2021

The community services sector and the agriculture sector had the highest concentration of low-skilled workers in 2019, with 60.6 per cent and 55.8 per cent respectively. Conversely, the general government and finance sectors mainly used skilled workers, which accounted for 41.5 per cent and 29.5 per cent of workers in those sectors.

Considering the employment performance and skill levels per sector in the Cape Agulhas municipal area, the estimated job losses in the agriculture (104 jobs) and community services (187 jobs) sectors in 2020 mostly affected low-skilled workers. The increased financial strain induced by the significant contraction of employment in the municipal area will limit revenue collection by the local municipality, and ultimately have a negative effect on the service delivery capabilities of the municipality. Skills development programmes for workers will play a vital role in the economic recovery in the municipal area.



2.5 OVERBERG DISTRICT SWELLENDAM



GDPR

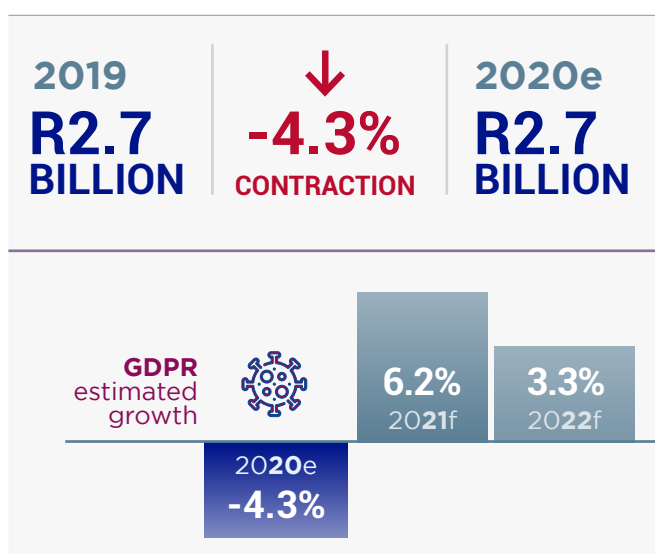
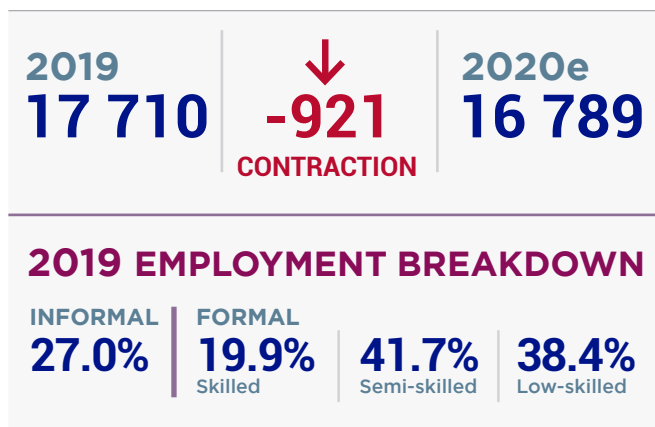


Diagram 2.4

**GDPR (CURRENT PRICES) AND EMPLOYMENT,
SWELLENDAM, 2019 and 2020e**

JOBS



Source: Quantec Research, 2021; Urban-Econ based on Quantec, SARB, Stats SA and BFAP, 2021 (e denotes estimate, f denotes forecast)

The Swellendam municipal area is the largest municipal area in the OD in terms of geographical spread, covering 3 835km². The municipal area nevertheless has the smallest economy in the OD. The town of Swellendam is the area's main economic hub, but some smaller towns and settlements provide services to the local agricultural industry in the area, including Barrydale, Stormsvlei, Rheenendal, Rietkuil, Infanta, Malgas, Suurbraak, Buffeljagsrivier and Ouplaas.³¹ The municipal area is well connected, with the N2 and regional routes such as the R324, R60 and R62 (a well-known tourist route) traversing the area.³²

2.5.1 GDPR and employment performance

The Swellendam municipal area's economy was valued at R2.7 billion (current prices) in 2019 and the area employed 17 710 people. Estimates for 2020 indicate that GDPR contracted by 4.3 per cent and the economy shed 921 jobs. It is forecast that the municipal area's economy will recover in 2021, with a 6.2 per cent increase in GDPR, and a further 3.3 per cent increase in 2022.

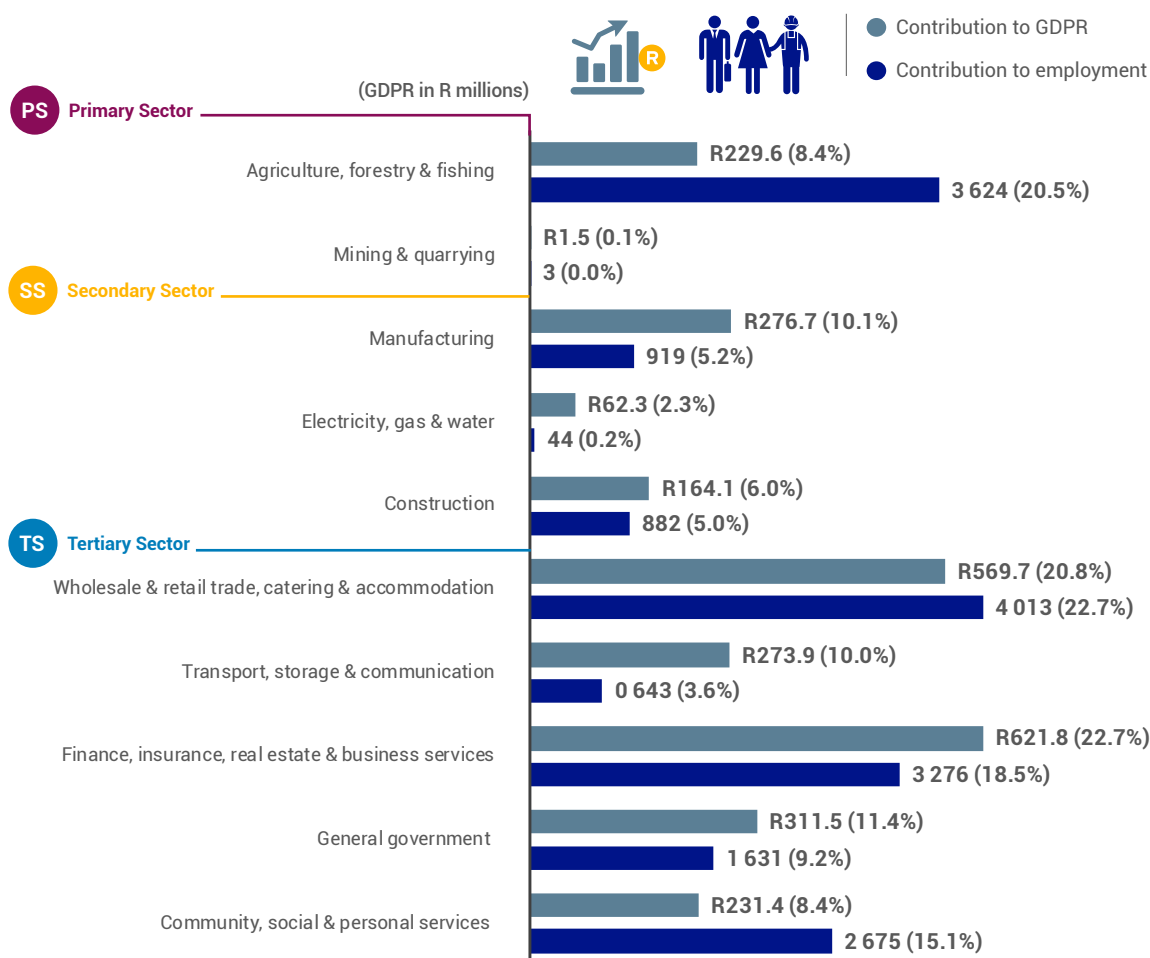
³¹ (Swellendam Municipality, 2017).

³² (Swellendam Municipality, 2019).

Figure 2.13 provides a breakdown of the Swellendam municipal area's sectoral contribution to employment and GDPR in 2019.

Figure 2.13

SECTORAL GDPR AND EMPLOYMENT CONTRIBUTION, Swellendam, 2019 (%)



Source: Quantec Research, 2021


The main sources of GDPR contribution in the municipal area were from the finance sector (22.7 per cent) and the trade sector (20.8 per cent). The latter is also the predominant source of employment in the Swellendam municipal area, accounting for 22.7 per cent of the area's total employment. The agriculture sector was the second-largest employer, contributing 20.5 per cent to employment but only 8.4 per cent to GDPR, indicating that this sector is highly labour-intensive. External impacts on the sector are therefore likely to have a significant impact on employment.

The community services sector is also labour-intensive, with a 15.1 per cent contribution to employment and only an 8.4 per cent contribution to GDPR. The municipal area's capital-intensive sectors are the manufacturing, electricity, gas and water, construction, transport, finance and general government sectors.

Table 2.4 provides a more detailed overview of sectoral contributions to GDP and employment in the Swellendam municipal area.

Table 2.4

GDPR AND EMPLOYMENT PERFORMANCE PER SECTOR, Swellendam

		GDPR		Employment	
SECTOR		Trend 2015 – 2019	Real GDPR growth 2020e	Average annual change 2015 – 2019	Net change 2020e
PS	Primary Sector	-4.2%	10.3%	62	-147
	Agriculture, forestry & fishing	-4.2%	10.4%	62	-146
	Mining & quarrying	-0.8%	-18.8%	0	-1
SS	Secondary Sector	1.9%	-10.8%	33	-167
	Manufacturing	3.3%	-6.4%	24	-47
	Electricity, gas & water	-3.2%	-8.9%	-1	-2
	Construction	1.1%	-20.3%	10	-118
TS	Tertiary Sector	2.9%	-4.9%	342	-607
	Wholesale & retail trade, catering & accommodation	2.3%	-9.3%	136	-249
	Transport, storage & communication	1.7%	-14.6%	18	-18
	Finance, insurance, real estate & business services	4.6%	-1.9%	137	-117
	General government	1.0%	0.7%	10	25
	Community, social & personal services	2.4%	-1.4%	40	-248
Total Swellendam		1.9%	-4.3%	437	-921

Source: Quantec Research, 2021 (e denotes estimate)

Between 2015 and 2019, the Swellendam municipal area had an average GDPR growth rate of 1.9 per cent. The tertiary sector experienced the highest average growth rate (2.9 per cent), followed by the secondary sector with a 1.9 per cent average growth rate. The main drivers of economic growth during this period included the finance sector (4.6 per cent) and the manufacturing sector (3.3 per cent). The primary sector's GDPR contracted by an average of 4.2 per cent per annum during the same period. The agriculture sector contracted by 4.2 per cent, which could be a result of the drought and weak commodity prices nationally.

The restrictions on economic activity in 2020 owing to the lockdown regulations imposed as a result of COVID-19 had a significant negative impact on most sectors in the municipal area. The contractions in the trade sector (9.3 per cent) and the manufacturing sector (6.4 per cent) are expected to have dampened overall economic activity in the municipal area.

The agriculture and the general government sectors nevertheless experienced positive growth. The 10.4 per cent increase in the agriculture sector could be related to the improved weather conditions and higher commodity prices in 2020.

The fact that the sector was able to operate under the level five lockdown regulations contributed to the positive growth in 2020. The Swellendam municipal area is known for high volumes of wheat and canola production. Wheat and canola prices experienced an increase in 2020 on the back of the weaker exchange rate.³³

The government sector grew by an estimated 0.7 per cent in 2020, owing to the fact that the sector had to continue to provide services to communities in 2020. However, despite the growth, the sector also experienced challenges, especially at a municipal level. Income losses and delays in implementing planned projects affected service delivery in 2020.³⁴

The Swellendam municipal area created an average of 437 jobs per annum between 2015 and 2019. Employment creation was mainly driven by the tertiary sector, which experienced an average annual increase of 342 jobs during this period, followed by the primary sector (62 jobs) and the secondary sector (33 jobs). The sector that contributed the most to employment in the period under review was the finance sector (137 jobs), followed by the trade sector (136 jobs).

Estimates for 2020 indicate that COVID-19 impacted the municipal area significantly, with a total of 921 jobs lost. The Swellendam municipal area is known as a popular tourism destination, and as a result of the travel restrictions the trade sector is estimated to have lost 249 jobs. Despite these job losses and the poor economic conditions, the development of two small shopping centres has been proposed, as well as a mall development in Swellendam.³⁵ These developments should boost the sector once in operation. Other sectors that indicated high volumes of employment contraction were the community services sector (248 jobs) and the agriculture sector (146 jobs).



INDUSTRY PERFORMANCE



The amount of land allocated to canola in the Western Cape has more than doubled from a decade ago, having increased from 34 000ha in 2010 to 74 000ha in 2020. The Province accounts for the majority of commercial canola production in South Africa, with Swellendam and Moorreesburg featuring as emerging hubs for storage and processing. Provincial production increased by 96.0 per cent between 2019 and 2020, reaching an all-time high of 165 000 tonnes.³⁶ Indications are that farmers will increase their planting of canola by a further 28.0 per cent in 2021, signalling a market response to high margins.³⁷ Part of this increase in land allocated to canola is the result of substitution from significant reductions in contracted barley production.³⁸



To read more on the performance of the oilseed market:

³³ (BFAP, 2020).

³⁴ (Swellendam Municipality, 2021).

³⁵ (Swellendam Municipality, 2021).

³⁶ (South African Grain Information Service, 2021).

³⁷ (Grain SA, 2021b).

³⁸ (Protein Research Foundation, 2021).

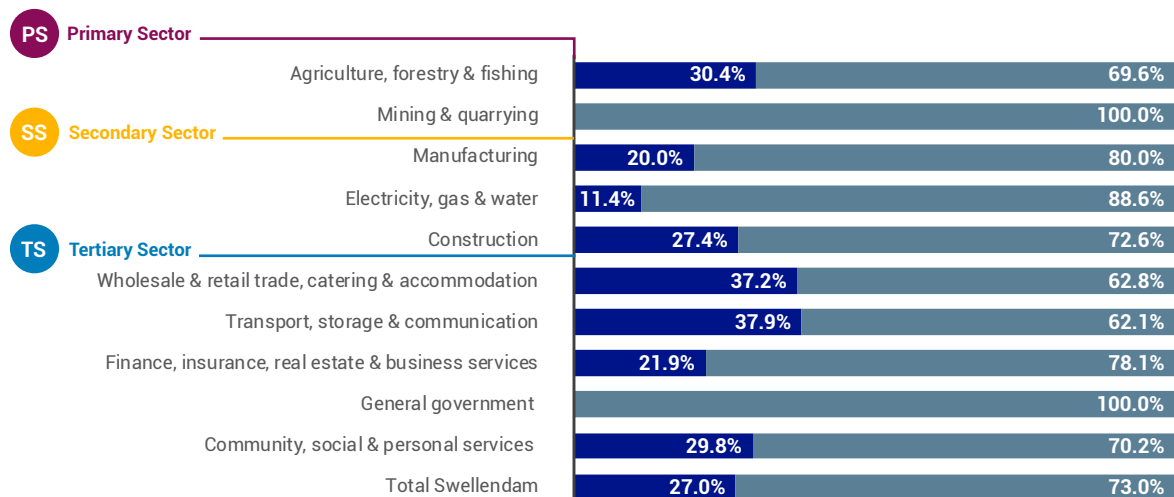
Figure 2.14 depicts the sectoral informal employment distribution in the Swellendam municipal area in 2019.

Figure 2.14

INFORMAL EMPLOYMENT DISTRIBUTION, Swellendam, 2019 (%)



● Proportion informal employment
● Proportion formal employment



Source: Quantec Research, 2021



Within the Swellendam municipal area, formal employment accounted for 73.0 per cent of total employment in the municipal area in 2019, while informal employment accounted for 27.0 per cent. The trade sector, as well as the transport sector, had the highest share of informal workers, accounting for 37.2 per cent and 37.9 per cent of total workers respectively. The community services sector (29.8 per cent) and the agriculture sector (30.4 per cent) were other important sources of informal employment.

Informal businesses in the Swellendam municipal area are constrained by a lack of funding, as well as skills. Businesses that are unregistered struggle to access funding, which is a major deterrent to expansion.³⁹

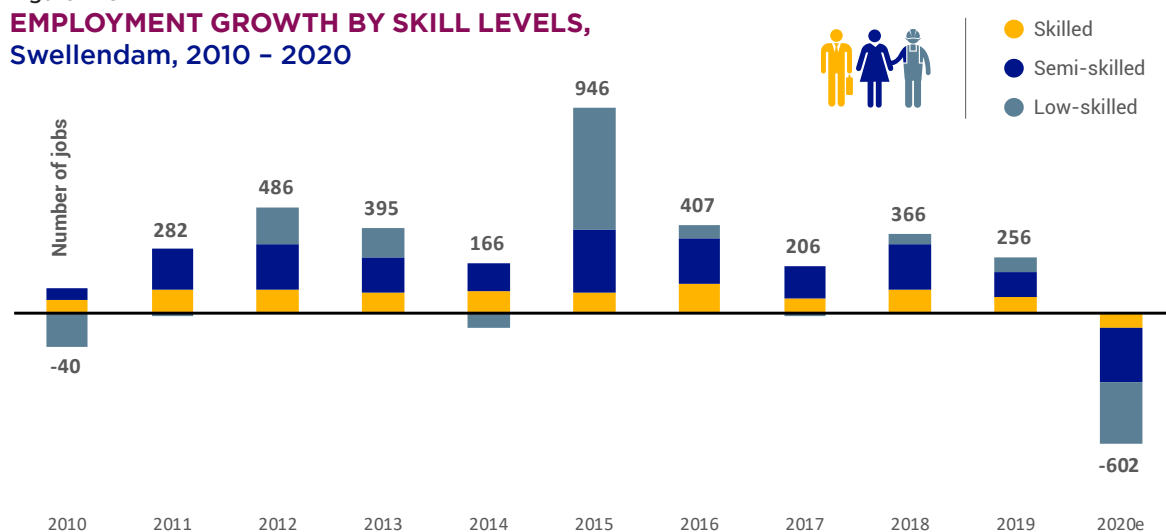
³⁹ (Swellendam Municipality, 2021).

2.5.2 Skills analysis

Figure 2.15 illustrates the changes in formal employment by skill levels between 2010 and 2020.

Figure 2.15

EMPLOYMENT GROWTH BY SKILL LEVELS, Swellendam, 2010 – 2020



Source: Quantec Research, 2021 (e denotes estimate)

The economy of the Swellendam municipal area shed 40 jobs in total during 2010, while 62 skilled jobs and 52 semi-skilled jobs were created.

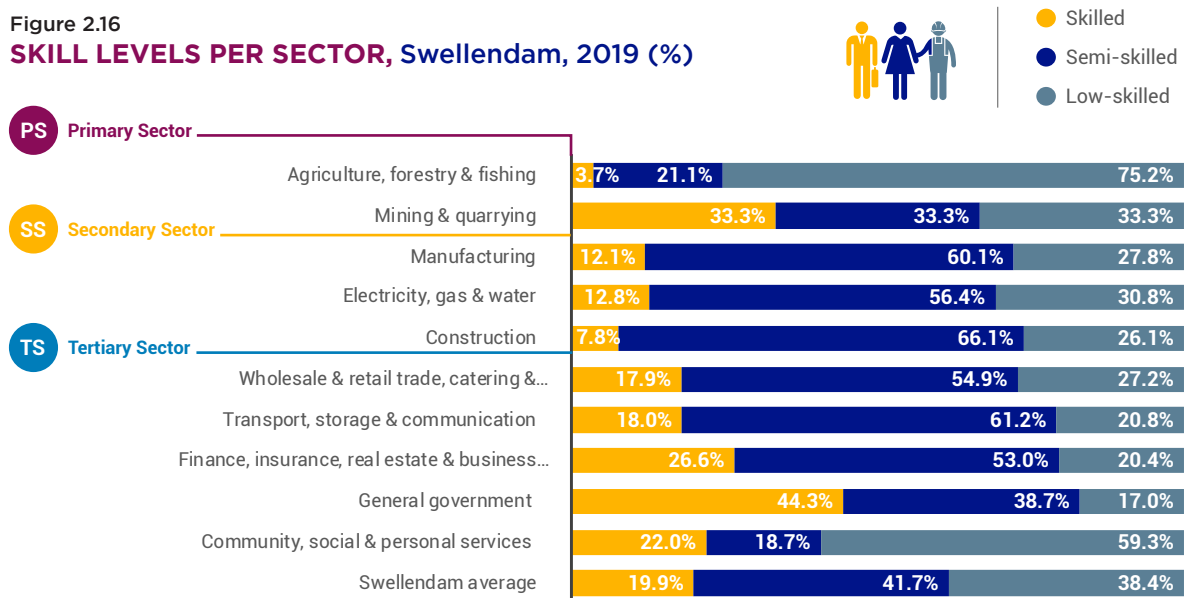
Between 2010 and 2019, low-skilled labour was the only skill level to lose jobs, with job losses in 2011, 2014 and 2017. During the time under consideration, the number of additional skilled workers remained essentially steady, even during a period of economic turbulence, with no employment losses. This indicates that high-skilled workers are particularly resistant to economic instability. Estimates for 2020 indicate that 286 formal jobs were lost for low-skilled workers, followed by 249 jobs for semi-skilled workers and 67 jobs for skilled workers. These formal job losses illustrate the severe impact COVID-19 had on the municipal area's labour force and economy. Skills development programmes will play a key role in the recovery of employment in the municipal area in years to come.



Figure 2.16 provides a sectoral overview of the skill levels of formally employed people in the Swellendam municipal area. On average, the municipal area is mainly characterised by semi-skilled labour (41.7 per cent), followed by low-skilled labour (38.4 per cent) and skilled labour (19.9 per cent).

Figure 2.16

SKILL LEVELS PER SECTOR, Swellendam, 2019 (%)



Source: Quantec Research, 2021

There are only three sectors in the Swellendam municipal area that are not predominantly categorised by semi-skilled labour. The agriculture sector and the community services sector mainly use low-skilled labour, which accounts for 75.2 per cent and 59.3 per cent respectively, while the general government sector is mainly categorised by skilled labour (44.3 per cent).

Skilled workers, the smallest portion of the municipal area's formal employees, experienced the most constant employment growth and resilience between 2010 and 2020, regardless of changes in employment and the economy's skills structure. Low-skilled workers, who make up 38.4 per cent of the formal workforce, have seen recurrent employment losses and only saw a net increase of 504 job opportunities between 2010 and 2020, compared with a net growth of 900 jobs for skilled workers during the same period.

The declining economic performance experienced in 2020 resulted in job losses in the municipal area, whether temporary or permanent, which will reduce income-earning capabilities. In addition, the increase in the unemployment rate will result in a decline in household income and an increase in demand for government support.

2.6 CONCLUDING REMARKS

In 2019, the tertiary sector was the largest contributor to GDP and employment across the municipal areas in the OD. The trade sector and the finance sectors, in particular, were the primary drivers of economic growth in the municipal region. The OD is known for the large tourism industry that forms part of the trade sector, which means that the sector is highly dependent on the tourism industry's performance each year. In the municipal areas of Overstrand, Cape Agulhas and Swellendam, the trade sector contributed most to employment. Agriculture was the main sector of employment in the Theewaterskloof municipal area, accounting for 28.4 per cent of total employment.

The OD is characterised by the three labour-intensive sectors, namely the agriculture, trade and community services sectors. Conversely, the capital-intensive sectors include the manufacturing, transport and finance sectors. Estimates for 2020 indicate that the municipal areas experienced significantly lower GDP growth rates and lost several job opportunities compared with the average observed in the preceding five years. This is the result of the impact of COVID-19 on the OD. However, all the municipalities in the OD forecast that a recovery in GDP and employment would start in 2021, continuing into 2022. The agriculture sector was the only sector in all the municipal areas that indicated a growth in GDP from 2019 to 2020. This could be a result of improved weather conditions and an overall increase in livestock and commodity prices in 2020.

Agriculture and community services are responsible for the high proportion of low-skilled labour in the Theewaterskloof municipal area. Skilled labour has shown to be more resistant to economic swings in the past, but low-skilled and semi-skilled labour has suffered significant losses. The overall contraction in economic performance and employment in 2020 reduced income-earning possibilities in the OD. Furthermore, an increase in the unemployment rate will lead to a decrease in household income and a rise in the demand for government assistance. Skills development programmes will play a vital role in the recovery of the OD municipal areas to improve the population's skills.







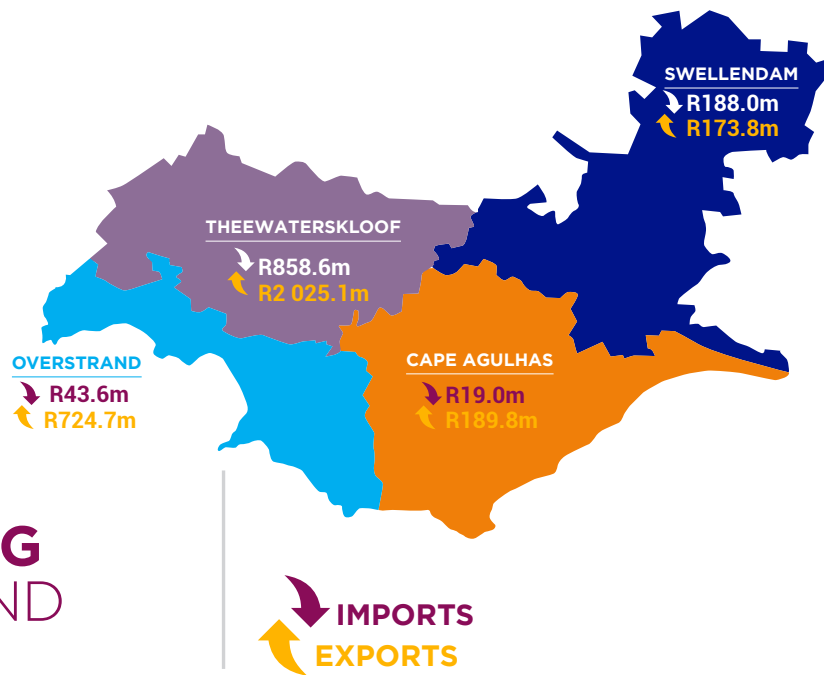
3

TRADE, TOURISM AND INVESTMENT

3.1 INTRODUCTION

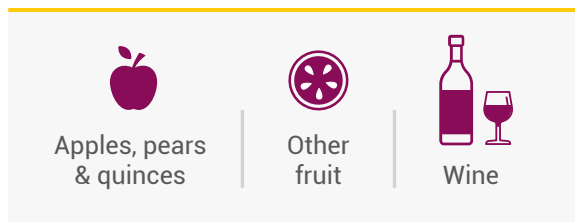
District and local economies are influenced not only by the spending of local households but also by several economic activities within the region. This includes local and international cross-border trade of goods and services, domestic and international tourists visiting towns and attractions, as well as private- and public-sector investments. Exports, tourism and investments can be considered injections into the economy, while imports are considered leakages.

OVERBERG TRADE AND TOURISM



This chapter explores trade, tourism and investment dynamics on a District level and analyses the comparative advantages of the various economic sectors within the District to identify growth opportunities in the OD.

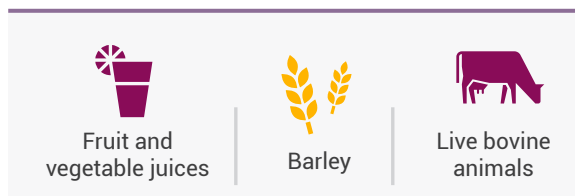
TOP 3 EXPORTED PRODUCTS



TOP 3 EXPORT DESTINATIONS



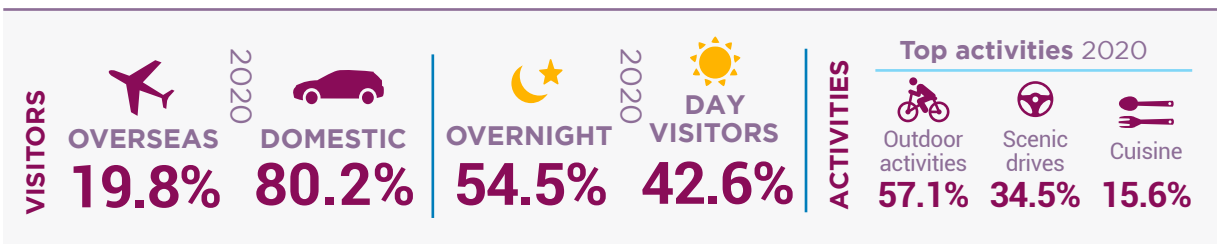
TOP 3 IMPORTED PRODUCTS



TOP 3 IMPORT DESTINATIONS



TOURISM

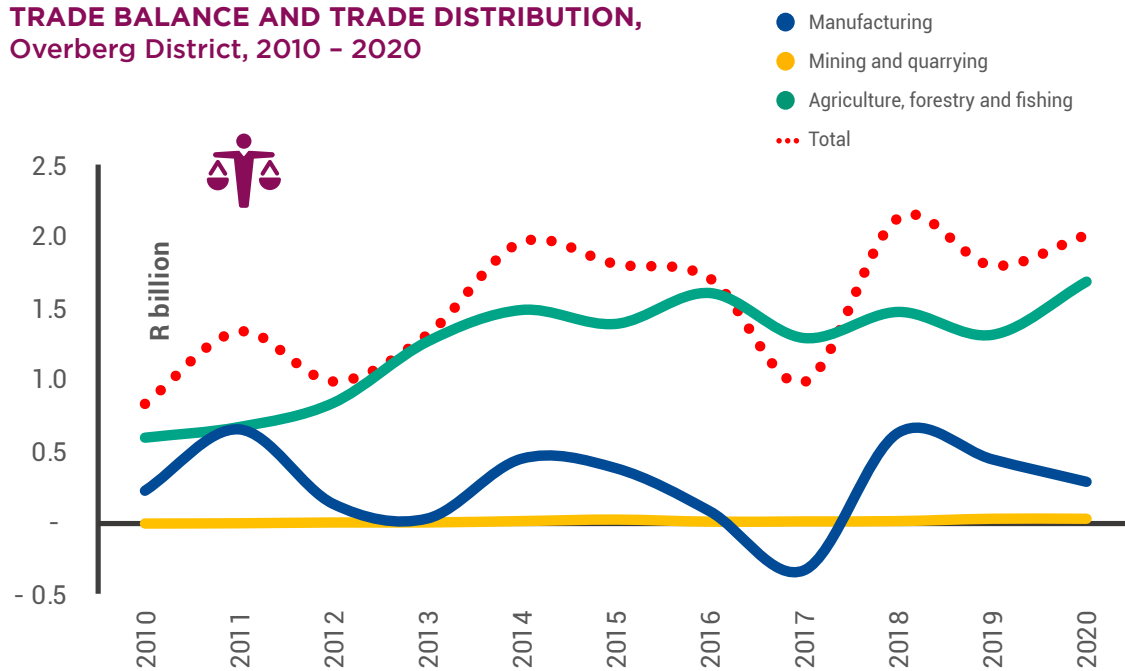


3.2 INTERNATIONAL TRADE

One of the indicators for international trade in an area is the trade balance, which is obtained by subtracting imports from exports. A positive trade balance indicates that the OD exports more than it imports. Furthermore, a positive trade balance indicates a net inflow of foreign currency, which is beneficial to the economy. Figure 3.1 provides an overview of the trade balance for the OD between 2010 and 2020. The figure illustrates the total trade balance, as well as the trade balance for the main sectors that export and import goods, namely, agriculture, manufacturing and mining.

Figure 3.1

TRADE BALANCE AND TRADE DISTRIBUTION, Overberg District, 2010 – 2020



Source: Quantec Research, 2021

The OD maintained a positive trade balance between 2010 and 2020, which was largely driven by the agriculture sector. The mining sector had no impact on the trade balance during the period under review. The peak of the trade surplus was experienced in 2018 and was largely driven by the agriculture sector. Despite the trade balance fluctuating between 2014 and 2019, the agriculture sector's trade surplus increased from R1.3 million in 2019 to R1.7 million in 2020. While the OD was not as severely affected by the Provincial drought, the subsidiary effects from the drought in neighbouring regions may have affected the performance of the District's agriculture sector.⁴⁰ Recovery from the subsidiary effects of the drought may have resulted in the overall trade surplus in the District increasing from R1.8 million in 2019 to R2.0 million in 2020.

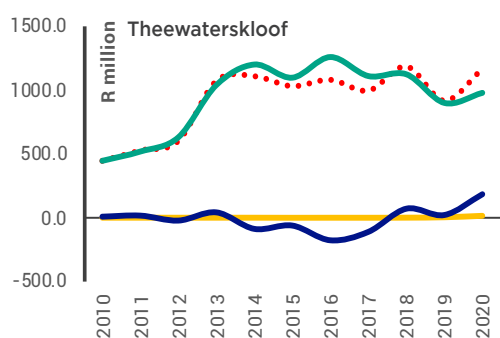
Barring 2017, when a trade deficit was observed, the manufacturing sector recorded a positive trade balance between 2010 and 2020. Between 2019 and 2020 the trade surplus in the manufacturing sector declined from R0.5 million to R0.3 million, resulting from a decline in exports, as manufacturing capabilities were severely affected during the COVID-19 lockdown period.

⁴⁰ (Western Cape Government, 2020).

The manufacturing sector accounted for 78.4 per cent of the OD's imports in 2020, followed by the agriculture sector (21.4 per cent). The District's sectoral export distribution had a slightly more even spread. The agriculture sector and the manufacturing sector accounted for 61.6 per cent and 37.4 per cent of exports respectively. Despite its small contribution to trade, the mining sector was a larger source of exports (1.0 per cent) than imports (0.2 per cent) in 2020.

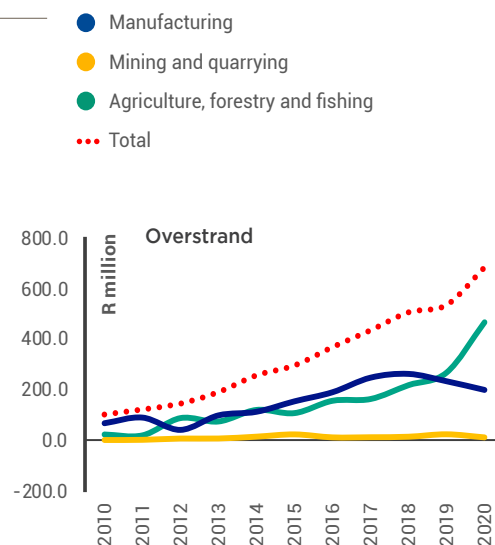
Figure 3.2 provides an overview of the trade balance for each of the four municipal areas in the OD between 2010 and 2020. The Theewaterskloof municipal area experienced the largest trade surplus, while the Swellendam municipal area was the only area in the District that experienced a trade deficit in 2020.

Figure 3.2
TRADE BALANCE PER
MUNICIPAL AREA, Overberg District,
2010 - 2020



Source: Quantec Research, 2021

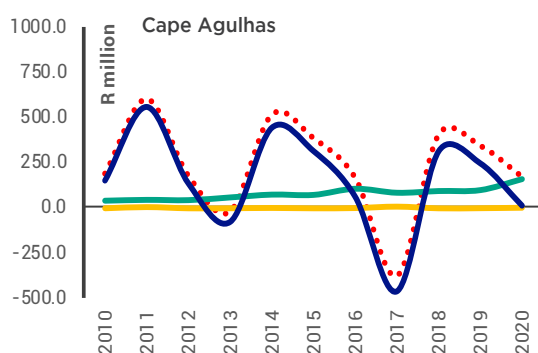
The agriculture sector was the main driver of the **Theewaterskloof municipal area's** trade surplus between 2010 and 2020. The municipal area's trade balance increased from R0.9 billion in 2010 to R1.2 billion in 2020, with all three sectors recording an increasing trade balance. Notably, the manufacturing sector's trade balance increased significantly from R17.6 million in 2019 to R175.3 million in 2020, which increased the municipal area's trade surplus. The manufacturing sector's increased trade surplus was due to the steep increase in food, beverages and tobacco subsector exports from R225.8 million in 2019 to R653.1 million in 2020 in Theewaterskloof.⁴¹ This emphasises the importance of the local agriculture value chain to the local economy.



Source: Quantec Research, 2021

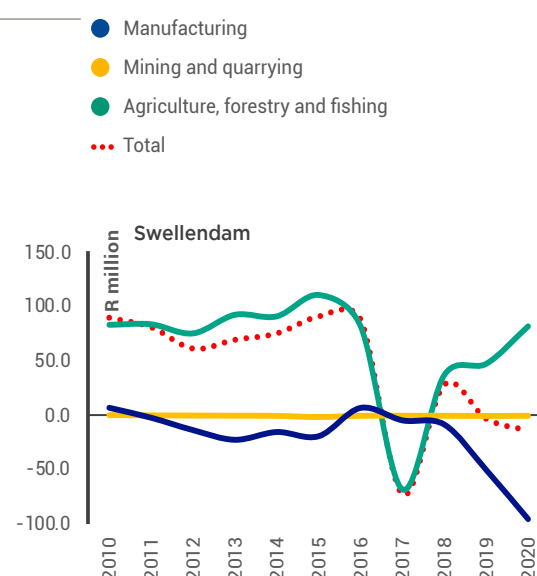
The Overstrand municipal area experienced a growing trade surplus between 2010 and 2020, with the peak experienced in 2020. The trade surplus increased from R531.9 million in 2019 to R681.1 million in 2020. The agriculture and manufacturing sectors were the main drivers of the trade surpluses during the period. These sectors contributed 64.3 per cent and 33.4 per cent to the municipal area's total exports respectively in 2020. The mining sector had a minimal impact on the trade surplus and contributed 2.3 per cent to total exports in 2020.

⁴¹ (Quantec Research, 2021).



Source: Quantec Research, 2021

The Cape Agulhas municipal area experienced cyclical trade patterns between 2010 and 2020. In 2017, a significant trade deficit was experienced when the trade surplus declined from R165.8 million in 2016 to a trade deficit of R380.3 million in 2017. However, a trade surplus was recorded since 2018, a substantial decline was recorded between 2019 and 2020. The trade balance in the period under review was mainly driven by the manufacturing sector, which accounted for 94.8 per cent of the municipal area's imports in 2020. The agriculture sector and the mining sector, which realised a trade surplus during the period under review, impacted the trade balance to a lesser extent.



Source: Quantec Research, 2021

The Swellendam municipal area also experienced a significant trade deficit in 2017, when the trade surplus declined from R88.4 million in 2016 to a trade deficit of R72.9 million in 2017. The hydrological drought experienced by most municipalities within the Western Cape in 2017 contributed to the large trade deficit during this period. This caused conditions where the severe weather was affecting groundwater levels in natural springs, streams, reservoirs and dams to the extent that potable water has reached alarmingly low levels.⁴² The agriculture sector was the main driver of the municipal area's trade balance, barring 2019 and 2020, when a substantial trade deficit in the manufacturing sector caused a trade deficit in the Swellendam municipal area. The mining sector had no impact on the trade balance during the period under review. In terms of sectoral distribution, the agriculture sector accounted for 50.7 per cent of the Swellendam municipal area's exports in 2020, followed by the manufacturing sector (49.3 per cent).

⁴² (Western Cape Government, 2018).



3.2.1 IMPORTS



Figure 3.3 illustrates the OD's top 10 import partners in 2020.

As illustrated in Table 3.1, the OD's imports originate from several countries and are distributed across a diverse range of products.

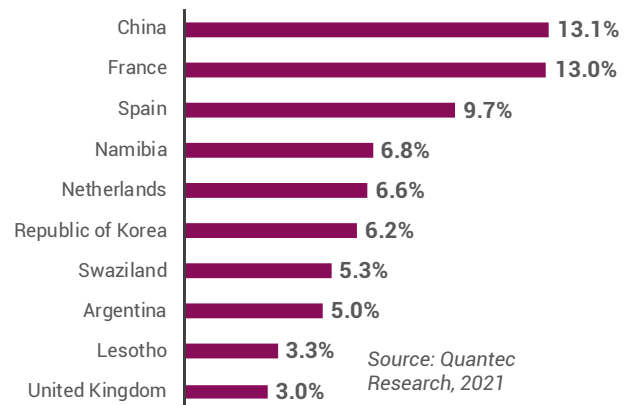
Table 3.1
MAIN IMPORT PRODUCTS,
Overberg District, 2020

PRODUCT	R million 2020	% share	Main trading partners
Fruit and vegetable juices	112.4	10.1%	China, Argentina
Barley	103.1	9.3%	France
Live bovine animals	89.3	8.1%	Namibia, Botswana
Unclassified	63.3	5.7%	Republic of Korea
Mixtures of odoriferous substances	61.9	5.6%	Swaziland
Soya-bean oil and its fractions	45.4	4.1%	Netherlands
Sunflower-seed, safflower or cottonseed oil and fractions thereof	45.1	4.1%	Ukraine, Poland
Colouring matter and inorganic products of a kind used as luminophores, whether or not chemically defined	44.7	4.0%	China, Spain, Colombia
Fish, fresh or chilled	30.7	2.8%	Lesotho
Olive oil and its fractions	30.5	2.7%	Spain, Italy
Total imports	1 109.0		

Source: Quantec Research, 2021

In 2020, China was the OD's leading import partner, comprising 13.1 per cent of the District's total imports. Economic co-operation and trade between China and South Africa has developed fast and has created benefits for both countries. The main imported products into the OD were fruit and vegetable juices to the value of R112.4 million, comprising 10.1 per cent of total imports. This is utilised in the local juice-manufacturing industry and is mainly imported from China and Argentina. Other main import products include barley (R103.1 million) and live bovine animals (R89.3 million). The barley is likely to be utilised in the beer-making industry and was imported from France. The live bovine animals were imported mainly from Namibia and Botswana. The imports of numerous oil products may be utilised as an input for the production of B-well Canola Oil in the Swellendam municipal area.

Figure 3.3
TOP 10 IMPORT PARTNERS,
Overberg District, 2020



Source: Quantec Research, 2021

3.2.2

EXPORTS



Figure 3.4 illustrates the top 10 export partners of the OD in 2020.

As illustrated in Table 3.2, exports from the OD are mainly driven by the agriculture sector.

Table 3.2

**MAIN EXPORT PRODUCTS,
Overberg District, 2020**
PRODUCT

Apples, pears and quinces

Other fruit

Wine of fresh grapes

Fruit and vegetable juices

Molluscs

Apricots, cherries, peaches (including nectarines), plums and sloes

Citrus fruit

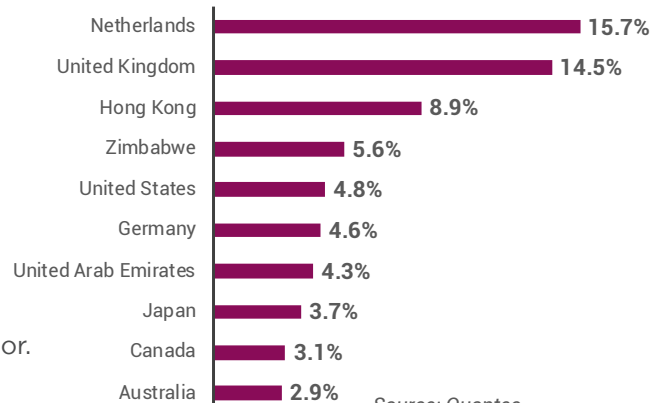
Foliage, branches and other parts of plants, without flowers or flower buds, and grasses, mosses and lichens

Preserved crustaceans, molluscs and other aquatic invertebrates

Locust beans, seaweeds and other algae, sugar beet and sugar cane, fruit stones and kernels and other vegetable products

Total exports

Figure 3.4

**TOP 10 EXPORT PARTNERS,
Overberg District, 2020**


Source: Quantec Research, 2021


**R million
2020**
**%
share**
**Main trading
partners**

681.7

21.9%

United Kingdom,
Netherlands

330.8

10.6%

Netherlands, United
Kingdom, United Arab
Emirates

315.7

10.1%

United Kingdom, Germany

276.1

8.9%

United States, Australia,
Canada

218.5

7.0%

Hong Kong, Taiwan

202.0

6.5%

Netherlands, United Arab
Emirates, United Kingdom

159.7

5.1%

Netherlands, United
Kingdom, Canada

122.0

3.9%

Germany, Netherlands

87.1

2.8%

Hong Kong

69.2

2.2%

Japan

3 113.4

Source: Quantec Research, 2021

The Netherlands was the OD's leading export partner in 2020, contributing 15.7 per cent to total exports. The Netherlands plays a key role in the European Union (EU) trade agreement with southern Africa. In 2020, the main products exported from the OD were apples, pears and quinces to the value of R681.7 million, contributing 21.9 per cent to total exports. These products were mainly exported to the United Kingdom and the Netherlands. Other fruit, worth R330.8 million, was exported to the Netherlands, the United Kingdom and the United Arab Emirates. Wine was the third-largest export product from the District, valued at R315.7 million, and was mainly exported to the United Kingdom and Germany. The aquaculture and fishing industry also plays a key role in exports, as preserved crustaceans, molluscs and other aquatic invertebrates contributed 9.8 per cent to exports in 2020.

3.2.3 Municipal imports and exports

The municipal imports and exports are based on the demand and production capacity of each area. Figure 3.5 demonstrates the main imports and exports for each municipal area in the OD in 2020.

Figure 3.5

TOP 3 IMPORTS AND EXPORTS PER MUNICIPAL AREA, Overberg District, 2020

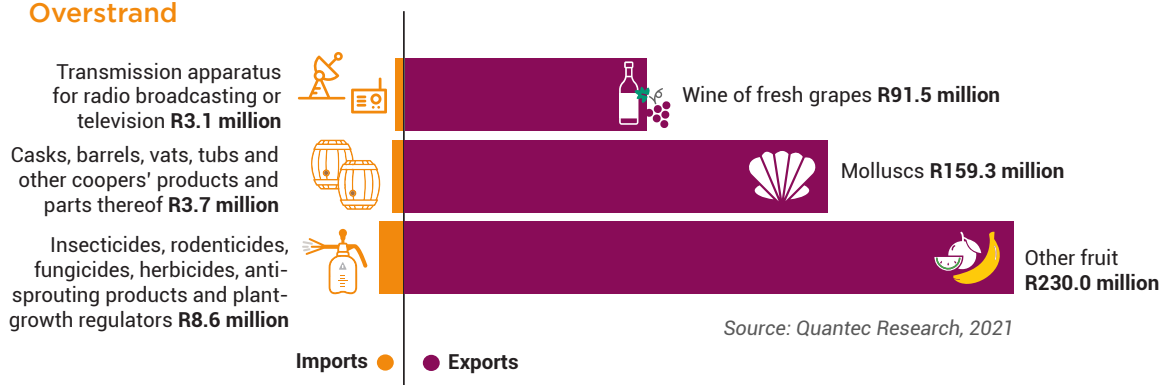


Theewaterskloof



In the **Theewaterskloof municipal area**, the top three imported products in 2020 were fruit and vegetable juices (R112.4 million), barley (R103.1 million) and live bovine animals (R89.3 million). The top three exported products were apples, pears and quinces (R680.6 million), fruit and vegetable juices (R276.1 million) and wine (R212.9 million).

Overstrand



Insecticides, rodenticides, fungicides and other related products worth R8.6 million were the main products imported into the **Overstrand municipal area** in 2020. This was followed by casks, barrels, vats, tubs and other coopers' products and parts thereof (R3.7 million) and transmission apparatus for radio broadcasting or television (R3.1 million). The municipal area's top three exported products were other fruit valued at R230.0 million, followed by molluscs (R159.3 million) and wine of fresh grapes (R91.5 million).

Cape Agulhas



In the **Cape Agulhas municipal area**, the top three imported products in 2020 were antiques to the value of R5.3 million, transmission apparatus for radio broadcasting or television worth R2.0 million and liquid crystal devices worth R1.8 million. The top three exported products from the municipal area were foliage, branches and other parts of plants, which were valued at R93.6 million, crustaceans valued at R43.2 million and cut flowers and flower buds valued at R20.9 million.

Swellendam



The three main products imported into the **Swellendam municipal area** in 2020 were soya-bean oil and its fractions valued at R45.4 million, sunflower-seed, safflower or cottonseed oil and fractions valued at R45.1 million and olive oil and its fractions valued at R30.5 million. The top three exported products were other fruit to the value of R52.9 million, sunflower-seed, safflower or cottonseed oil and fractions to the value of R25.6 million and other fixed vegetable fats and oils valued at R21.1 million.



3.3 TOURISM PROFILE⁴³

The OD provides a perfect mix of scenic beauty, natural attractions, architectural gems and tourism activities. Each town offers a unique experience and caters for a variety of different tastes in activities, cuisine, entertainment and accommodation preferences. The most popular activities for visitors in the OD – especially in the Cape Whale Coast,⁴⁴ which is known as an adventure destination – include whale watching, hiking, mountain biking and other adventure activities (such as shark-cage diving, ziplining and horse riding).

The tourism sector is not a stand-alone economic sector, as tourists demand goods and services from a variety of sectors, such as travel and transport services, accommodation, restaurant services, general shopping and fuel. However, the catering and accommodation sector is often used to determine at least a portion of the size of the tourism sector in an area. The catering and accommodation services industry was valued at R288.3 million in 2019 and employed 5 132 people, with informal employment accounting for 41.3 per cent of the industry's total employment. Estimates for 2020 indicate that the industry was valued at R269.0 million and shed 833 jobs.



3.3.1 The impact of COVID-19 on the tourism sector

The tourism sector is one of the sectors that was hit the hardest by COVID-19. Many tourism businesses suffered big losses in revenue and many jobs were also lost. Each District in the Western Cape offers a unique product that attracts many international and domestic tourists annually. The OD is a popular destination, especially among the domestic market, which enjoys short or weekend getaways.

The future of tourism is uncertain owing to the frequently changing travel and movement restrictions. However, it is important for the sector, along with the relevant management authorities, to improve the “readiness” of tourism destinations to receive visitors and prioritise their wellbeing through the implementation of COVID-19 health and safety protocols.

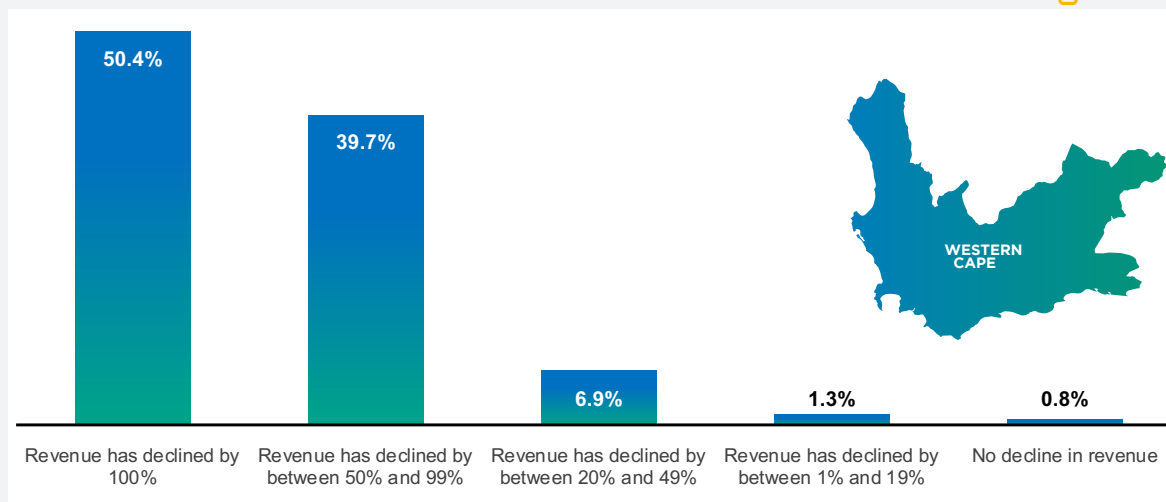
The full extent of the economic damage caused by COVID-19 and the subsequent national lockdown cannot be determined with certainty because, at the time of writing this publication, the national lockdown is still ongoing. A closer look at the labour market indicates a decline in household income as a result of job losses and business closures, while the South African economy is under severe pressure to sustain livelihoods.

⁴³ The Regional Visitor Trends reports published by Wesgro were used to report on regional tourism performance. It is important to note that the regional visitor tracking surveys can only be used as a proxy to indicate the key trends within the region owing to the survey collection method and sample size. Therefore, the information reported on cannot be seen as absolute figures. Furthermore, the information cannot be compared with other regions, nor with the information released by South African Tourism. It is also not advisable to compare year-on-year information, as the sample sizes are not comparable.

⁴⁴ Kleinmond, Hermanus, Stanford and Gansbaai.

Figure 3.6 indicates the overall impact of COVID-19 on the Western Cape tourism businesses.

Figure 3.6
IMPACT OF COVID-19 ON TOURISM BUSINESSES, Western Cape, 2020



Source: Wesgro, 2021

It is estimated that more than half of the respondents experienced a 100.0 per cent loss of revenue because of the COVID-19 pandemic and about 39.7 per cent saw their revenue decline between 50.0 per cent and 99.0 per cent.

Other COVID-19 impacts on the Western Cape tourism sector include:⁴⁵

- Approximately 43.2 per cent of the respondents did not lose any workers. However, nearly half of the sector lost between one and 10 workers, and a further 7.5 per cent lost between 11 and 50 workers.
- Approximately 70.0 per cent of respondents had between one and 10 workers before COVID-19 and just under 50.0 per cent lost at least one worker.
- Approximately 20.8 per cent of respondents had between 11 and 50 workers before the pandemic and 52.6 per cent lost between one and 10 workers.
- Approximately 30.8 per cent of respondents who employed 51 to 250 workers before COVID-19 lost between one and 10 workers, and 26.9 per cent of respondents lost between 11 and 50 workers.
- Approximately 46.7 per cent of the respondents had to reduce employee salaries.
- Temporary closure and increased marketing efforts were among the most widely used methods to reduce the impact of the pandemic on the sector. Other methods implemented to reduce the impact included applying for payment holidays and adding more specials to secure future bookings. Many businesses also had to access their savings to cope during the pandemic.
- More than half of the respondents did not receive financial support from the Government. However, 54.3 per cent of the respondents that did not receive funding did not apply for it at all.

⁴⁵ (Wesgro, 2021).

- Approximately 23.2 per cent of the respondents received funding and 9.1 per cent of respondents who received funding did not receive sufficient funding for their operational needs.
- Approximately 55.2 per cent of the respondents applied for funding from UIF TERS, 30.1 per cent applied to the Department of Tourism's Tourism Relief Fund and 18.4 per cent applied to the SMME Debt Relief Finance Scheme.
- The national government implemented a risk-adjusted strategy that allowed certain activities to open under COVID-19 lockdown levels three and four. Approximately 40.0 per cent of the respondents indicated that occupancy levels or revenue increased slightly because of this relief measure.
- The easing of restrictions also had a huge impact on almost 10.0 per cent of respondents, who experienced a moderate to significant increase in revenue. However, almost 50.0 per cent of respondents did not experience any change in occupancy or revenue.

In mid-December 2020, stricter lockdown regulations were introduced as South Africa entered the second wave of coronavirus infections. During the 2020/21 festive season, 83.6 per cent of tourism businesses in the OD experienced a significant decline in revenue, while 10.9 per cent experienced a moderate decline when compared with the previous year. The decline in revenue is as a result of low occupancy levels. In December 2020, 35.8 per cent of accommodation establishments had an occupancy level below 30.0 per cent, while 37.7 per cent had an occupancy level between 30.0 and 60.0 per cent. A total of 26.3 per cent of accommodation establishments had an occupancy level above 60.0 per cent, which indicates that travellers did travel to the OD during the festive season.

More than 81.8 per cent of tourism businesses in the OD said that they had lost revenue as a result of the beach closures and 83.6 per cent of tourism businesses lost revenue owing to the ban on alcohol sales. In terms of rand value, 35.3 per cent of tourism businesses recorded an estimated loss of between R10 001 and R50 000 as a result of cancellations. Since the beaches were closed, visitors had to find alternative activities in the region. Hiking, cycling, mountain biking, fishing, going for nature walks and spending time in the OD's nature reserves were some of the most popular activities.

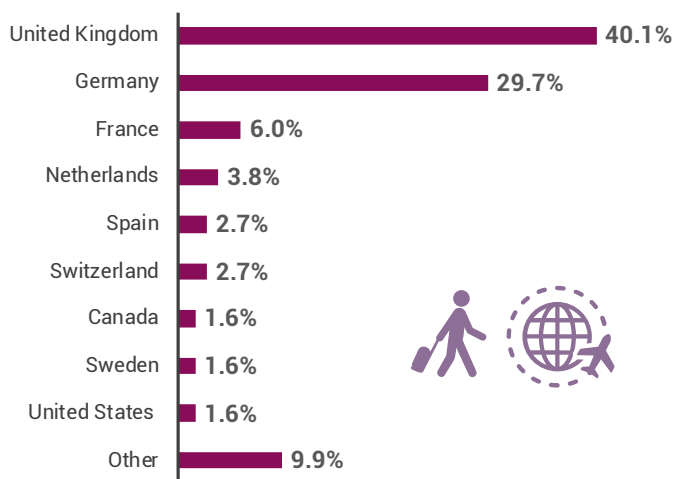


3.3.2 Demographic profile of visitors

The OD is largely a domestic tourism destination, with 80.2 per cent of its visitors being South African residents. Figure 3.7 illustrates the origin of the international and domestic travellers to the OD.

Figure 3.7

PERCENTAGE SHARE OF INTERNATIONAL TRAVELLERS, Overberg District, 2020



Source: Wesgro, 2021

The top three international source markets to the OD in 2020 travelled from the United Kingdom (40.1 per cent), Germany (29.7 per cent) and France (6.0 per cent). The international visitor trend to the OD is consistent with the Province in the sense that European countries dominate as source markets.

The top three domestic source markets to the OD in 2020 were the Western Cape (94.7 per cent), Gauteng (2.2 per cent) and the Eastern Cape (1.0 per cent). Despite the COVID-19 regulations regarding travel, the trends indicate that the domestic market did start to travel to the District once the restrictions had eased, confirming that the Overberg area is a popular destination for leisure activities. However, the poor performance of the economy is negatively impacting household income, and spending by domestic tourists is likely to be affected.

Map 3.1

PERCENTAGE SHARE OF DOMESTIC TRAVELLERS, Overberg District, 2020

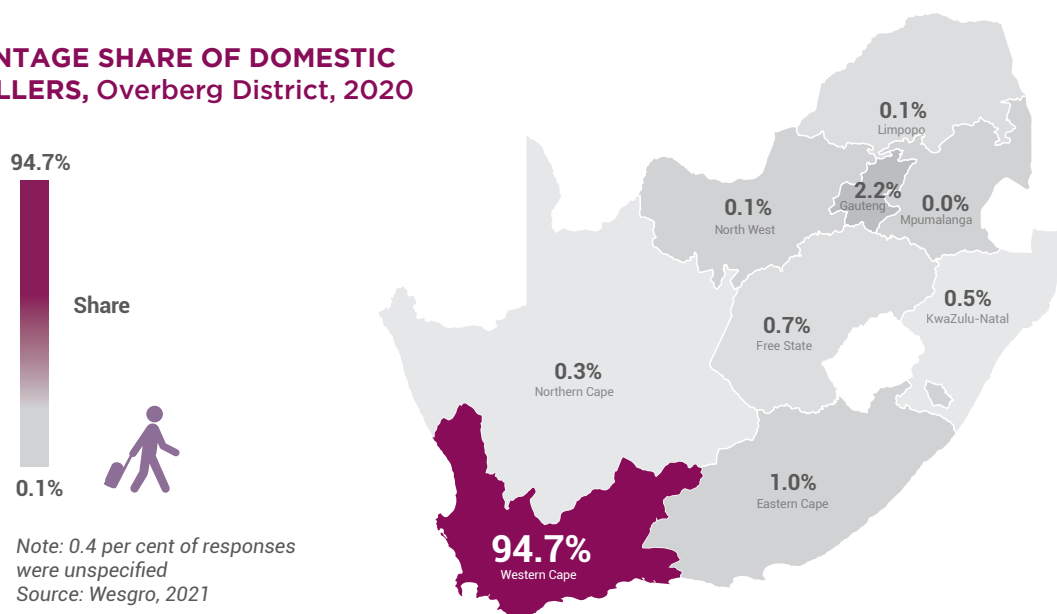
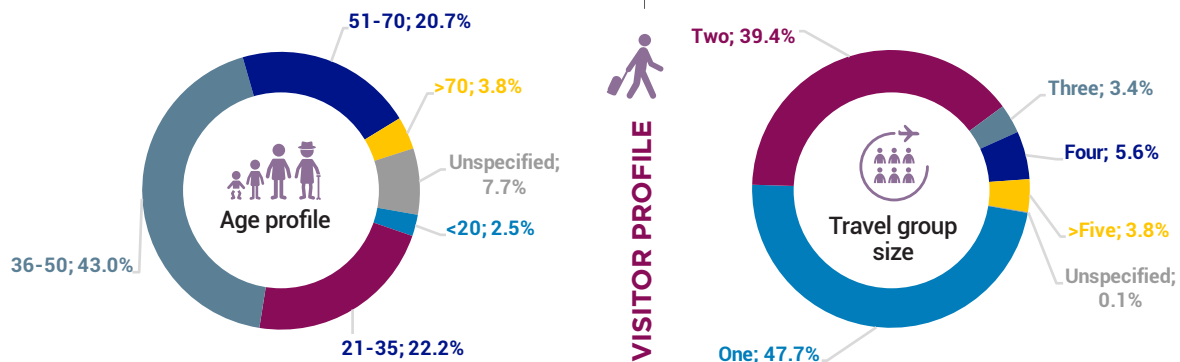


Figure 3.8 illustrates the age profile and travel group size of visitors to the OD in 2020.

Figure 3.8
VISITOR PROFILE, Overberg District, 2020



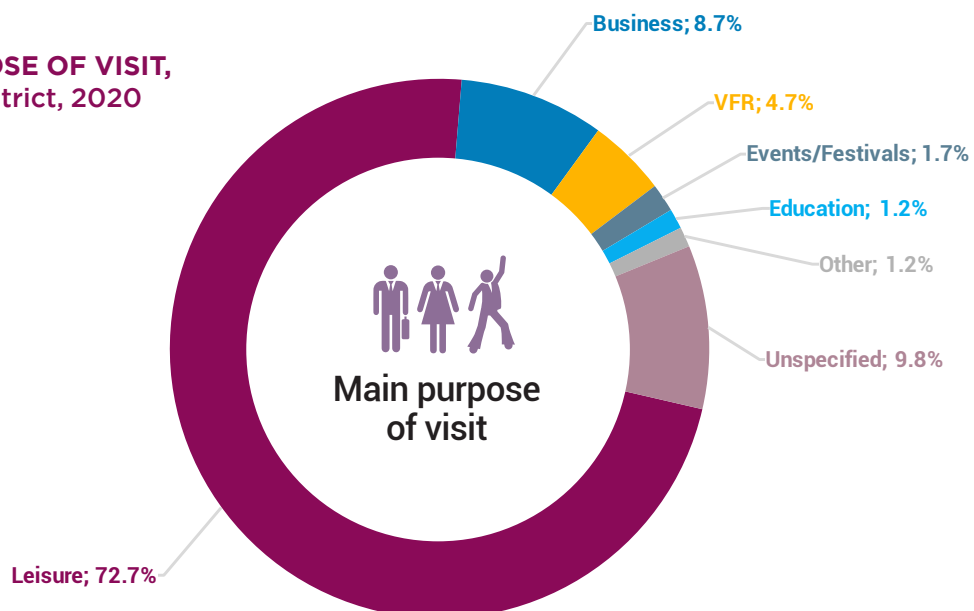
Source: Wesgro, 2021

Visitors to the region mainly travelled alone (47.7 per cent) or in pairs (39.4 per cent). Of all the visitors to this region, 43.0 per cent were between the ages of 36 and 50, followed by travellers between the ages of 21 and 35 (22.2 per cent), and travellers between 51 and 70 (20.7 per cent). It can be assumed that because a large portion of visitors travel in pairs and are older than 36, they are either partners or married, and travel to the region for short getaways or weekends.

3.3.3 Purpose and duration of visit

As illustrated in Figure 3.9, the OD is primarily seen as a leisure destination, with 72.7 per cent of visitors travelling to the area for this purpose.

Figure 3.9
MAIN PURPOSE OF VISIT, Overberg District, 2020

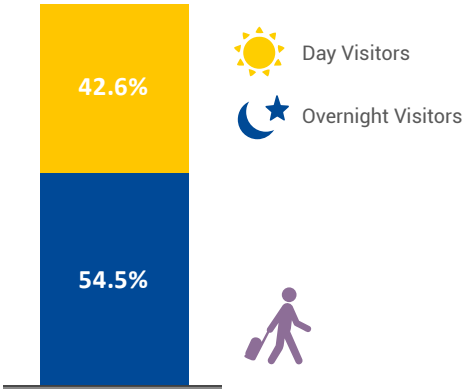


Source: Wesgro, 2021

Apart from leisure travel, 8.7 per cent of travel was for business and 4.7 per cent was to visit friends or relatives (VFR).

Figure 3.10 illustrates the spread of day and overnight visitors for both international and domestic tourists.

Figure 3.10
OVERNIGHT VS DAY VISITORS, Overberg District, 2020



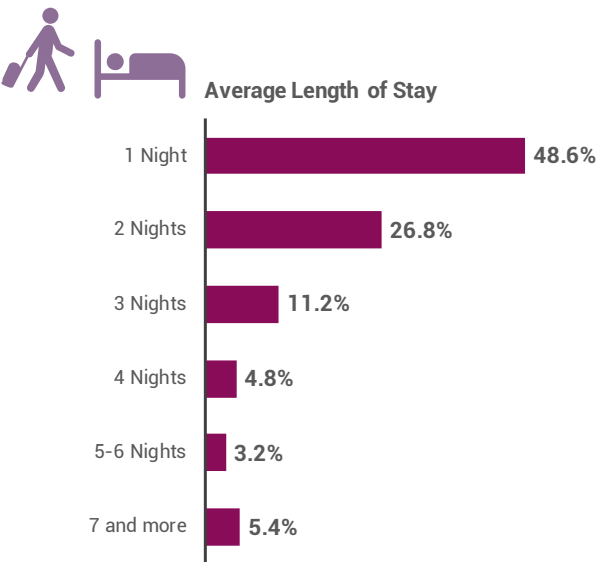
Source: Wesgro, 2021

The OD is a popular destination for overnight visitors, who accounted for 54.5 per cent of visitors in 2020, while day visitors accounted for 42.6 per cent of visitors. This confirms that visitors enjoy visiting for short getaways or weekends.



Figure 3.11 depicts the average length of stay of visitors to the OD in 2020.

Figure 3.11
AVERAGE LENGTH OF STAY BY VISITORS, Overberg District, 2020



Source: Wesgro, 2021

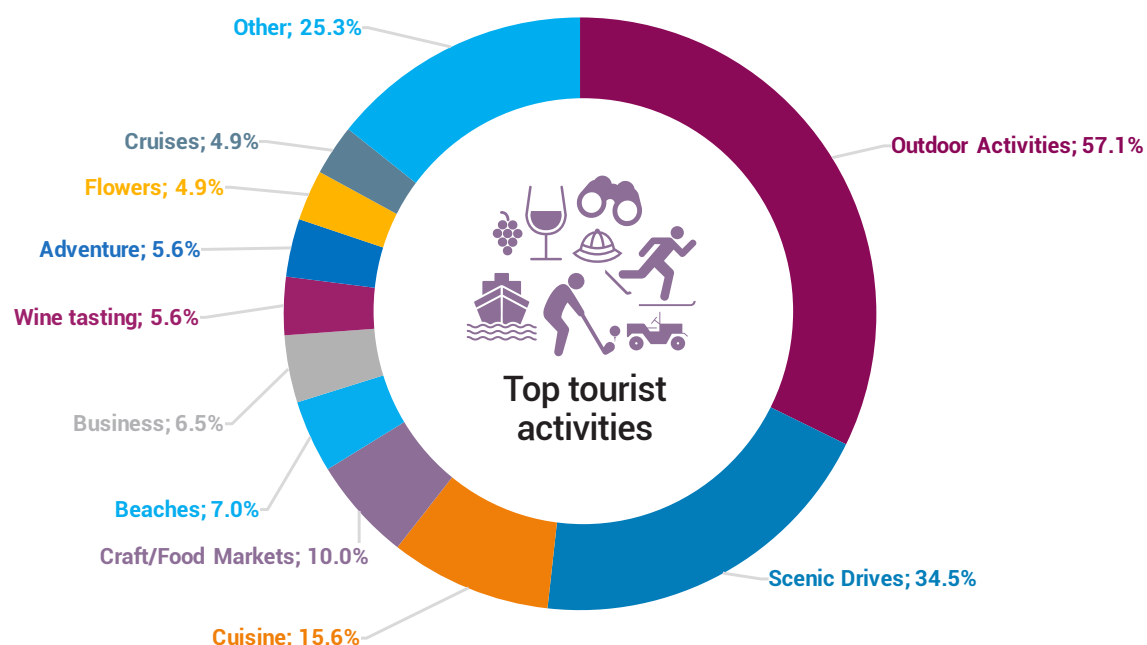
The region is popular for getaways between one and four nights, with tourists enjoying outdoor activities, including scenic drives. The length of stay is one of the key elements in a tourist’s decision-making process and is of great economic importance for the tourist destination. Therefore, promoting longer stays would have a positive economic impact, especially when targeting the international markets, as they tend to spend more than local tourists.

3.3.4 Activities, expenditure and transport

Figure 3.12 illustrates the top activities undertaken by visitors in the OD in 2020.

Figure 3.12

TOP TOURIST ACTIVITIES UNDERTAKEN, Overberg District, 2020



Source: Wesgro, 2021

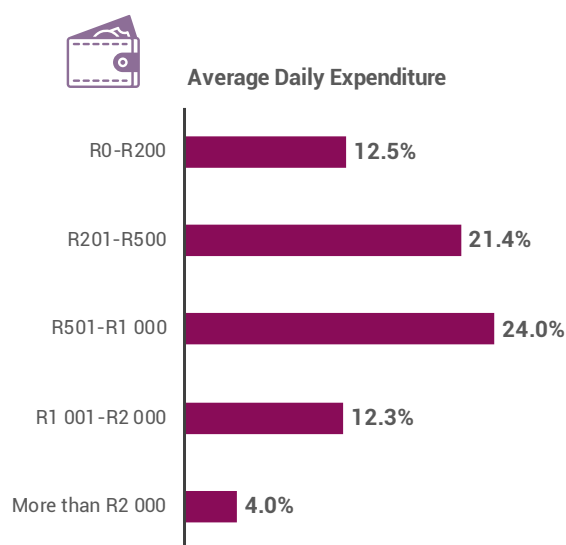
The main activities enjoyed by tourists to the OD in 2020 included outdoor activities (57.1 per cent), scenic drives (34.5 per cent) and cuisine (15.6 per cent). Activities participated in the least by tourists included cruises (4.9 per cent) and flowers (4.9 per cent). These could be low because of low awareness levels, or because tourists simply do not choose to take part in these activities.

Figure 3.13 shows the daily expenditure patterns among the visitors who travelled to the OD in 2020.

Figure 3.13

AVERAGE DAILY EXPENDITURE BY VISITORS, Overberg District, 2020

Most visitors (24.0 per cent) spent an average of between R501 and R1 000 daily, while 21.4 per cent spent between R201 and R500. These spending patterns can be attributed to the short visits.

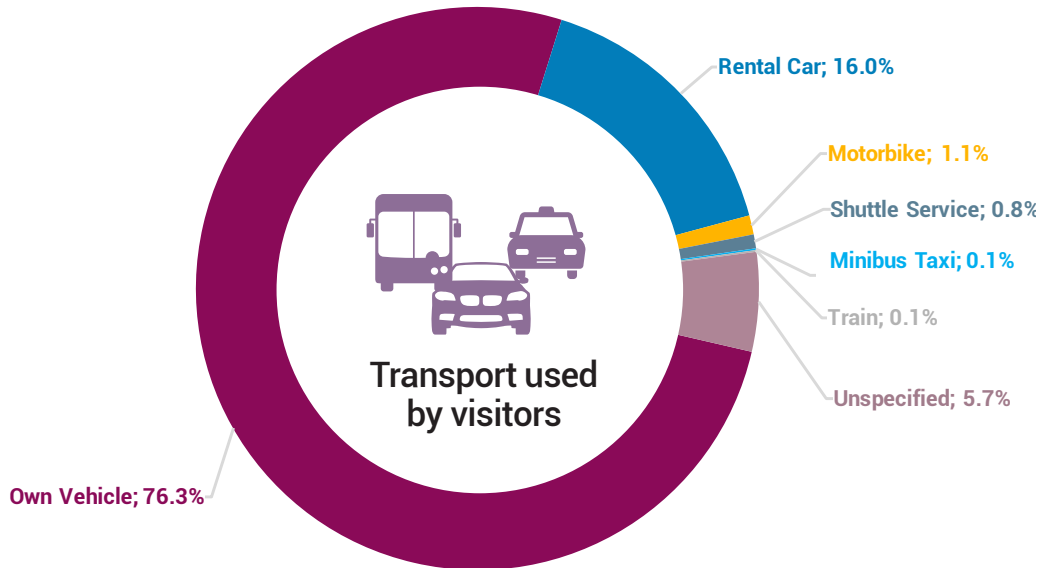


Note: 25.8 per cent of responses were unspecified.
Source: Wesgro, 2021

Figure 3.14 shows the mode of transport used by visitors to travel to and within the OD in 2020.

Figure 3.14

MODE OF TRANSPORT USED BY VISITORS, Overberg District, 2020



Source: Wesgro, 2021

In terms of the preferred mode of transport, most tourists made use of their own cars (76.3 per cent), followed by rental cars (16.0 per cent). This indicates that a high number of locals and domestic travellers made trips to the Overberg region. As the OD is popular for self-drives, road quality and maintenance are important to ensure visitor safety and accessibility. It is also important to have adequate directional and tourism signage implemented on all main tourism roads.




3.4 COMPARATIVE ADVANTAGE AND EMPLOYMENT POTENTIAL

This subsection analyses the comparative advantage of the various economic sectors within the OD by examining the historic growth of the respective sectors to identify growth opportunities for the District economy.

This subsection also uses a location quotient to determine the level of specialisation in the different economic sectors of the OD. The location quotient is a ratio between two economies (in this case, the national and District economies) that indicates whether the District is exporting, is self-sufficient or is importing goods and services from a particular sector.

Table 3.3 provides further details on the classification and interpretation of the location quotient. A location quotient of more than one indicates that a comparative advantage exists in the local economy compared with the national economy, whereas a location quotient of less than one indicates that the representation of this industry is weaker in the local economy than in the national economy.⁴⁶ Furthermore, a location quotient of one indicates that the representation of the industry in the local economy is the same as its representation in South Africa.

Table 3.3
LOCATION QUOTIENT INTERPRETATION

LOCATION QUOTIENT	Classification	 Interpretation
Less than 0.75	Low	Regional needs are probably not being met by the sector, resulting in an import of goods and services in this sector.
0.75 to 1.24	Medium	The sector is meeting most local needs. The region will probably be both importing and exporting goods and services in this sector.
1.25 to 4.99	High	The sector is serving needs beyond the border, exporting goods and services in this sector to other regions or provinces.
More than 5.00	Very high	This is indicative of a very high level of local dependence on the sector, typically in a "single-industry" community.

Source: Urban-Econ, 2021

It is important to note that, as a tool, a location quotient does not consider external factors such as government policies, investment incentives, proximity to markets, etc., which can influence the comparative advantage of an area in a particular sector. Additionally, the location quotient indicates the relative importance of the local economy to the national economy and does not necessarily indicate that the sector is small or large within a local economy, nor does it indicate the value of importance.

⁴⁶ (Fennig and DaCosta, 2010).

Table 3.4 depicts the location quotient for the OD in terms of GDPR and employment.

Table 3.4
LOCATION QUOTIENT IN TERMS
OF GDPR AND EMPLOYMENT,
Overberg District, 2019



SECTOR	In terms of GDPR	In terms of employment
PS Primary Sector		
Agriculture, forestry & fishing	4.0	2.9
Mining & quarrying	0.0	0.0
SS Secondary Sector		
Manufacturing	1.1	0.8
Electricity, gas & water	0.7	0.6
Construction	1.9	1.1
TS Tertiary Sector		
Wholesale & retail trade, catering & accommodation	1.3	1.0
Transport, storage & communication	1.1	0.9
Finance, insurance, real estate & business services	1.0	0.9
General government	0.5	0.6
Community, social & personal services	1.2	0.8

Source: Quantec Research, 2021

The agriculture sector had the highest location quotient in terms of GDPR and employment. Other sectors with a high location quotient in terms of GDPR were the construction and trade sectors. These sectors can be expanded to enhance economic opportunities and potential in the District. It should be noted that these sectors have a higher location quotient value in terms of GDPR than employment, indicating that there is perhaps an opportunity to improve these sectors' employment levels, given the comparative advantage.

The OD had a medium comparative advantage in the manufacturing, transport and community services sectors. However, the location quotient of these sectors in terms of GDPR is still greater than one, which shows that a relatively high concentration of economic activity is prevalent in these sectors.

Sectors with a low comparative advantage include the mining sector as well as the general government sector. Compared with the country, the OD has minimal mining resources, which leads to a low comparative advantage.

To assess the sectoral development opportunities in the OD, the comparative advantage in sectors is further analysed, together with the historical sectoral employment growth rate.

Figure 3.15

Location quotient by economic sector

CONstrained SECTORS THAT SHOULD BE RETAINED

STRENGTHS AND PRIORITY SECTORS

CONstrained SECTORS WITH LIMITED PROSPECTS

EMERGING SECTORS

Average annual employment growth (2015 - 2019)

Location quotient

Legend:

- Agriculture, forestry and fishing
- Food, beverages and tobacco
- Wood and paper; publishing and printing
- Other non-metal mineral products
- Electrical machinery and apparatus
- Transport equipment
- Electricity, gas and water
- Wholesale and retail trade
- Transport and storage
- Finance and insurance
- General government
- Mining and quarrying
- Textiles, clothing and leather goods
- Petroleum products, chemicals, rubber and plastic
- Metals, metal products, machinery and equipment
- Radio, TV, instruments, watches and clocks
- Furniture; other manufacturing
- Construction
- Catering and accommodation services
- Communication
- Business services
- Community, social and personal services

Source: Quantec Research, 2021

Sectors in which the OD does not have a comparative advantage (a location quotient less than one) but that have shown positive employment growth are considered to be emerging sectors, but prospects may be limited because of the size of the sector or external trends.

Table 3.5 outlines the sectors in the OD that are considered to be strengths in terms of job creation based on historic trends, as well as the sectors that should be retained, despite their lack of employment growth.

Table 3.5

**PRIORITY SECTORS
FOR EMPLOYMENT,
Overberg District, 2019**

SECTOR	GDPR R million 2019	GDPR trend 2015 – 2019	Number of jobs 2019	% informal jobs 2019	Average annual change in employment 2015 – 2019	Average gross fixed capital formation growth 2015 – 2019
Agriculture, forestry and fishing	1 337.2	-4.3%	27 643	29.4%	403	-5.2%
Food, beverages and tobacco	612.8	3.7%	2 654	20.2%	79	4.3%
Textiles, clothing and leather goods	79.6	1.5%	1 012	22.1%	25	1.2%
Construction	743.7	-0.2%	8 301	33.7%	-14	4.0%
Catering and accommodation services	154.2	-1.8%	5 132	41.3%	231	-1.4%

Source: Quantec Research, 2021



Agriculture, forestry and fishing

The agriculture sector contributed R1.3 billion to GDP and employed 27 643 people in 2019. The sector also contributed 20.9 per cent to employment, making it the largest employment sector in the OD. On a municipal level, most of this sector's employment is concentrated in the Theewaterskloof municipal area. The sector nevertheless shed 1 407 jobs between 2019 and 2020, and recorded a substantial decline in terms of capital investment (5.2 per cent average annual contraction between 2015 and 2019).

Water is a key input in the sector and has become an increasingly scarce resource. The recent Provincial drought has therefore had a detrimental impact on the agricultural sector of the District. To compound the issue, water storage capacity has been an issue in municipal areas such as Swellendam. There must therefore be sufficient water storage capacity in the OD for the growth and expansion of the agriculture sector.

Apples are the top exported product from the OD, with the Theewaterskloof municipal area being one of the main apple-producing regions in the country. In 2020, apple production increased by 10.3 per cent, with a further 3.7 per cent increase expected in 2021, which will exceed one million tonnes for the first time. In addition, the nominal gross value of production for apples increased by 16.7 per cent in 2020, with exports improving as a result of a weaker rand. Over the coming decade, the nominal gross value of apples is projected to increase by 82.0 per cent to exceed R14.0 billion by 2030. This trend is expected to continue, with the yield improvements attributed to innovative production practices and cultivars that deliver higher yields and better packout rates. As such, over the next 10 years, the total area under apple production is projected to increase to just over 26 000ha.⁴⁷ The District is likely to benefit greatly from the current and projected growth patterns in the sector and has the potential to absorb more labour.

The OD also produces the second-largest volume of the Province's oilseeds, grain crops and lupines.⁴⁸ Favourable weather conditions meant that the gross production of many crops expanded in 2020, with canola being one of the crops that realised large increases. Over the past year, the world price for canola has increased by 78.0 per cent owing to declining global supplies of oilseeds. The global price for canola currently exceeds previous record levels from 2011 and the current market prices are expected to promote a sizable increase in canola production in 2021/22. The increased demand for canola has the potential to improve employment levels in this subsector.

Food, beverages and tobacco

The OD has a comparative advantage in the agriculture sector, which feeds into another priority sector in the OD, namely the food, beverages and tobacco manufacturing subsector. Agro-processing is a key area in the District, with dairy, wine, juice, honeybush tea production, abalone and canola processing. The Swellendam municipal area is the largest canola crusher and canola oil manufacturer in Africa.⁴⁹ The industry produces canola products for livestock feed, pet food and industrial markets.⁵⁰ Between 2010 and 2020, canola oil consumption increased by 114.0 per cent.⁵¹ The increased demand for canola products provides a favourable outlook for employment in Swellendam.

⁴⁷ (BFAP, 2021).

⁴⁸ (Western Cape Department of Agriculture, 2020).

⁴⁹ (Soill, 2021).

⁵⁰ (Soill, 2021).

⁵¹ (BFAP, 2021).

The food, beverages and tobacco manufacturing subsector is an important source of employment in the District. In 2019, this sector was valued at R612.8 million and employed 2 654 people. Furthermore, this sector showed strong growth in terms of GDPR (3.7 per cent) and employment (79 jobs per annum on average) between 2015 and 2019. This sector was somewhat protected during the COVID-19 pandemic owing to food production being classified as an essential service, and therefore only contracted by 1.2 per cent in 2020. Despite food production being able to continue, the bans on alcohol sales negatively affected the sector.

The food, beverages and tobacco manufacturing subsector also recorded substantial growth in terms of capital investment (4.3 per cent average annual growth between 2015 and 2019). This is a positive indication for future growth and opportunities for job creation in this sector. Approximately 20.2 per cent of workers in this sector were informally employed in 2019. This therefore provides an opportunity for SMMEs' development and further job growth in the District. Furthermore, the availability of land and infrastructure for basic services for industrial development can also be an important catalyst for SMME development.

Construction

The construction sector contributed R743.7 million to GDPR in the OD and employed 8 301 people in 2019. The sector recorded a contraction of 0.2 per cent and shed 14 jobs per annum between 2015 and 2019. The sector's capital investment expanded by an average annual growth rate of 4.0 per cent between 2015 and 2019. A substantial proportion of individuals were employed in the informal sector (33.7 per cent) in 2019. A catalyst for supporting the informal sector could include supporting formalisation by reducing red tape and promoting access to funding and capacity-building so that SMMEs in the sector can provide services such as infrastructure maintenance to the public sector.

The construction sector has benefited from the current property market trends in the District. Small towns such as Hermanus are seeing a trend where young professionals are moving into towns and communities for lifestyle reasons, and these towns have become hotspots in the Western Cape.⁵² In addition, with more people able to work from home, regions such as Hermanus, which have traditionally been regarded as holiday destinations, are seeing an influx of permanent residents, which is increasing the demand for housing in the region. Semigration also remains a strong trend in the OD property market as a result of buyers from Gauteng and other parts of the country wanting to relocate to the Province or to obtain coastal properties for future retirement.⁵³

On a national level, construction output is expected to grow by 1.0 per cent per annum on average. This growth is expected to come from private and public investments in transport infrastructure and electricity projects between 2021 and 2024. One of the construction sector's top challenges is a shortage of skills. Despite rampant job losses in 2020, finding skilled workers remains a challenge for construction businesses owing to a lack of accessible training. Skilled workers also represent a higher wage commitment, which drives up costs.⁵⁴ Training is therefore a top priority for increased job creation in the sector. Load-shedding and COVID-19 lockdown restrictions have also contributed to large-scale job losses in the sector.

⁵² (*BusinessTech*, 2021).

⁵³ (*Fin24*, 2018).

⁵⁴ (*KH Plant*, 2021).

Catering and accommodation services

The catering and accommodation sector feeds into the tourism sector, and contributed R154.2 million to GDPR and employed 5 132 people in the OD in 2019. The informal sector employed 41.3 per cent of people in 2019. The sector recorded a contraction of 1.8 per cent between 2015 and 2019. The sector's capital investment also contracted by an average annual growth rate of 1.4 per cent between 2015 and 2019. This sector is particularly important in the Cape Agulhas municipal area. With the easing of lockdown restrictions and opening up of international borders, employment levels in the sector are likely to improve gradually. Digital skills in the tourism industry, particularly for SMMEs and start-ups, can contribute to better access to markets and will contribute to the sustainability of the industry.

Textiles, clothing and leather goods

The textiles, clothing and leather goods sector contributed R79.6 million to the OD economy in 2019. The sector employed 1 012 people in 2019, with informal employment accounting for 22.1 per cent of employment. The sector recorded GDPR growth of 1.5 per cent between 2015 and 2019. The sector's capital investment also expanded by an average annual growth rate of 1.2 per cent between 2015 and 2019. Despite the comparative advantage, this sector does not contribute significantly to exports (0.3 per cent) from the OD, showing that production caters mostly for the local market.

The subsector is often categorised for its capacity to generate large-scale employment, low barriers to entry and a short skills acquisition period. To this end, the Department of Trade, Industry and Competition (DTIC) launched the Clothing and Textiles Competitiveness Programme (CTCP), which aims to assist the industry in upgrading equipment, upskilling labourers and repositioning South Africa to compete against other low-cost-producing countries. Assisting local SMMEs to access the sector's support programmes can therefore facilitate employment growth in the OD.

Other emerging sectors

The trade sector is one of the emerging sectors in the OD. The upsurge in housing demand in municipal areas such as Overstrand is also stimulating the demand in the trade sector in urban centres of the District. Employment growth in the trade sector has been increasing steadily since 2015, but COVID-19 lockdown restrictions are likely to have put the sector under strain, as it shed 1 939 jobs between 2019 and 2020. The easing of restrictions is therefore likely to have a positive impact on job creation in the trade sector. Public-sector investment initiatives, such as the Hermanus CBD revitalisation programme, which upgraded High Street in Hermanus,⁵⁵ play a valuable role in creating an enabling environment for local businesses to operate successfully.

⁵⁵ (Overstrand Municipality, 2021).

3.5 INVESTMENTS

This subsection discusses various forms of investments in the OD, including building plans passed and completed, as well as new investments from prominent local companies, and gives a consolidated overview of municipal spending on contracted services and infrastructure.

3.5.1 Private-sector investment

3.5.1.1 Sectoral investments and business expansion

Foreign direct investment was made by South African Breweries in Belgium, which invested USD5.2 million in the food and beverages industry in the District in September 2019.⁵⁶ This investment was largely for research and development, and was expected to create 17 jobs. The OD is abundant with golden barley, which is harvested and malted for the beer industry. The District also has crystal-clear springs in the mountains surrounding Greyton that are used as inputs in the industry.

Furthermore, the increasing cost of energy is motivating local businesses to invest in renewable energy projects, particularly in the agriculture sector of the District.⁵⁷

Despite the poor economic conditions experienced in 2020, some private companies completed long-term investments and announced future investments in the OD. Viking Aquaculture, a member of the Sea Harvest Group, completed its wind turbines, making it the first self-powering fish farm in South Africa.⁵⁸



⁵⁶ (Wesgro, 2021).

⁵⁷ (Wesgro, 2021).

⁵⁸ (Wesgro, 2021).

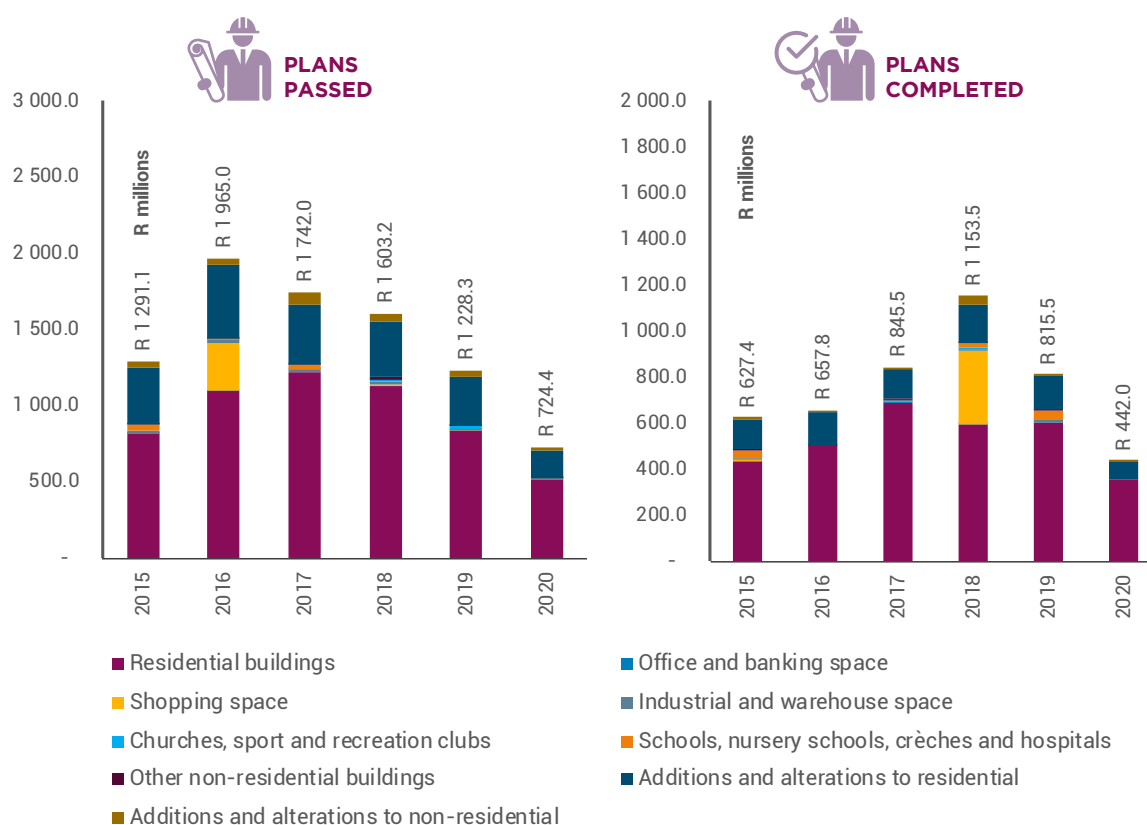
3.5.1.2 Building plans passed and completed

Building plans passed and completed are some of the indicators used to measure economic activity and business cycle changes. The value of building plans passed⁵⁹ can be used as a leading indicator, while building plans completed⁶⁰ can be used as a lagging indicator. Building plans passed and completed have further implications for municipal spatial planning and budgeting. Furthermore, building plans passed indicate the private sector's willingness to invest in an area, while business plans completed highlight money that has been spent. It should also be noted that the development of non-residential buildings has a positive impact on the local economy during the construction phase as well as the operational phase.

Stats SA's information on building plans passed and completed is only available for the Overstrand municipal area. Figure 3.16 indicates the total value of building plans passed and completed between 2015 and 2020 in the Overstrand municipal area in current prices.

Figure 3.16

VALUE OF BUILDING PLANS PASSED AND COMPLETED, Overstrand, 2015 – 2020 (R million)



Source: Stats SA & Quantec Research, 2021

In the Overstrand municipal area, the total value of building plans passed decreased from R1.2 billion in 2015 to R724.4 million in 2020. Notable types of building plans passed during the period under review were for residential buildings, which also decreased, from R833.6 million in 2015 to R518.3 million in 2020.

⁵⁹ Number of residential building plans passed for buildings larger than 80m².

⁶⁰ Value of non-residential buildings completed (constant prices).

Other building plans passed in 2020 included plans for office and banking space (R3.9 million), shopping space (R1.6 million), industrial and warehouse space (R1.8 million), schools, nursery schools, crèches and hospitals (R1.6 million), other non-residential buildings (R2.2 million), additions and alterations to residential buildings (R179.7 million) and additions and alterations to non-residential buildings (R15.4 million). Development in the Overstrand municipal area is constrained by the lack of suitable and well-located land for development,⁶¹ which will likely affect the value of building plans passed in the future.

The total value of building plans completed increased consistently from 2015 to 2018, after which they were on a declining trend for the remaining period under review. The total value of building plans completed decreased from R815.5 million in 2019 to R442.0 million in 2020. Most building plans completed were for residential buildings, the value of which decreased from R602.1 million in 2019 to R354.0 million in 2020. The planned residential development of the De Zandt Lifestyle Estate will contribute significantly to building activity. The estate will consist of a mix of residential property, as well as a retirement facility, a high-care medical centre, a retail centre and a hotel.⁶²

Other building plans completed during the period under review included mainly additions and alterations to residential buildings (R78.6 million) in 2020. Building plans completed for shopping spaces were valued at R1.9 million, and building plans completed for additions and alterations to non-residential buildings were valued at R7.6 million in 2020, which is R3.2 million higher than in 2019.

In the Theewaterskloof municipal area, building plans passed for residential and non-residential buildings declined, except for office space. Residential buildings declined from 51 575m² to 20 445m², retail space declined from 10 376m² to 6 188m², industrial space declined from 49 383m² to 23 938m² while office space increased from 2 648m² to 3 724m².⁶³ This is a positive indicator for future growth in the tertiary sector, especially given that many service workers have been working from home during the pandemic. Access to correctly zoned and serviced sites for development can further unlock new opportunities in the Theewaterskloof municipal area.⁶⁴

In the Swellendam municipal area, building plans passed declined between 2019 and 2020 for residential buildings from 28 950m² to 15 147m², while building plans passed declined from 3 253m² to 748m². Building plans passed for office space also declined from 2 481m² to 1 862m², while retail building plans passed declined from 3 058m² to 2 015m². The COVID-19 pandemic is likely to have affected investment plans for new buildings, while application processes could also have been delayed. However, industrial building plans passed increased from 615m² to 1 707m².⁶⁵ There is currently a lack of sufficient infrastructure capacity as well as serviced land, which deters investment in new commercial buildings.⁶⁶

The number of business plans passed in the Cape Agulhas municipal area declined from 390 in 2019 to 368 in 2020. Building plans passed for retail developments also declined, from four to three. However, the number of building plans passed for retail developments increased from six

⁶¹ (Overstrand Municipality, 2021).

⁶² (Overstrand Municipality, 2021).

⁶³ (Theewaterskloof Municipality, 2021).

⁶⁴ (Theewaterskloof Municipality, 2021).

⁶⁵ (Swellendam Municipality, 2021).

⁶⁶ (Swellendam Municipality, 2021).

in 2019 to seven in 2020. New proposed developments, such as the Golf Estate in Bredasdorp and a hotel in L'Agulhas,⁶⁷ should be a valuable boost not only for local construction activity but also for the economy in general. However, commercial development prospects are limited by the lack of industrial land availability, particularly in Bredasdorp.⁶⁸

Real-estate development promotes the economic value and growth of an area. Capital is already being pushed into the economy before the physical construction activities. The services of various people from different industries, including lawyers, engineers, architects and designers, benefit from the planning of real-estate development. An increase in the development of housing naturally creates new jobs for businesses in an area. Furthermore, an increase in the development of housing may also mean an increase of residents in an area, which translates into an increase in the labour force and economic growth.

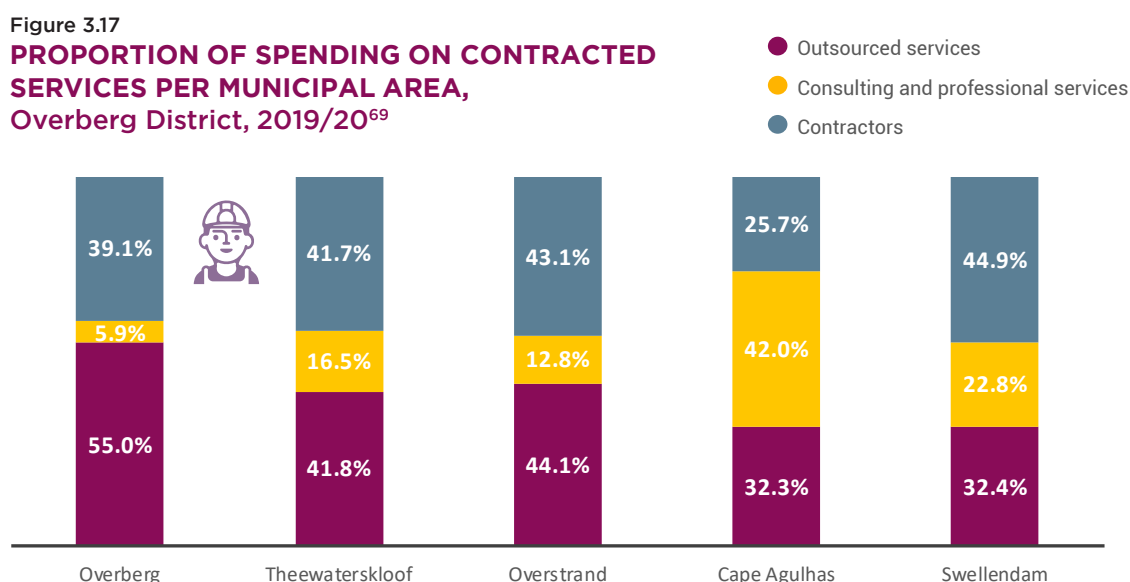
3.5.2 Public-sector investment

Public-sector spending has the potential to stimulate the growth of the local economy and create employment opportunities. SMMEs can be key role players in the development and creation of jobs through public-sector investment.

3.5.2.1 Municipal contracted services

The procurement processes of local municipalities can facilitate the development of local SMMEs that provide goods and services, while spending on infrastructure promotes the creation of an enabling environment for households and businesses to function optimally.

Figure 3.17 provides a breakdown of spending on contracted services by the District and local municipalities in 2019/20.



Source: Calculated from National Treasury, 2020

⁶⁷ (Cape Agulhas Municipality, 2021).

⁶⁸ (Cape Agulhas Municipality, 2021).

⁶⁹ According to the Municipal Standard Chart of Accounts (mSCOA), municipalities should have the capacity and expertise to carry out certain services. Outsourced services are therefore services procured by the municipality when it temporarily does not have the capacity to perform these functions, or to save costs. Consulting services refer to specialist services and skills provided to a municipality for the achievement of a specific objective. It is unnecessary to maintain these skills in-house since they are often only required on a once-off or temporary basis. Contractors are utilised for services that are not the core business of the municipality.

For the District, the largest proportion of contracted services was allocated to outsourced services (55.0 per cent). Outsourced services in the OD were mainly for accounting, business and financial management, audit committee, fire stations, human resources, landfill site operation and maintenance and security services. The second-largest portion of contracted services was allocated to contractors (39.1 per cent). Contractors were mainly utilised for burial services, maintenance of buildings and facilities, maintenance of equipment, maintenance of unspecified assets, and occupational health and safety. Consulting and professional services in the District included laboratory services, legal costs and project management, and made up 5.9 per cent of contracted services spend in 2019/20.

The local municipalities in the OD have similar spending patterns, with most of their spending in 2019/20 allocated to outsourced services. In 2019/20, the Theewaterskloof Municipality spent most of its contracted services on outsourced services (41.8 per cent), followed by contractors (41.7 per cent). The majority of spending on contractors was for maintenance services (R12.9 million). Spending on maintenance is a valuable boost for the local construction sector if local businesses are utilised for these services. Supporting local SMMEs with business compliance can ensure that local SMMEs are able to benefit from available opportunities. Between 2019 and 2020, SMMEs on the municipal database increased from 250 to 400.

In the Overstrand Municipality, most of the contracted spending in 2019/20 was allocated to outsourced services (44.1 per cent) and contractors (43.1 per cent). Maintenance of buildings, infrastructure and assets made up the bulk of the spending on contractors (R54.5 million), while outsourced services included mostly sewerage services (R51.3 million) and dumping sites (R13.4 million). Government-subsidised housing projects in Hawston, Stanford and Gansbaai provided a valuable injection into the local economy, as local people were employed during construction, but there were also subcontracting opportunities for local enterprises, while materials were also purchased locally.⁷⁰ Ensuring local businesses are able to do business with the state can therefore support local economic development in the Overstrand municipal area. The number of SMMEs on the municipal database increased substantially, from 378 in 2019 to 735 in 2020.⁷¹

In 2019/20, the Swellendam Municipality's contracted services spend was mainly on contractors (44.9 per cent). This included maintenance of unspecified assets (R3.3 million) and maintenance of buildings (R2.4 million). Capacitating the 591 local SMMEs on the municipal supplier database to provide some of these services would be a valuable boost for the economy of the Swellendam municipal area. The Swellendam Municipality provides a range of support services to local SMMEs, including training and development, open days, stakeholder support, and early payments for services are made for small suppliers and contractors.⁷²

⁷⁰ (Overstrand Municipality, 2021).

⁷¹ (Overstrand Municipality, 2021).

⁷² (Swellendam Municipality, 2021).

3.5.2.2 Infrastructure

Infrastructure spending by local and Provincial governments is not only an important injection into the local economy, it also helps to create an enabling environment for economic and social development. Infrastructure capital spending has both short- and medium-term benefits. The capital injection not only boosts the economy from the initial injection but can also create numerous employment opportunities. Additionally, it can also stimulate economic activity from the operational activities that result from the initial capital spending. Despite the importance and necessity of maintaining existing infrastructure and investing in new infrastructure, local governments are under pressure, as generating their own revenue is becoming increasingly constrained owing to rising unemployment and poor economic growth, while income from Provincial and national grants is declining.

JOINT DISTRICT AND METRO APPROACH

The Joint District and Metro Approach (JDMA) promotes collaboration and is an essential governance instrument that will enable co-planning, co-budgeting and co-implementation to strengthen service delivery in communities. The JDMA provides an implementation plan for planning and strategic priorities, development initiatives, service delivery and capacity-building.

A co-ordinated and combined effort from all spheres of government, as well as the private sector, can successfully leverage infrastructure investment as a catalyst for broad-based economic growth and development.

The table below outlines the budgeted expenditure on infrastructure by the local municipalities in the OD for 2021/22.

Table 3.6
**SPENDING ON INFRASTRUCTURE,
Overberg District, 2021/22**

DESCRIPTION R million	2021/22 Municipal infrastructure spend (original budget)
Economic infrastructure	56.5
Road transport and public works	56.1
Environmental services	0.5
Social infrastructure	115.1
Education	-
Health	0.0
Social development	12.0
Housing	103.1
Trading services	332.7
Energy sources	104.5
Water management	98.2
Wastewater management	113.2
Waste management	16.8
Other	60.3
Total infrastructure spend	564.8

Source: Provincial Treasury, 2021

Collectively, the local municipalities have allocated R564.8 million to the capital expenditure budgets for 2021/22. This includes allocations made towards economic, social and trading services infrastructure of R56.5 million, R115.1 million and R332.7 million respectively. Other capital expenses to the value of R60.3 million were also budgeted for in 2021/22. Key municipal expenditure categories include wastewater management (R113.2 million), energy sources (R104.5 million) and water management (R98.2 million).

The COVID-19 pandemic has emphasised the value of having access to the internet for education and business purposes. Access to broadband connection can assist in creating an attractive environment for the establishment of businesses as well as households, as many service workers are then able to work from home. Public-private partnerships that aim to improve access to the internet, particularly at a low cost, therefore have a valuable role to play in creating an enabling environment for economic and social development. For example, the Overstrand Municipality has eight Master Wayleave Agreements in place with private communications licensees for the installation of telecommunication services in the municipal area. Through its one-trench and co-building methodology, the Overstrand Municipality has enabled the installation of fibre services in Gansbaai, Stanford, Hermanus and Kleinmond. Approximately 70.0 per cent of suburbs in these towns have been covered.⁷³ Free public Wi-Fi access spots in the Cape Agulhas municipal area have enabled 17 275 people access to the internet to date in 2021. These free public Wi-Fi access spots have transferred 78.3TB of data. There are also four service providers installing fibre in Bredasdorp and Struisbaai.⁷⁴



Information about the **2021/22 budgeted Provincial infrastructure spend** is provided in the *Overview of Provincial and Municipal Infrastructure Investment* (OPMII), published by Provincial Treasury.

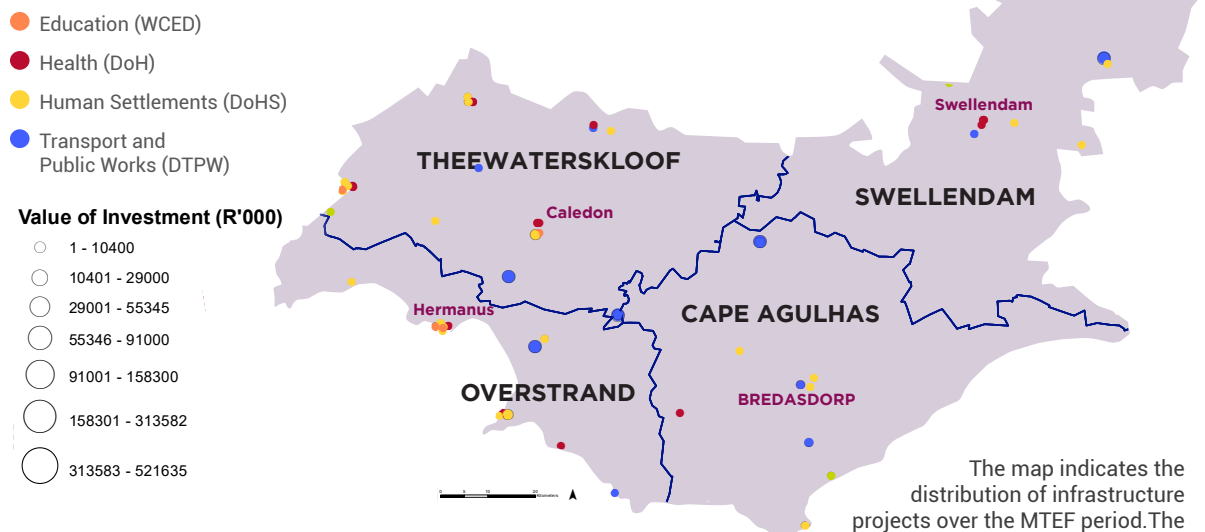


⁷³ (Overstrand Municipality, 2021).

⁷⁴ (Cape Agulhas Municipality, 2021).

Provincial infrastructure investment in the Overberg District accounts for R1.8 billion or 6.7 per cent of the Provincial total over the 2021 MTEF. The per capita spend is R6 063 for the district which is higher than the Province's per capita spend.:

- The investment in the rehabilitation, renovations and refurbishment, mainly roads, is the key focus area of investment in the region at 52.3 per cent of the total allocation over the 2021 MTEF. The human settlements development also receive attention in the district.



The map indicates the distribution of infrastructure projects over the MTEF period. The total value of investments (projects and programmes) are indicated in the accompanying table for the applicable region or district.

Map 3.1

**TOTAL DEPARTMENTAL MTEF
INFRASTRUCTURE BUDGET AND
NUMBER OF PROJECTS,
Overberg District, 2021/24**

	No of Projects	2021/22 MTEF (R'000)	2022/23 MTEF (R'000)	2023/24 MTEF (R'000)	MTEF Total (R'000)
WC PROVINCIAL DEPARTMENT					
● Education (WCED)	4	27 000	27 000	47 000	101 000
● Health (DoH)	26	27 470	34 451	19 740	81 661
● Human Settlements (DoHS)	29	190 579	186 153	110 300	487 032
● Transport and Public Works (DTPW)	20	355 132	476 136	318 200	1 149 468
Total	79	600 181	723 740	495 240	1 819 161

Note: WCED is the Western Cape Education Department, DoH is the Department of Health, DoHS is the Department of Human Settlements and DTPW is the Department of Transport and Public Works

Source: The Provincial Infrastructure Reporting Model (IRM) was used for the first time (except for the data of the Department of Human Settlements). There is room to improve on the accuracy in future publications.

3.6 CONCLUDING REMARKS

The OD experienced a positive trade balance between 2010 and 2020, which can mainly be attributed to the agriculture sector. The trade surplus in the District increased from R1.8 million in 2019 to R2.0 million in 2020. The manufacturing sector accounted for 78.4 per cent of the OD's imports in 2020, and the agriculture sector accounted for 61.6 per cent of the District's exports. The Theewaterskloof municipal area experienced the largest trade surplus, while the Swellendam municipal area was the only area in the District that experienced a trade deficit in 2020.

The District's top three import partners in 2020 were China, France and Spain, while the top three export partners were the Netherlands, the United Kingdom and Hong Kong. The OD's main imported products were fruit and vegetable juices (10.1 per cent), barley (9.3 per cent) and live bovine animals (8.1 per cent). The main products exported from the OD in 2020 were apples, pears and quinces (21.9 per cent), other fruit (10.6 per cent) and wine (10.1 per cent).

In terms of tourism, the OD is largely a domestic tourism destination, with 80.2 per cent of visitors being South African residents. The top three domestic source markets in 2020 were the Western Cape (94.7 per cent), Gauteng (2.2 per cent) and the Eastern Cape (1.0 per cent), while the top three international source markets to the OD in 2020 travelled from the United Kingdom (40.1 per cent), Germany (29.7 per cent) and France (6.0 per cent). The international visitor trend to the OD is consistent with the Province, since the European countries dominate as source markets.

The most popular activities for visitors in the OD, especially in the Cape Whale Coast, include whale watching, hiking, mountain biking and other adventure activities (such as shark-cage diving, ziplining and horse riding).

Many tourism businesses suffered big losses in revenue and many jobs were also lost as a result of the COVID-19 pandemic. It is estimated that more than half of the respondents experienced a 100.0 per cent loss of revenue owing to COVID-19 and about 39.7 per cent saw their revenue decline between 50.0 and 99.0 per cent.

In terms of investments, the total value of building plans passed in the Overstrand municipal area decreased from R1.2 billion in 2019 to R724.4 million in 2020. With regard to building plans completed, the total value fell from R815.5 million in 2019 to R442.0 million in 2020. Other municipal areas also recorded mostly declines in building plans passed and completed.

Using local contractors to provide goods and services to local municipalities plays an important role in creating new jobs. In 2019/20, local municipalities utilised contractors for a variety of goods and services, with one of the main expenditure categories being maintenance services.



4

MUNICIPAL SOCIO- ECONOMIC ANALYSIS

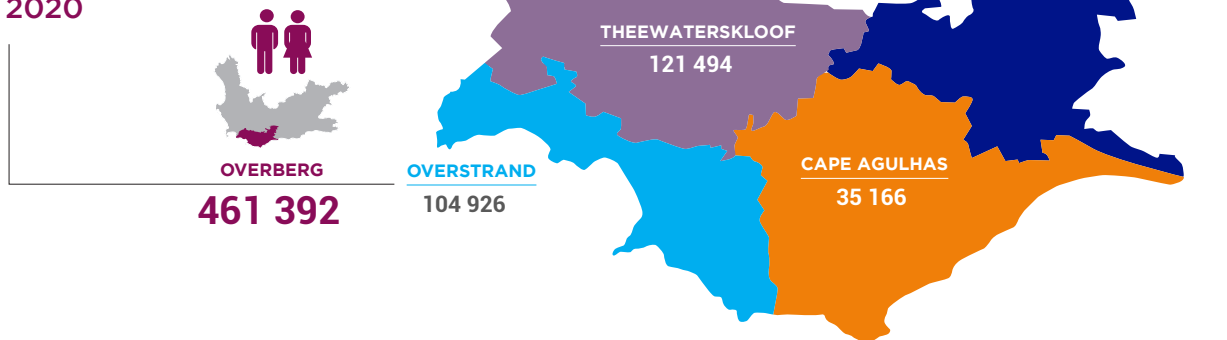
4.1 INTRODUCTION

This chapter provides an overview of the economic and social circumstances of households living in the OD by analysing population, human development, housing, crime and access to basic services. More specifically, human development in the region is assessed by exploring education levels, health and income.

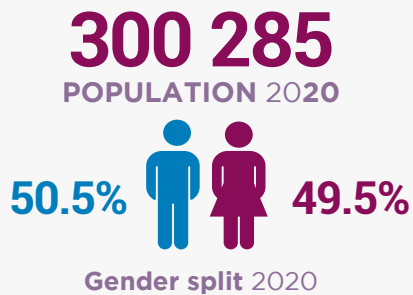
OVERBERG

DEMOGRAPHICS

CURRENT POPULATION, Overberg District, 2020



GENDER – POPULATION



Some of the key indicators used in the socio-economic analysis include the population growth rate, GDP per capita, household income, the Gini coefficient, the Human Development Index (HDI), educational development and dwelling types. These indicators are discussed in detail in the sections below.

FORECAST

Estimated population growth

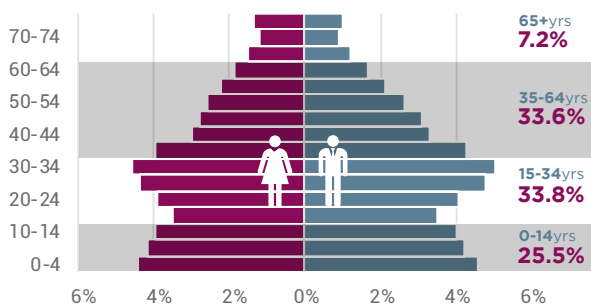


AGE PROFILE



Age split 2020

GENDER AND AGE DYNAMICS



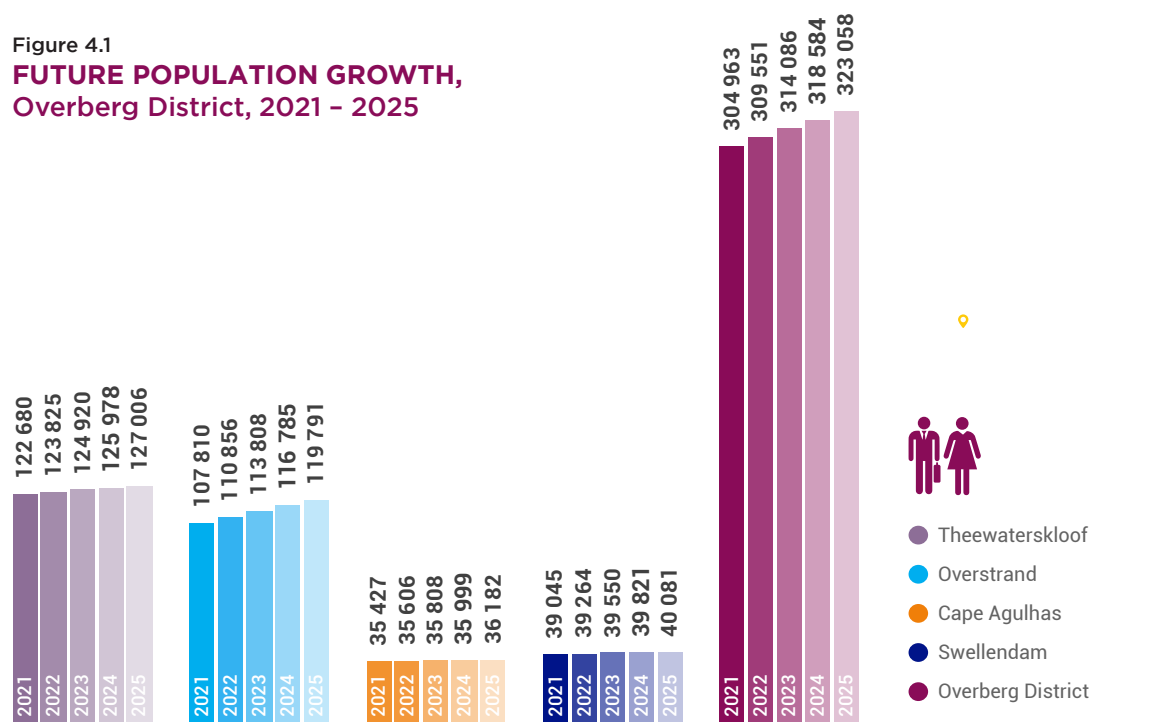
HOUSEHOLDS



4.2 POPULATION PROFILE

As illustrated in Figure 4.1, the OD's population is estimated at 304 963 people in 2021, who mainly reside in the Theewaterskloof (40.2 per cent) and Overstrand (35.4 per cent) municipal areas.

Figure 4.1
**FUTURE POPULATION GROWTH,
Overberg District, 2021 – 2025**



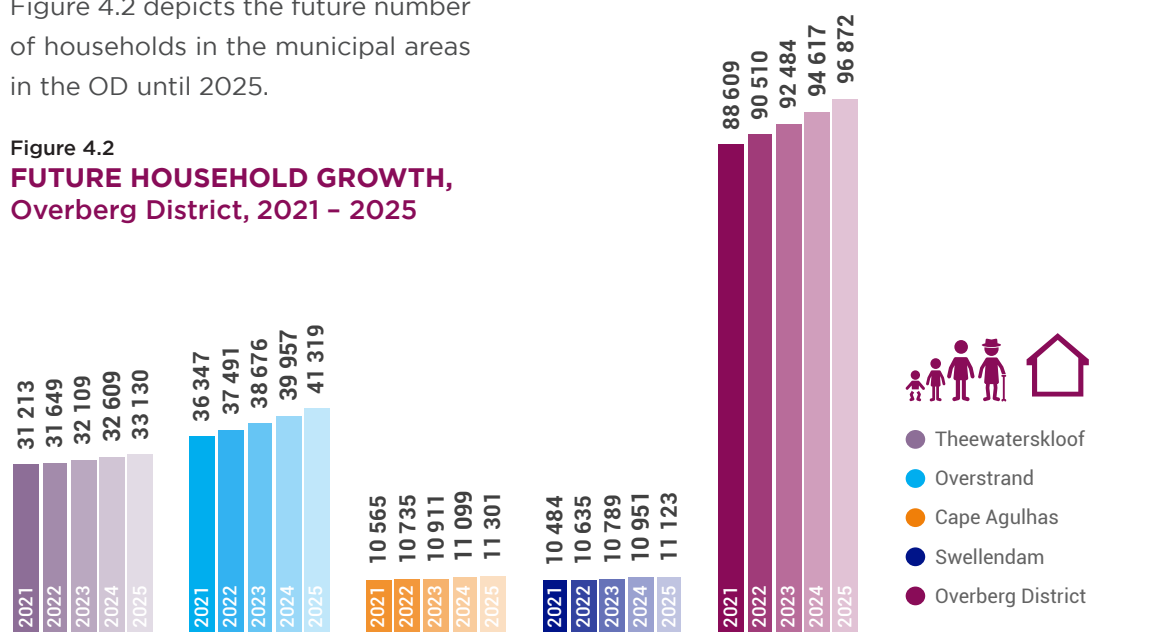
Source: Western Cape Government PPU, 2021. Provincial, District and local municipality population estimates by sex and age (2002 – 2036) based on Stats SA MYPE series 2021 and 2020

The population of the OD is expected to increase by an average annual rate of 1.5 per cent from 304 963 in 2021 to 323 058 in 2025. All municipal areas in the OD are expected to experience population growth between 2021 and 2025. The Theewaterskloof municipal area has the largest population, which is expected to increase by a marginal average annual growth rate of 0.9 per cent from 122 680 in 2021 to 127 006 in 2025. The Overstrand municipal area is expected to have the fastest population growth rate of 2.7 per cent compared with the other municipal areas. The population of the Overstrand municipal area is expected to increase from 107 810 in 2021 to 119 791 in 2025. The anticipated population growth for the Swellendam municipal area is 0.7 per cent, increasing from 39 045 in 2021 to 40 081 in 2025. The Cape Agulhas municipal area is expected to have the slowest population growth of 0.5 per cent compared with the other municipal areas in the District. The population of the Cape Agulhas municipal area is expected to increase from 35 427 in 2021 to 36 182 in 2025. Population growth in the OD is therefore largely as a result of the anticipated growth in the Overstrand municipal area.

Households are the central point of various demographic, social and economic processes owing to decisions regarding education, lifestyles and standards, healthcare and labour force participation.

Figure 4.2 depicts the future number of households in the municipal areas in the OD until 2025.

Figure 4.2
FUTURE HOUSEHOLD GROWTH,
Overberg District, 2021 – 2025



Source: Western Cape Government PPU, 2021. Provincial, District and local municipality population estimates by sex and age (2002 – 2036) based on Stats SA MYPE series 2021 and 2020

The OD is expected to experience an average annual household growth of 2.2 per cent, with households expected to increase from 88 609 in 2021 to 96 872 in 2025. Since household growth in the District is greater than the population growth, it is expected that household sizes are declining over time. It is anticipated that all municipal areas will experience growth in the number of households. The Overstrand municipal area accounts for the largest share of the District's households, and is expected to increase at an average annual rate of 3.3 per cent from 36 347 households in 2021 to 41 319 households in 2025. The fast population and household growth in the Overstrand municipal area will increase the demand for housing, employment and service delivery in the municipal area. The ability to work from home has enabled households to move away from the economic hubs and settle in smaller towns such as Hermanus. This trend can be a valuable injection for the local economy as well as the municipality in terms of income generation, despite the increased demand for services.

The Theewaterskloof municipal area accounts for the second-largest share of the District's households and is expected to increase at an average annual rate of 1.5 per cent from 31 213 in 2021 to 33 130 in 2025. An average annual household growth rate of 1.7 per cent is



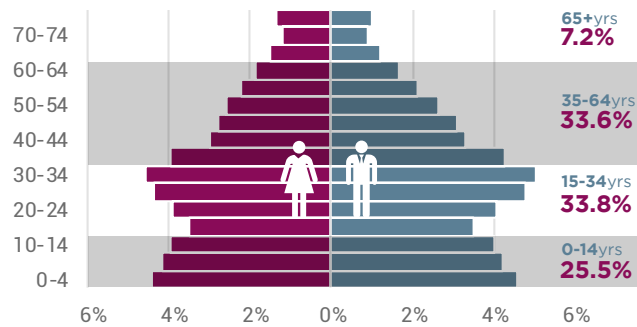
anticipated for the Cape Agulhas municipal area, with an increase from 10 565 households in 2021 to 11 301 households in 2025. The number of households in the Swellendam municipal area is expected to increase at an average annual rate of 1.5 per cent from 10 484 in 2021 to 11 123 in 2025.

Figure 4.3 uses population pyramids to illustrate the gender and age cohorts of the municipal areas in the OD in 2020.

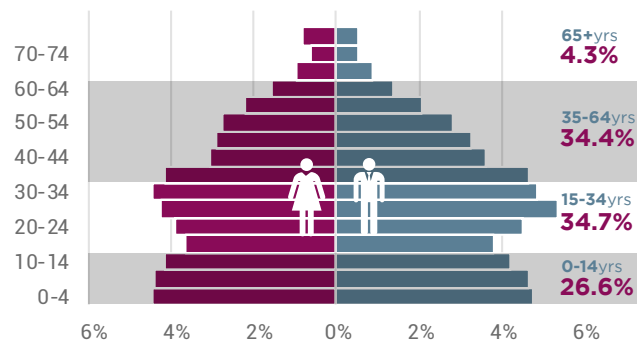
Figure 4.3
GENDER AND AGE DYNAMICS,
Overberg District, 2020



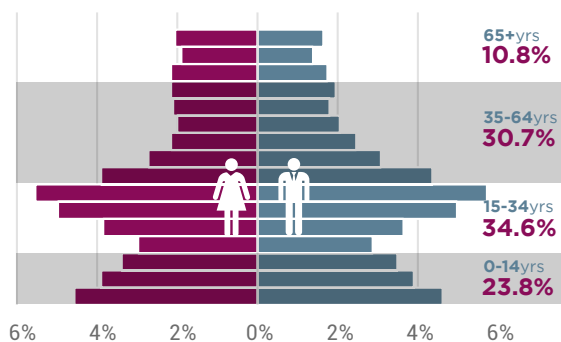
Overberg District



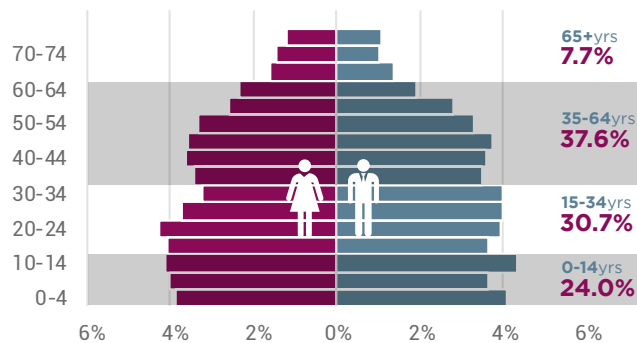
Theewaterskloof



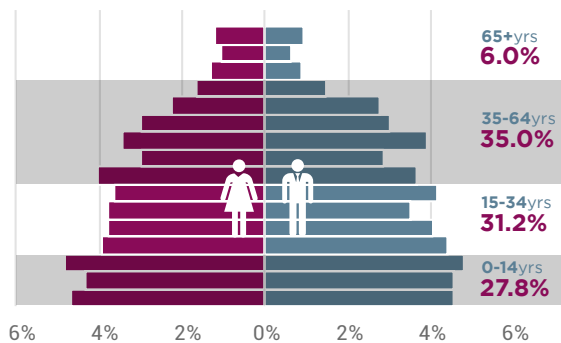
Overstrand



Cape Agulhas



Swellendam



Source: Western Cape Government PPU, 2021. Provincial, District and local municipality population estimates by sex and age (2002 – 2036) based on Stats SA MYPE series 2021 and 2020

The population of the Theewaterskloof municipal area consists mainly of individuals between the ages of 15 and 34 years, who made up 34.7 per cent of the population in 2020. This was closely followed by individuals between 35 and 64 years, who made up 34.4 per cent of the population. Individuals younger than 14 years made up 26.6 per cent of the population. There is thus a high child dependency in the municipal area. Individuals older than 65 made up 4.3 per cent of the population. This shows that most of the population in the Theewaterskloof municipal area is potentially economically active and can contribute to the economy.

In the Overstrand municipal area, the population has a large portion of potentially economically active people, who consisted of 34.6 per cent of individuals between the ages of 15 and 34 years, and 30.7 per cent of individuals between 35 and 64 years in 2020. The population consisted of 10.8 per cent of individuals older than 65, which is considered a fairly large portion of the population compared with the other municipalities in the OD, highlighting that the area is a popular area for retirement. The municipal area is also attracting job-seeking youth and young families. Individuals younger than 14 years made up 23.8 per cent of the population in 2020.

In the Cape Agulhas municipal area, the population consisted of 37.6 per cent of individuals between 35 and 64, and 30.7 per cent of people between the ages of 15 and 34 per cent in 2020. Individuals younger than 14 made up 24.0 per cent of the population, whereas those older than 65 made up 7.7 per cent of the population. Population demographics show a more equally distributed population in terms of age categories compared with the other municipal areas in the District.

In 2020 the largest share of the population in the Swellendam municipal area was made up of individuals between 35 and 64 years (35.0 per cent), followed by those between 15 and 34 years (31.2 per cent). Individuals younger than 14 comprised 27.8 per cent of the population and individuals older than 65 comprised 6.0 per cent of the population.



4.3 HUMAN DEVELOPMENT

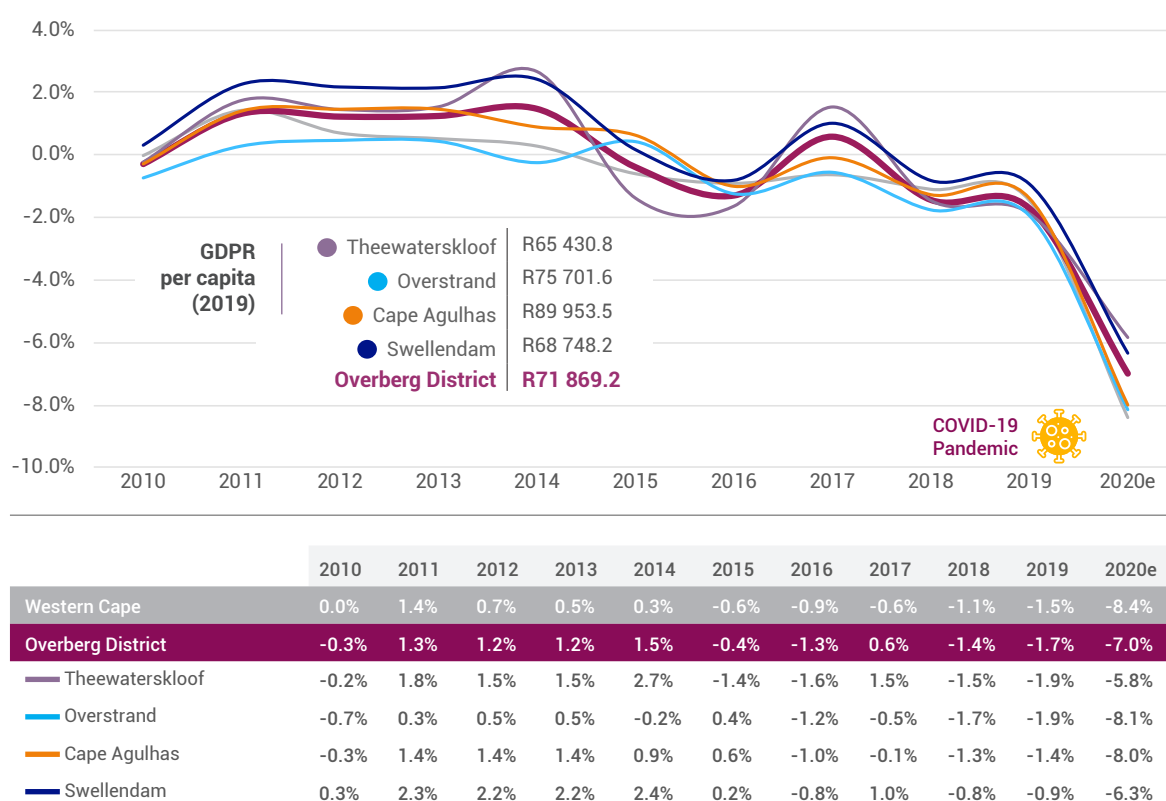
Economists expect economic growth to result in improvements in human development, and economic decline to have an adverse effect on human development. The United Nations uses the HDI to assess the level of socio-economic development in countries. The performance of the economy plays a major role in determining the quality of life for citizens, which is measured by the standard of education, health, dwellings, access to basic services and crime levels.

4.3.1 Income

In 2019, the OD recorded a GDPR per capita of R71 869.2, which is estimated to have declined to R69 643.1 in 2020. The Cape Agulhas municipal area had the highest GDPR per capita in 2019 (R89 953.5), followed by the Overstrand municipal area (R75 701.6).

Figure 4.4 illustrates the OD's GDPR per capita growth between 2010 and 2020.

Figure 4.4
GDPR PER CAPITA GROWTH, Overberg District, 2010 – 2020



Source: Quantec Research, 2021 (e denotes estimate)

In 2020, the OD experienced a significant downturn in the GDPR per capita (7.0 per cent), which was less than the Provincial GDPR per capita decline (8.4 per cent). The Overstrand and Cape Agulhas municipal areas experienced contractions of 8.1 per cent and 8.0 per cent respectively. The Swellendam and Theewaterskloof municipal areas experienced lower declines of 6.3 per cent and 5.8 per cent respectively.

The key factor responsible for the contraction of GDP per capita was the COVID-19 pandemic and the associated lockdown restrictions imposed in March 2020, which severely affected the GDP performance. However, the Swellendam and Theewaterskloof economies were less severely affected owing to strong growth in the agriculture sector.

Table 4.1 provides an overview of the average monthly household income in the OD.

Table 4.1

**AVERAGE MONTHLY HOUSEHOLD INCOME (CURRENT PRICES),
Overberg District, 2019**

MUNICIPALITY	Average household income 2019 (current prices)	Trend 2015 – 2019
● Theewaterskloof	R14 580	0.2%
● Overstrand	R15 990	0.5%
● Cape Agulhas	R19 193	-0.2%
● Swellendam	R15 905	0.7%
Overberg District	R15 804	0.3%
Western Cape	R19 430	-0.3%

Source: Urban-Econ calculations based on Quantec Research, 2021

In 2019 the average monthly household income in the OD was R15 804, which was lower than the average monthly household income in the Western Cape (R19 430). The Cape Agulhas municipal area had the highest average household income (R19 193) in the OD. However, the average household income of the Cape Agulhas municipal area generally declined marginally between 2015 and 2019. Despite having the largest economy in the OD, the Theewaterskloof municipal area had the lowest average household income (R14 580), which can be attributed to the large proportion of people who are employed in the agriculture sector, which is characterised by low wages. On average, the average household income in the OD increased marginally by 0.3 per cent per annum. However, considering that the average inflation over the period was recorded at 5.0 per cent,⁷⁵ household income in the District is not growing sufficiently to compensate for higher prices caused by inflation. Since 2016, annual inflation has been on a declining trend, while remaining within the targets set by the SARB. At a rate of 3.3 per cent in 2020, inflation was at its lowest level in more than a decade. However, the job losses caused by the economic downturn in 2020 are likely to result in a decline in household income.

Stats SA utilises a cost-of-basic-needs approach to produce three poverty lines, namely the food poverty line (FPL), the lower-bound poverty line (LBPL) and the upper-bound poverty line (UBPL). This allows monitoring of poverty at different levels. The FPL is the rand value below which individuals are not able to afford sufficient food that is required for adequate health. The LBPL and the UBPL use the FPL as a base, but they also have a non-food component. Individuals at the LBPL do not have enough resources to purchase both adequate levels of food and non-food items, and must therefore sacrifice food to obtain essential non-food items. Those at the UBPL can afford both adequate food and non-food items.⁷⁶ Between 2019 and 2020, the FPL increased from R561 to R585, the LBPL increased from R810 to R840 and the UBPL increased from R1 227 to R1 268 per person per month.⁷⁷

⁷⁵ (Stats SA, 2021).

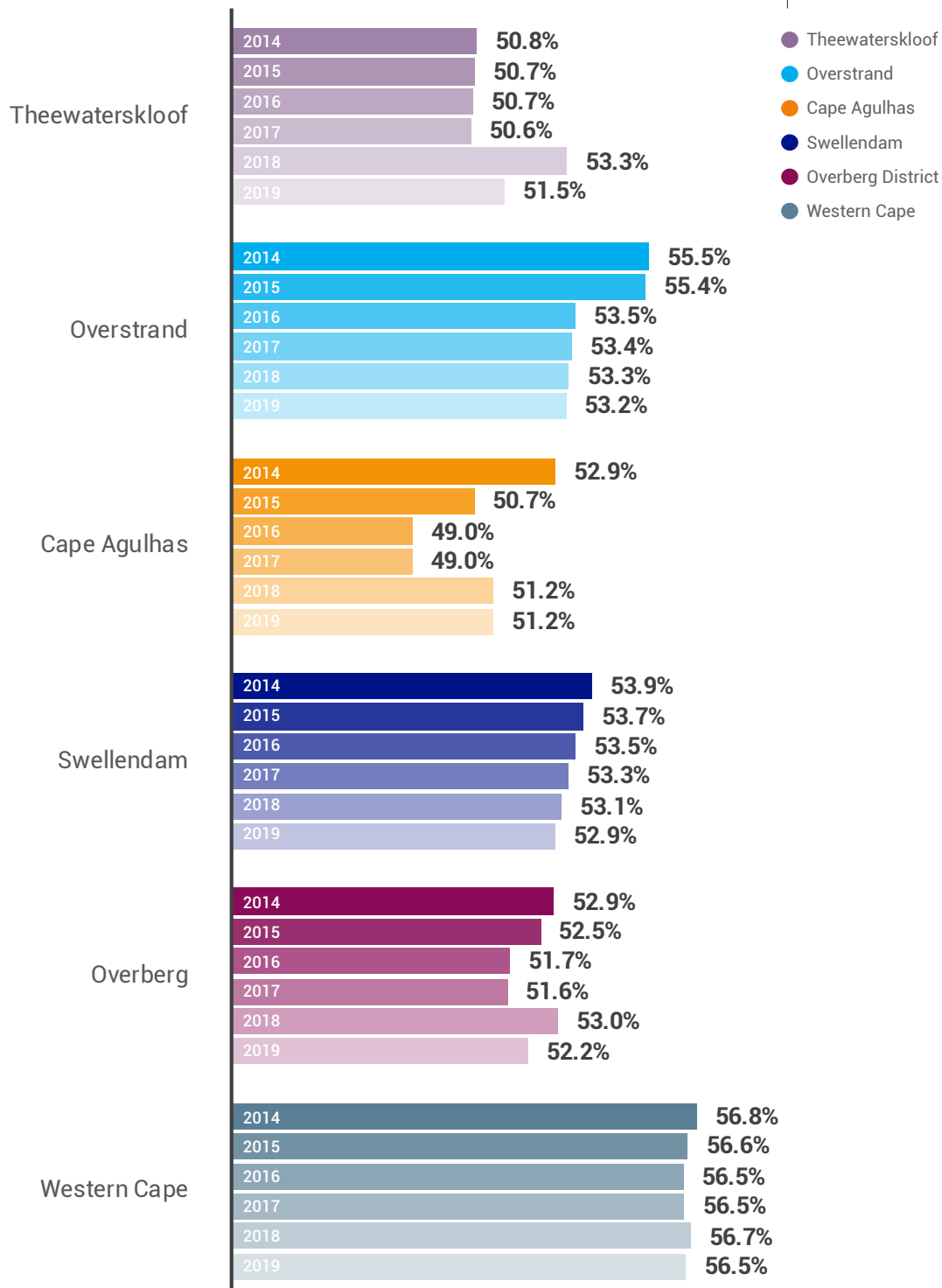
⁷⁶ (Stats SA, 2017).

⁷⁷ (Stats SA, 2020).

The figure below details the proportion of the population that are considered to be at the UBPL.

Figure 4.5

**PROPORTION OF POPULATION AT UBPL,
Overberg District, 2014 – 2019**



Source: IHS Markit, 2021

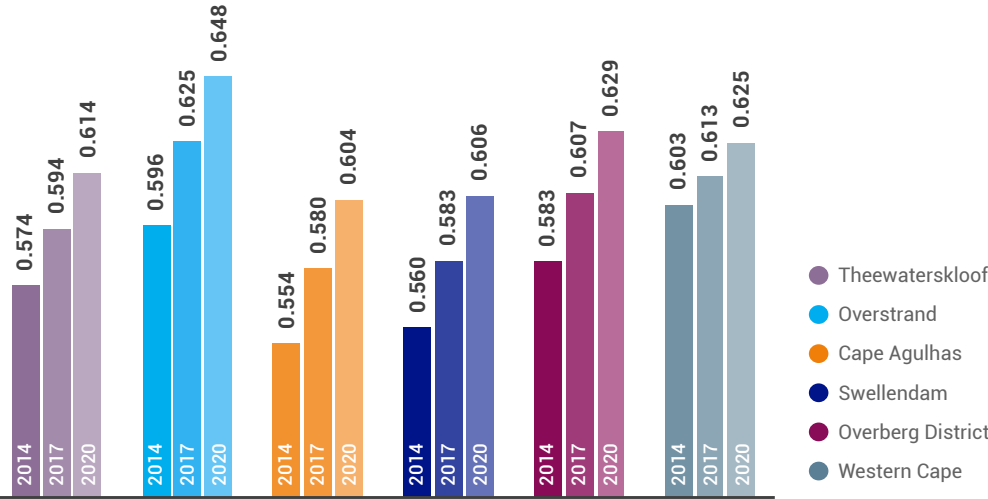
The OD has a smaller proportion of people at the UBPL compared with the Western Cape. The proportion of people at the UBPL declined from 52.9 per cent to 51.6 per cent between 2014 and 2017 before increasing to 53.0 per cent in 2018. This increase in poverty could be related to the drought conditions that prevailed in the Province. However, the proportion of people at the UBPL declined again in 2019 to 52.2 per cent. The Theewaterskloof municipal area recorded a similar trend, while the Overstrand and Swellendam municipal areas recorded consistent declines in the proportion of people at the UBPL between 2014 and 2019. The Cape Agulhas municipal area recorded a decline between 2014 and 2017, after which it remained constant at 51.2 per cent.



There are numerous measurements of inequality in a society, including income, expenditure, asset, employment, education, health, basic services and social mobility inequality. By utilising a multidimensional view of inequality, the broader context of the challenges South Africans face can be analysed. Ratios and indices that measure inequality include the Gini coefficient, the Theil index, general entropy, the Palma ratio and the Atkinson index.⁷⁸ However, on a local municipal level, data that is readily available and most widely used is the Gini coefficient, which can therefore be utilised to analyse income inequality on a local level.

Figure 4.6 illustrates the Gini coefficients for the local municipal areas of the OD between 2014 and 2020.

Figure 4.6
GINI COEFFICIENTS, Overberg District, 2014 – 2020



Source: IHS Markit, 2021

The Gini coefficient is an indicator of income inequality and ranges between 0 and 1, with 0 representing complete equality and 1 representing complete inequality.

With a Gini coefficient of 0.629 in 2020, income inequality in the OD is higher compared with the Province. Of the municipal areas in the OD, the Overstrand municipal area recorded the highest Gini coefficient (0.648), followed by the Theewaterskloof municipal area (0.614).

⁷⁸ (Stats SA, 2019).

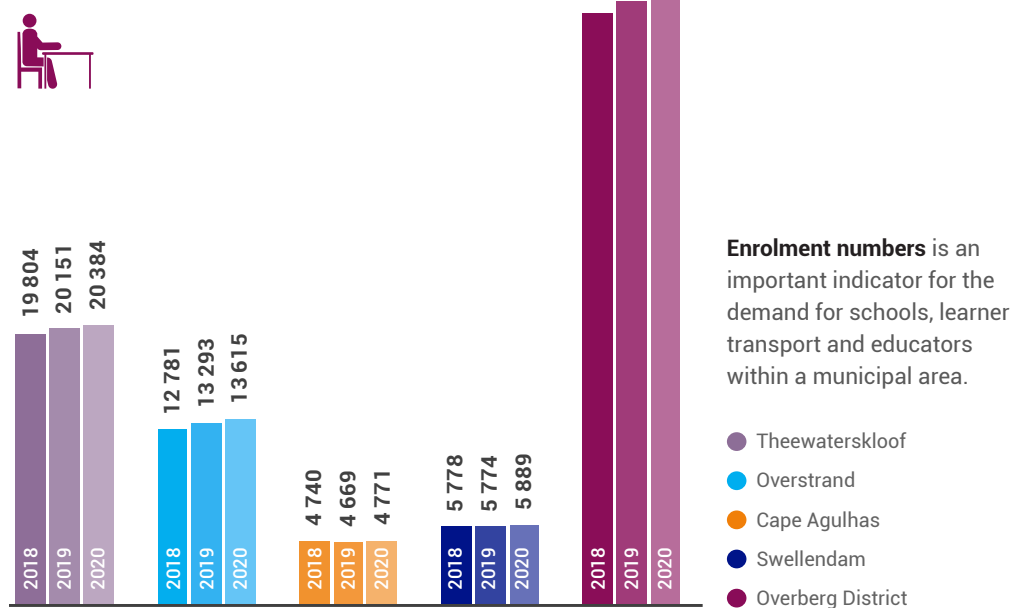
Income inequality increased in all municipal areas in the OD between 2014 and 2020. The Gini coefficient in the OD increased from 0.583 in 2014 to 0.629 in 2020. In the Theewaterskloof municipal area the Gini coefficient increased from 0.574 in 2014 to 0.614 in 2020, whereas in the Overstrand municipal area the Gini coefficient increased from 0.596 in 2014 to 0.648 in 2020. The Gini coefficient in the Cape Agulhas municipal area increased from 0.554 in 2014 to 0.604 in 2020, and in the Swellendam municipal area it increased from 0.560 in 2014 to 0.606 in 2020. The significant increase in income inequality in municipal areas in the OD could be attributed to the major drought, which has had socio-economic impacts on households in rural communities, as they largely depend on agriculture as a source of income. Additionally, the COVID-19 pandemic has also resulted in job losses, which could also have affected income inequality in 2020.

4.3.2 Education

This subsection explores the educational circumstances of households in the OD by analysing data on learner enrolments, the Grade 10 to 12 retention rate, matric pass rates and learner-teacher ratios.

Figure 4.7 depicts changes in learner enrolments in the OD between 2018 and 2020.

Figure 4.7
LEARNER ENROLMENTS,
Overberg District, 2018 – 2020



Source: Western Cape Education Department, 2021

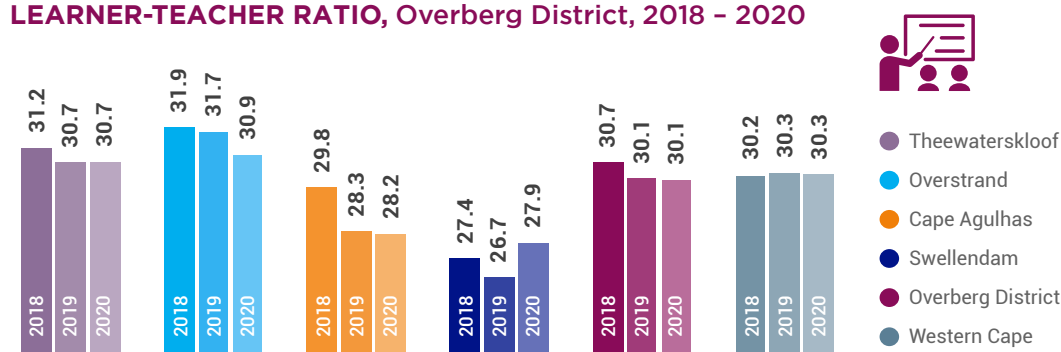
The number of student enrolments in the OD increased from 43 103 in 2018 to 44 659 in 2020. All municipal areas in the OD experienced increases in the number of learner enrolments. The Theewaterskloof municipal area accounted for the largest portion of enrolments, which increased by 580 learners from 19 804 learners in 2018 to 20 384 learners in 2020. The Overstrand municipal area recorded the highest learner enrolment increase over the period (834 learners). This is in line with the large population growth in this municipal area. Given these current trends, it is anticipated that the demand for school infrastructure will increase in the future.

The Cape Agulhas municipal area accounts for the smallest share of learner enrolments in the District and also experienced the lowest increase in enrolments between 2018 and 2020 (31 learners).

Figure 4.8 illustrates the learner-teacher ratios for the OD and the Western Cape.

Figure 4.8

LEARNER-TEACHER RATIO, Overberg District, 2018 – 2020



Source: Western Cape Education Department, 2021

Learner-teacher ratios are indicative of the capacity of schools to accommodate more learners. Learner-teacher ratio upper limits of 40:1 in ordinary primary schools and 35:1 in ordinary high schools are set by the Department of Education.⁷⁹ Lower learner-teacher ratios are associated with more interaction between teachers and learners, which could contribute to better-quality education.⁸⁰

The learner-teacher ratio in the OD improved from 30.7 learners per teacher in 2018 to 30.1 learners per teacher in 2020 and is marginally lower than that of the Province (30.3 learners per teacher). All municipal areas except the Swellendam municipal area experienced an improved learner-teacher ratio between 2018 and 2020. The learner-teacher ratio in the Theewaterskloof municipal area decreased from 31.2 learners per teacher in 2018 to 30.7 in 2020. In the Overstrand municipal area, the learner-teacher ratio improved from 31.9 learners per teacher in 2018 to 30.9 learners per teacher in 2020. The learner-teacher ratio in the Cape Agulhas municipal area also improved from 29.8 learners per teacher in 2018 to 28.2 learners per teacher in 2020. These improvements indicate that the number of educators increased in these municipal areas.

Despite the increase in the learner-teacher ratio in Swellendam, this municipal area has the lowest learner-teacher ratio compared with other municipal areas in the District. The learner-teacher ratio in Swellendam increased from 27.4 learners per teacher in 2018 to 27.9 learners per teacher in 2020.

The learner-teacher ratio is a strong indicator of the students' level of engagement in a class, the quality of education and student achievement. A lower learner-teacher ratio may result in teachers being able to provide more personalised teaching methods, which improve the ability of students to achieve. Research has also shown that lower learner-teacher ratios are associated with better test results, fewer drop-out learners and higher graduation rates.⁸¹

⁷⁹ (Sephton, S, 2017).

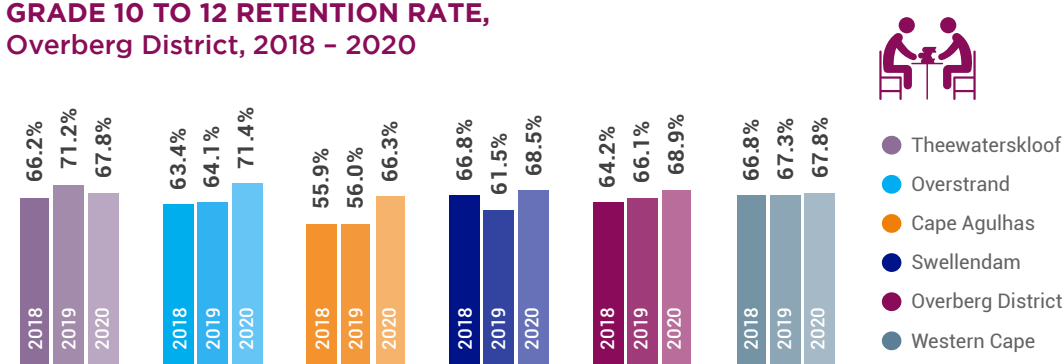
⁸⁰ (Southern and Eastern Africa Consortium for Monitoring Educational Quality, 2011).

⁸¹ (The Hun School of Princeton, 2019).

Figure 4.9 shows the Grade 10 to 12 retention rates of the OD between 2018 and 2020.

Figure 4.9

GRADE 10 TO 12 RETENTION RATE, Overberg District, 2018 – 2020



Source: Western Cape Education Department, 2021

The learner retention rate is determined by obtaining the proportion of Grade 12 learners in a particular year compared with the number of Grade 10 learners two years previously. This shows the proportion of students who progressed to Grade 12, compared with those enrolled in Grade 10 two years before.

In 2020, the OD recorded a higher retention rate (68.9 per cent) than the Western Cape (67.8 per cent). The OD experienced an increase in the retention rate from 64.2 per cent in 2018 to 68.9 per cent in 2020. The Overstrand (71.4 per cent) and Swellendam (68.5 per cent) municipal areas had the highest learner retention rates in 2020.

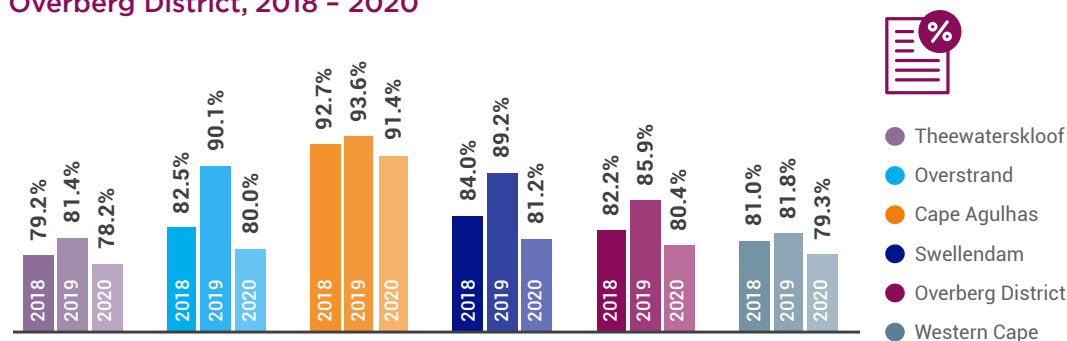
All municipal areas recorded an increase in the learner retention rate between 2019 and 2020, except the Theewaterskloof municipal area, where it declined from 71.2 per cent in 2019 to 67.8 per cent in 2020. The Cape Agulhas municipal area had the lowest retention rates between 2018 and 2020, but recorded a substantial increase over the period under review.

Access to education is an important indicator for labour market skills and access to economic opportunity. Local challenges that result in learners leaving school before Grade 12 need to be assessed, especially considering that most sectors require semi-skilled and skilled labour. Some of these local challenges may include teenage pregnancies or children from low-income households dropping out of school in order to provide an income to households.

Together with several other variables not considered in this section, learner enrolment, learner-teacher ratios and Grade 10 to 12 retention rates all contribute towards an area's Grade 12 pass rate. Figure 4.10 depicts the OD's matric pass rate between 2018 and 2020.

Figure 4.10

MATRIC PASS RATE, Overberg District, 2018 – 2020



Source: Western Cape Education Department, 2021

The OD had a marginally higher matric pass rate than the Western Cape. However, the District experienced a drop in the matric pass rate from 85.9 per cent in 2019 to 80.4 per cent in 2020. The disrupted school year as a result of COVID-19 lockdown measures could have influenced the academic performance of many learners.

For the entire period under review, the Cape Agulhas municipal area had the highest matric pass rate compared with other municipal areas in the District. The Cape Agulhas municipal area, however, experienced a decline from 92.7 per cent in 2018 to 91.4 per cent in 2020. The Theewaterskloof municipal area also experienced a decline in the matric pass rate, from 79.2 per cent in 2018 to 78.2 per cent 2020. The Overstrand municipal area experienced a decline from 82.5 per cent in 2018 to 80.0 per cent in 2020. The Swellendam municipal area also experienced a decline in the matric pass rate, from 84.0 per cent in 2018 to 81.2 per cent in 2020. Although the retention rate increased in most of the municipal areas from 2018 to 2020, the matric pass rate declined over the same period.



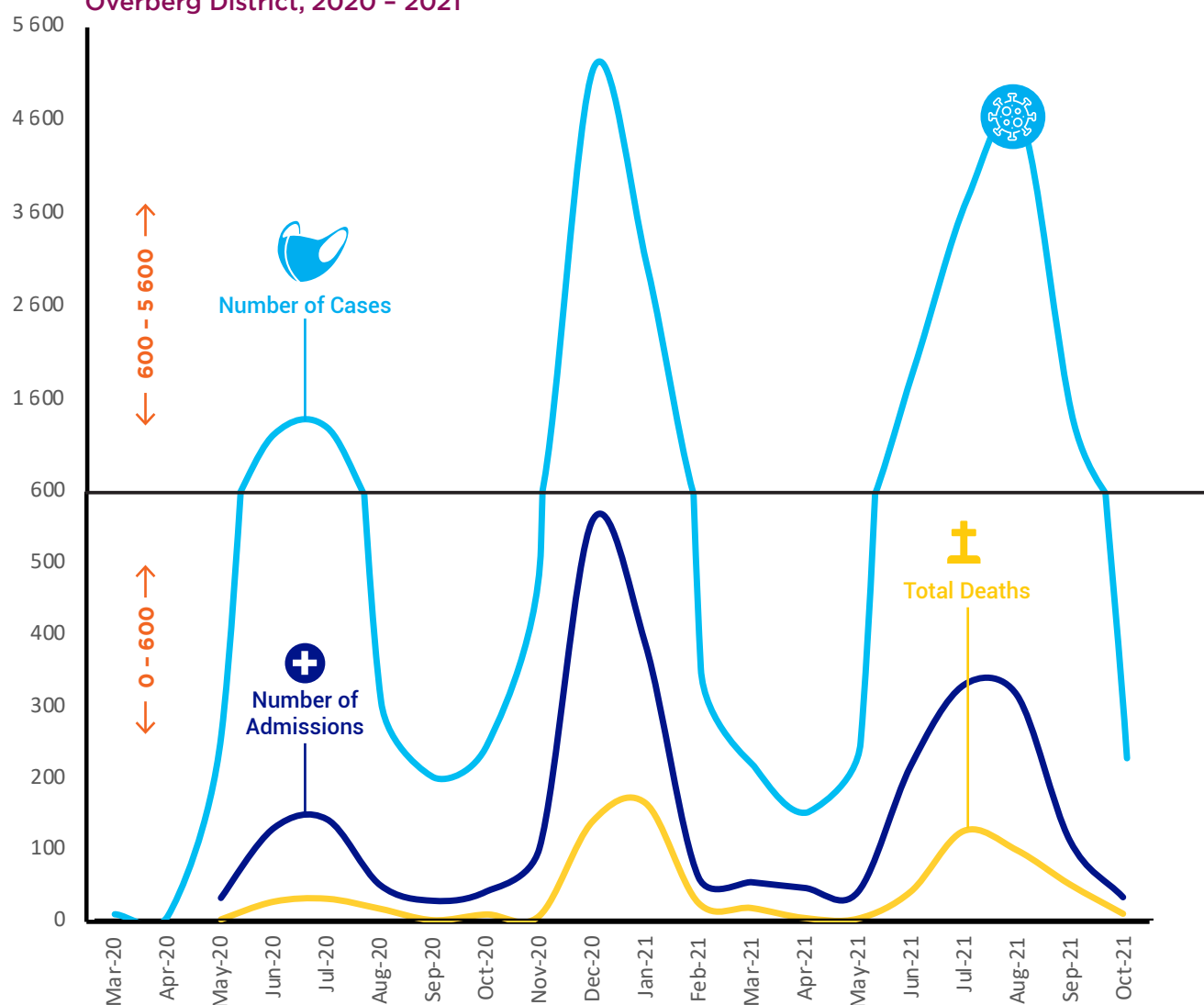
4.3.3 Health

This subsection analyses the health conditions of people living in the OD by reviewing COVID-19, the causes of death, HIV, TB, infant mortality rates, maternal death rates and teenage pregnancies.

4.3.3.1 COVID-19

The number of recorded cases, hospital admissions and deaths in the OD are provided in Figure 4.11.⁸²

Figure 4.11
COVID-19 CASES, ADMISSIONS AND DEATHS,
Overberg District, 2020 – 2021



Source: Western Cape Department of Health, 2021

	Mar 20	Apr 20	May 20	Jun 20	Jul 20	Aug 20	Sep 20	Oct 20	Nov 20	Dec 20	Jan 21	Feb 21	Mar 21	Apr 21	May 21	Jun 21	Jul 21	Aug 21	Sep 21	Oct 21
Cases	9	6	254	1 224	1 300	302	197	244	517	5 177	3 028	349	213	149	246	1 938	3 766	4 613	1 335	224
Admissions	3	0	32	130	142	50	28	41	101	560	387	61	54	46	40	217	330	316	112	33
Total deaths	0	0	3	28	32	18	2	10	8	140	166	26	19	5	4	42	127	100	52	11

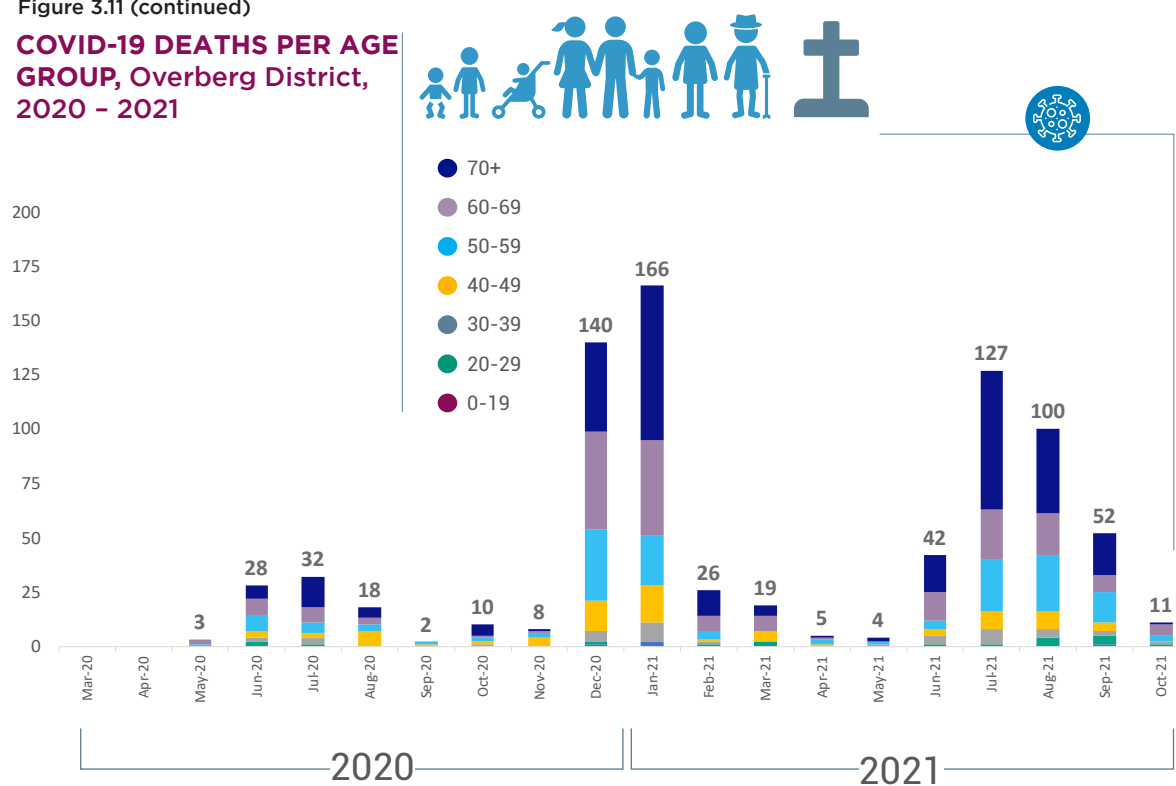
⁸² Data for COVID-19 cases, admissions and deaths was extracted on 2 November 2021.

The number of COVID-19 cases in the OD experienced a significant increase from eight cases in March 2020 to 256 cases in May 2020. The District experienced its peak of the first wave with 1 300 recorded cases in July 2020, after which the number of cases declined and remained fairly stable for about three months. The second wave of COVID-19 cases is evident for the period between November 2020 and January 2021. The District reached a peak of 5 177 cases in December 2020. At the height of the third wave, the number of cases reached 4 613 in August 2021. The highest recorded admissions were also seen during the peak of the second wave, with 560 admissions in December 2020. The highest recorded number of deaths followed the peak of the second wave, with 166 recorded deaths in January 2021.

Older persons had a higher incidence of death, with people older than 70 making up 43.8 per cent, 42.8 per cent and 50.4 per cent of deaths during the peak periods of July 2020, January 2021 and July 2021 respectively.

Figure 3.11 (continued)

COVID-19 DEATHS PER AGE GROUP, Overberg District, 2020 - 2021



Source: Western Cape Department of Health, 2021



By mid-August 2021, 78.4 per cent of persons older than 60 had received at least one vaccine dose in the OD, while 30.7 per cent of persons between the ages of 50 and 59, and 12.6 per cent of persons between the ages of 35 and 49, had received at least one vaccine dose. Vaccine rates in the OD for those younger than 60 were lower than those of the Province, where 39.4 per cent of people between the ages of 50 and 59 had received at least one vaccine dose and 18.7 per cent of people between the ages of 35 and 49 had received at least one dose by mid-August.

4.3.3.2 Mortality

Table 4.2 provides an overview of the top 10 natural causes of death in the OD in 2018.

Table 4.2

TOP 10 NATURAL CAUSES OF DEATH, Overberg District, 2018

Rank	Overberg District		Western Cape	
	Cause of death	%	Cause of death	%
1	Cerebrovascular diseases	7.4%	Diabetes mellitus	7.6%
2	Ischaemic heart disease	7.2%	Ischaemic heart disease	6.1%
3	Diabetes mellitus	7.0%	Cerebrovascular diseases	5.9%
4	Malignant neoplasms of respiratory and intrathoracic organs	6.3%	HIV	5.7%
5	Chronic lower respiratory diseases	6.1%	Chronic lower respiratory diseases	5.1%
6	HIV	5.4%	TB	4.9%
7	Malignant neoplasms of digestive organs	5.2%	Malignant neoplasms of digestive organs	4.5%
8	Hypertensive diseases	3.7%	Malignant neoplasms of respiratory and intrathoracic organs	4.5%
9	TB	3.6%	Hypertensive diseases	3.8%
10	Other forms of heart disease	3.3%	Other forms of heart disease	3.3%
Other natural		34.0%		35.6%
Non-natural		10.8%		13.0%

Source: Stats SA, 2021

The main natural cause of death in the OD is cerebrovascular disease, accounting for 7.4 per cent of deaths in the District in 2018. This was closely followed by ischaemic heart disease and diabetes mellitus, which accounted for 7.2 per cent and 7.0 per cent of total deaths respectively in the District. Proportionally more people died from HIV in 2018 (5.4 per cent) compared with 2017 (4.1 per cent). On a Provincial level, diabetes mellitus was the main natural cause of death (7.6 per cent), followed by ischaemic heart disease (6.1 per cent) and cerebrovascular disease (5.9 per cent).

Proportionally fewer people died from non-natural causes in the OD (10.8 per cent) compared with the Province (13.0 per cent). Furthermore, the proportion of people who died from non-natural causes in the OD declined from 12.2 per cent in 2017.



WELLBEING

Diabetes mellitus is considered a lifestyle disease that places severe strain on the public healthcare system. Obesity, caused by poor diet and lack of physical activity, is one of the leading causes of Type 2 diabetes. One of the focus areas of the Western Cape Recovery Plan is increasing the wellbeing of citizens by promoting nutrition, exercise and psychosocial support, and it can therefore play a critical role in reducing the burden of lifestyle diseases, as well as mortalities, on the healthcare system.

4.3.3.3 HIV/AIDS and TB

Table 4.3 provides an overview of the trends in HIV testing, treatment and outcomes in the OD between 2017/18 and 2020/21.

Table 4.3

TRENDS IN HIV TESTING, TREATMENT AND OUTCOMES, Overberg District, 2017/18 – 2020/21



	2017/18	2018/19	2019/20	2020/21
Known HIV+ (Tested; n)	20 288	20 596	20 066	21 030
Of which: Clients started but no longer on ART	36.4%	47.8%	34.6%	40.7%
Of which: Clients on ART	59.1%	63.7%	54.7%	47.5%
Of which: Clients with confirmed viral suppression	75.4%	73.5%	66.0%	65.9%

Source: Western Cape Department of Health, 2021

The number of people who tested positive for HIV increased from 20 288 in 2017/18 to 21 030 in 2020/21. Despite more people knowing their status in 2020/21, treatment of HIV was likely to have been negatively influenced by the disruptions caused by COVID-19 in 2020/21.

The Joint United Nations Programme on HIV/AIDS (UNAIDS) targeted that by 2020, 90.0 per cent of all people living with HIV would know their status, 90.0 per cent of people diagnosed with HIV would be receiving antiretroviral treatment (ART) and 90.0 per cent of people receiving ART would have viral suppression.⁸³ The number of patients on ART fluctuated during the period under review, but a general decrease from 59.1 per cent in 2017/18 to 47.5 per cent in 2020/21 is evident. Viral suppression is when HIV medicine is used to reduce the viral load in the body in such a way that the immune system can function.⁸⁴ Patients with confirmed viral suppression decreased from 75.4 per cent in 2017/18 to 65.9 per cent in 2020/21. People who started with ART but are no longer on ART fluctuated over the given period but generally experienced an increase, from 36.4 per cent in 2017/18 to 40.7 per cent in 2020/21.

The age group that is most susceptible to infection (those between the ages of 15 and 50) is also the most economically and socially active.⁸⁵ The economic impacts of HIV/AIDS include reduced labour supply, reduced labour productivity, reduced exports and increased imports.⁸⁶ Given the current economic challenges in the OD, increasing ART and viral suppression is essential.

⁸³ (UNAIDS, 2014).

⁸⁴ (Centers for Disease Control and Prevention, 2021).

⁸⁵ (UNAIDS, 2000).

⁸⁶ (Dixon, et al., 2002).

Table 4.4 provides a detailed breakdown of the trends in TB notification and outcomes in the OD between 2018/19 and 2020/21.

Table 4.4
TRENDS IN TB NOTIFICATION AND OUTCOMES,
Overberg District, 2018/19 – 2020/21



	2018/19	2019/20	2020/21
TB programme success rate	86.3%	87.4%	65.2%
TB clients lost to follow-up	6.8%	9.9%	29.6%
TB clients death rate	2.6%	2.6%	3.1%
TB/HIV co-infected	36.8%	35.7%	36.7%
TB MDR treatment success rate	58.9%	62.2%	67.3%

Source: Western Cape Department of Health, 2021

The COVID-19 pandemic posed extensive challenges to the healthcare system and the TB programme success rate also decreased from 86.3 per cent in 2018/19 to 65.2 per cent in 2020/21. The percentage of TB clients lost to follow-up experienced a significant increase from 6.8 per cent in 2018/19 to 29.6 per cent in 2020/21. The TB client death rate remained stagnant for 2018/19 and 2019/20, but increased from 2.6 per cent in 2018/19 and 2019/20 to 3.1 per cent in 2020/21. The TB/HIV co-infection rate experienced some fluctuations for the period under review, but a general decline is evident from 36.8 per cent in 2018/19 to 36.7 per cent in 2020/21. However, the multidrug-resistant (MDR) treatment success rate increased from 58.9 per cent in 2018/19 to 67.3 per cent in 2020/21.

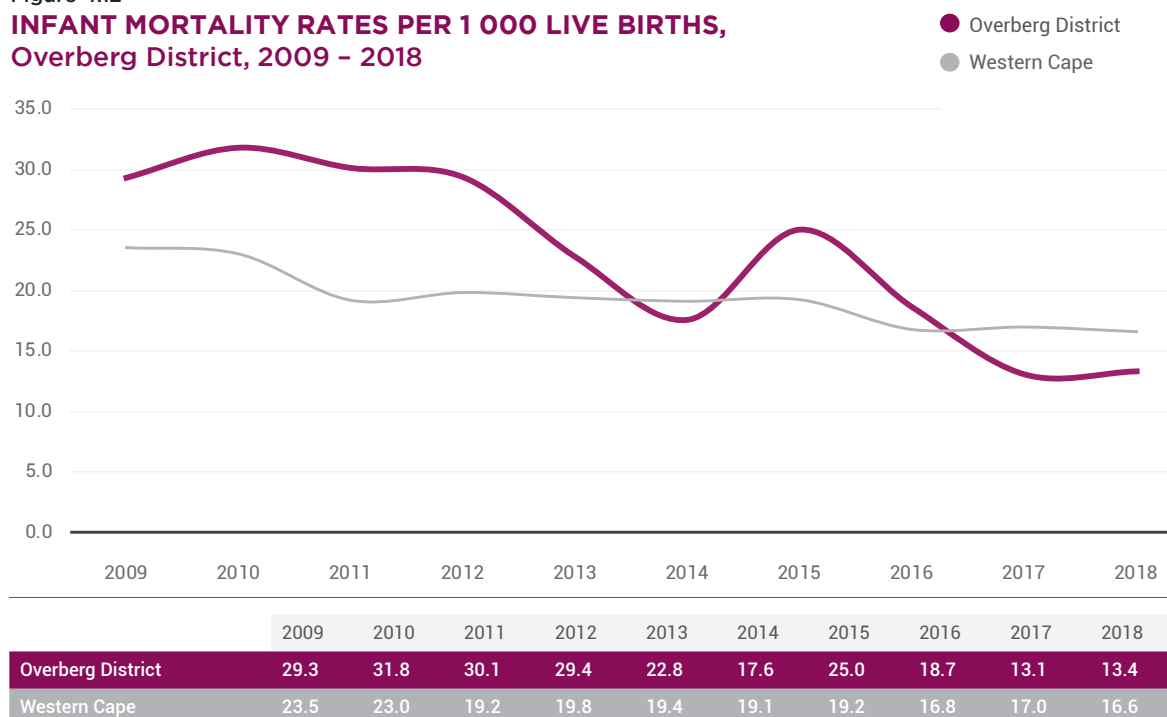


4.3.3.4 Infant, child and maternal health

Figure 4.12 depicts the infant mortality rates per 1 000 live births in the OD and the Western Cape between 2009 and 2018.

Figure 4.12

INFANT MORTALITY RATES PER 1 000 LIVE BIRTHS, Overberg District, 2009 – 2018



Source: Western Cape Department of Health, 2021

The general trend for the OD shows that infant mortality rates decreased from 29.3 deaths per 1 000 live births in 2009 to 13.4 deaths per 1 000 live births in 2018. Additionally, the infant mortality rate was higher in the OD than the Western Cape for most of the period between 2009 and 2016, after which it dropped to below the infant mortality rate of the Western Cape in 2017 and 2018.

Table 4.5 outlines the maternal death rates per 100 000 live births in the OD between 2018 and 2020.

Table 4.5

MATERNAL DEATH RATES PER 100 000 LIVE BIRTHS, Overberg District, 2018 – 2020

MUNICIPALITY	2018	2019	2020
● Theewaterskloof	139.9	0	51.6
● Overstrand	0	0	0
● Cape Agulhas	0	0	0
● Swellendam	0	0	0
Overberg District	53.6	0	22.1

Source: Western Cape Department of Health, 2021

The maternal death rate is defined as maternal deaths per 100 000 live births in health facilities. Maternal death is death occurring during pregnancy, childbirth and the puerperium of a woman while pregnant or within 42 days of termination of pregnancy, irrespective of the duration and site of pregnancy and irrespective of the cause of death (obstetric and non-obstetric).

Maternal deaths declined to zero in 2019 from 53.6 deaths per 100 000 live births in 2018, before increasing to 22.1 deaths per 100 000 live births. In all three reference periods, only the Theewaterskloof municipal area recorded any maternal deaths.

4.3.3.5 Teenage pregnancy

Teenage pregnancies can perpetuate the poverty cycle while also resulting in early school drop-out by pregnant teenagers. Teenage pregnancy is influenced by several factors, including lack of knowledge or access to contraceptives, access to healthcare services and other socio-cultural factors. Table 4.6 provides a municipal breakdown of teenage pregnancies in the OD between 2018 and 2020 by indicating the percentage of babies born to mothers aged between 10 and 19 years.

Table 4.6
DELIVERY RATE TO WOMEN 10 - 19 YEARS,
Overberg District, 2018 - 2020

MUNICIPALITY	2018	2019	2020
● Theewaterskloof	16.6%	13.7%	16.5%
● Overstrand	10.7%	11.5%	10.5%
● Cape Agulhas	20.5%	15.0%	12.8%
● Swellendam	16.0%	14.5%	16.8%
Overberg District	14.7%	13.1%	14.0%

Source: Western Cape Department of Health, 2021

The OD experienced a decrease in the delivery rate for women between 10 and 19 years between 2018 (14.7 per cent) and 2019 (13.1 per cent) before it increased again in 2020 (14.0 per cent). The Cape Agulhas municipal area had the highest delivery rates to teenagers compared with other municipal areas in 2018, but experienced the most significant decrease, from 20.5 per cent in 2018 to 12.8 per cent in 2020.

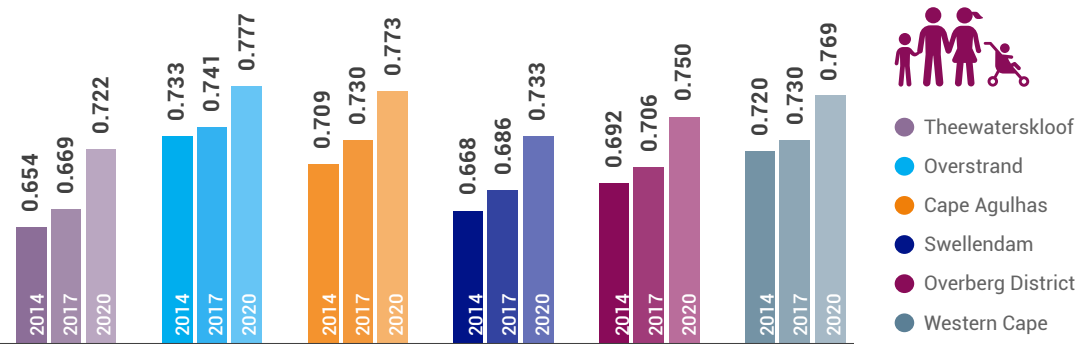
Between 2019 and 2020, the Overstrand municipal area also recorded a decline in the birth rate to teenagers, while the Swellendam and Theewaterskloof municipal areas recorded increases to 16.8 per cent and 16.5 per cent respectively. An increase in delivery rates to teenagers puts additional pressure on the public sector for support, as these teenagers often drop out of school and therefore struggle to find employment owing to low skill levels.



4.3.4 Human Development Index

The HDI is defined as a composite indicator reflecting education levels, health and income, and is used to assess the relative level of socio-economic development in countries. Economic performance plays an important role in determining the quality of life of citizens; economists expect economic growth to result in improvements in human development, and economic decline to have an adverse effect on human development. Figure 4.13 illustrates changes in the OD’s HDI between 2014 and 2020.

Figure 4.13
HDI PER MUNICIPAL AREA, Overberg District, 2014 – 2020



Source: IHS Markit, 2021

The HDI is a measure of people’s ability to live a long and healthy life, to communicate, to participate in the community and to have sufficient means to afford a decent standard of living. The HDI is represented by a number between 0 and 1, where 1 indicates a high level of human development and 0 represents no human development.

For the period under review, the OD had a lower HDI compared with the Western Cape. However, the OD experienced an HDI increase from 0.692 in 2014 to 0.750 in 2020. All municipal areas experienced an increase in the HDI. The Overstrand and Cape Agulhas municipal areas had the highest HDI levels in the OD for the period under review, which is in line with the higher levels of income prevalent in these municipal areas.

GLOBAL HDI COMPARISON

According to the United Nations Development Programme (UNDP),⁸⁷ South Africa was ranked 114th in the world with an HDI of 0.709 in 2019, which was lower than the average world HDI of 0.737. However, the HDI in South Africa was still considered to be high and was above the average HDI of developing countries (0.689). Globally, Norway had the highest HDI in 2019 (0.957), while Niger was ranked lowest at 0.394. In 2019, the HDI in the Western Cape (0.757) was also considered high according to the UNDP classification, and was above the world average. The 2019 HDI in the OD (0.737) was considered to be high according to the HDI classification and was on a par with that of Mongolia (0.737).

⁸⁷ (UNDP, 2021).

4.4 HOUSING AND ACCESS TO BASIC SERVICES

Table 4.7 depicts the different types of dwellings for households living in the OD in 2020. Most households in the District reside in formal dwellings, which is regarded as a basic human right.

Table 4.7

NUMBER AND PROPORTION OF DWELLINGS, Overberg District, 2020



DWELLING TYPE	Overberg District		● Theewaterskloof		● Overstrand		● Cape Agulhas		● Swellendam	
	Number	% of total	Number	% of total	Number	% of total	Number	% of total	Number	% of total
Formal	70 169	79.9%	27 874	78.3%	23 339	77.6%	9 032	83.6%	9 924	87.8%
Informal	14 801	16.9%	6 225	17.5%	5 844	19.4%	1 531	14.2%	1 202	10.6%
Other	2 806	3.2%	1 496	4.2%	893	3.0%	239	2.2%	179	1.6%

Source: Quantec Research, 2021

Formal dwelling refers to a structure built according to approved plans, i.e. house on a separate stand, flat or apartment, townhouse, room in back yard, rooms or flatlet elsewhere.

Informal dwelling is a makeshift structure not erected according to approved architectural plans, for example shacks or shanties in informal settlements or in back yards.

In 2020, 79.9 per cent of households in the OD lived in formal dwellings, whereas 16.9 per cent of households lived in informal dwellings. In all municipal areas, most of the households resided in formal dwellings, with the Swellendam municipal area having the largest share of formal dwellings (87.8 per cent). In the Theewaterskloof municipal area, 78.3 per cent of households lived in formal dwellings, whereas in the Overstrand and Cape Agulhas municipal areas, 77.6 per cent and 83.6 per cent of households lived in formal dwellings respectively.

The main towns in the Overstrand and Theewaterskloof municipal areas, such as Hermanus and Grabouw, attract people who are looking for work, which often leads to an increase in informal dwellings owing to the lack of available affordable housing. The job losses that occurred in 2020 as a result of the COVID-19 pandemic have increased the need for housing in some areas of the OD. In the Overstrand municipal area, there has been an increase in informal settlements as well as land invasions between 2020 and 2021.⁸⁸ The Theewaterskloof Municipality also recorded three new informal settlements, while existing settlements have grown.⁸⁹

Access to basic services, particularly services such as water and sanitation, can influence the health, safety and wellbeing of communities. Furthermore, by providing basic services to communities, municipalities are creating an enabling environment that will allow for private investment and entrepreneurship that can create local economic opportunities. In some instances, households have access to electricity directly from Eskom, and not through a local authority.

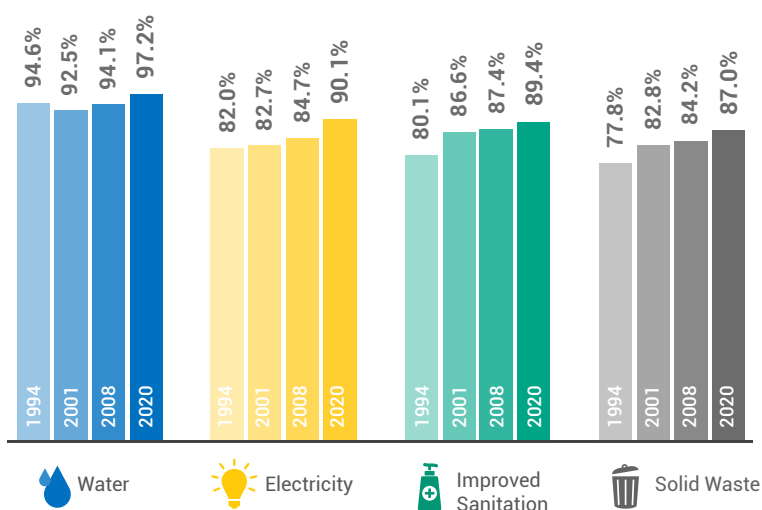
⁸⁸ (Overstrand Municipality, 2021).

⁸⁹ (Theewaterskloof Municipality, 2021).

Figure 4.14 illustrates the access to basic services in the OD.

Figure 4.14

ACCESS TO BASIC SERVICES, Overberg District, 1994 – 2020



Access to a basic level of piped or tap water

refers to having access to water inside a dwelling or yard or within 200m of the home.

Access to improved sanitation

includes having access to a flush or chemical toilet or a pit toilet with ventilation.

Access to a basic level of solid waste removal services

includes having refuse removed at least once a week by local government, or having access to a communal refuse container or collection point.⁹⁰

Source: Urban-Econ calculations based on Quantec Research, 2021

Generally, access to basic services in the OD has increased since 1994. Access to piped water declined slightly between 1994 (94.6 per cent) and 2001 (92.5 per cent), before increasing to 97.2 per cent in 2020. Access to electricity for lighting, improved sanitation and solid waste services also increased by 8.0 percentage points, 9.4 percentage points and 9.2 percentage points respectively. Access to solid waste removal services often lags other services, as many households reside on farms, which affects the feasibility of municipal collection.



Not only are waste removal services an essential service to communities, they can also be utilised to facilitate additional job creation. For example, the new Hermanus Waste Management facility in the Overstrand municipal area includes a sorting and recycling facility. Through this initiative 40 job opportunities were created.⁹¹ In the Theewaterskloof municipal area, a similar project was undertaken at waste disposal facilities in Riviersonderend and Caledon.⁹²

⁹⁰ (Stats SA, 2017).

⁹¹ (Overstrand Municipality, 2021).

⁹² (Theewaterskloof Municipality, 2021).

INDIGENT HOUSEHOLDS

Table 4.8 provides a municipal breakdown of the number and percentage of indigent households in the OD between 2018 and 2020. The municipalities in the OD used the following cut-off points for households to be classified as indigent households: in Theewaterskloof the cut-off point is R2 160 per month and in the Overstrand Municipality household income may not exceed four times the government pension grant per month (approximately R6 510 per month). In Cape Agulhas, household income may not exceed R4 750 per month, and in Swellendam Municipality household income may not be more than R6 000 per month.

Table 4.8

NUMBER OF INDIGENT HOUSEHOLDS, Overberg District, 2018 – 2020

	2018		2019		2020	
	Number	% of households	Number	% of households	Number	% of households
● Theewaterskloof	4 248	14.2%	6 706	22.1%	5 435	17.7%
● Overstrand	7 385	22.5%	7 630	22.4%	7 595	21.6%
● Cape Agulhas	3 277	32.6%	3 001	29.4%	3 380	32.5%
● Swellendam	1 975	19.7%	2 217	21.8%	1 967	19.0%
Overberg District	16 885	20.4%	19 554	23.1%	18 377	21.2%

Source: Department of Local Government, 2021

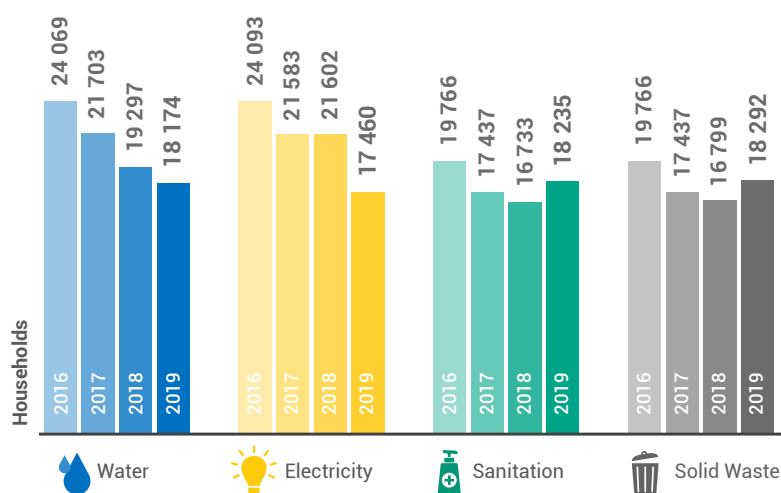
Approximately 21.2 per cent of households in the OD were classified as indigent households in 2020, which is 1.9 percentage points lower than in 2019. Declines in indigent households were recorded in the Theewaterskloof (1 271 households), Overstrand (35 households) and Swellendam (250 households) municipal areas between 2019 and 2020. However, the Cape Agulhas municipal area recorded an increase of 379 indigent households, with indigent households making up 32.5 per cent of households in the municipal area.



Free basic services are available to households that qualify as indigent households. Figure 4.15 illustrates the access to free basic services in the OD between 2016 and 2019

Figure 4.15

ACCESS TO FREE BASIC SERVICES, Overberg District, 2016 – 2019



Source: Non-financial Census of Municipalities, Stats SA, 2021



The extent of free basic services support is determined by the indigent policy of each local municipality. Most municipalities offer free basic water services (up to 6kl) and free electricity up to 50kWh – with some providing partial support for sanitation and solid waste services as well. The provision of free basic services therefore differs according to the type of service, as access levels and policies differ across municipalities.

In the OD, access to free basic water services decreased consistently over the reference period, from 24 069 households in 2016 to 18 174 households in 2019. Access to free electricity also decreased from 24 093 households in 2016 to 17 460 households in 2019. In terms of access to free basic sewerage services, the number of households receiving free services decreased from 19 766 in 2016 to 16 733 in 2018, before increasing to 18 235 in 2019. Free access to solid waste removal services followed a similar trend, declining from 19 766 households in 2016 to 16 799 households in 2018, before increasing to 18 292 households in 2019.

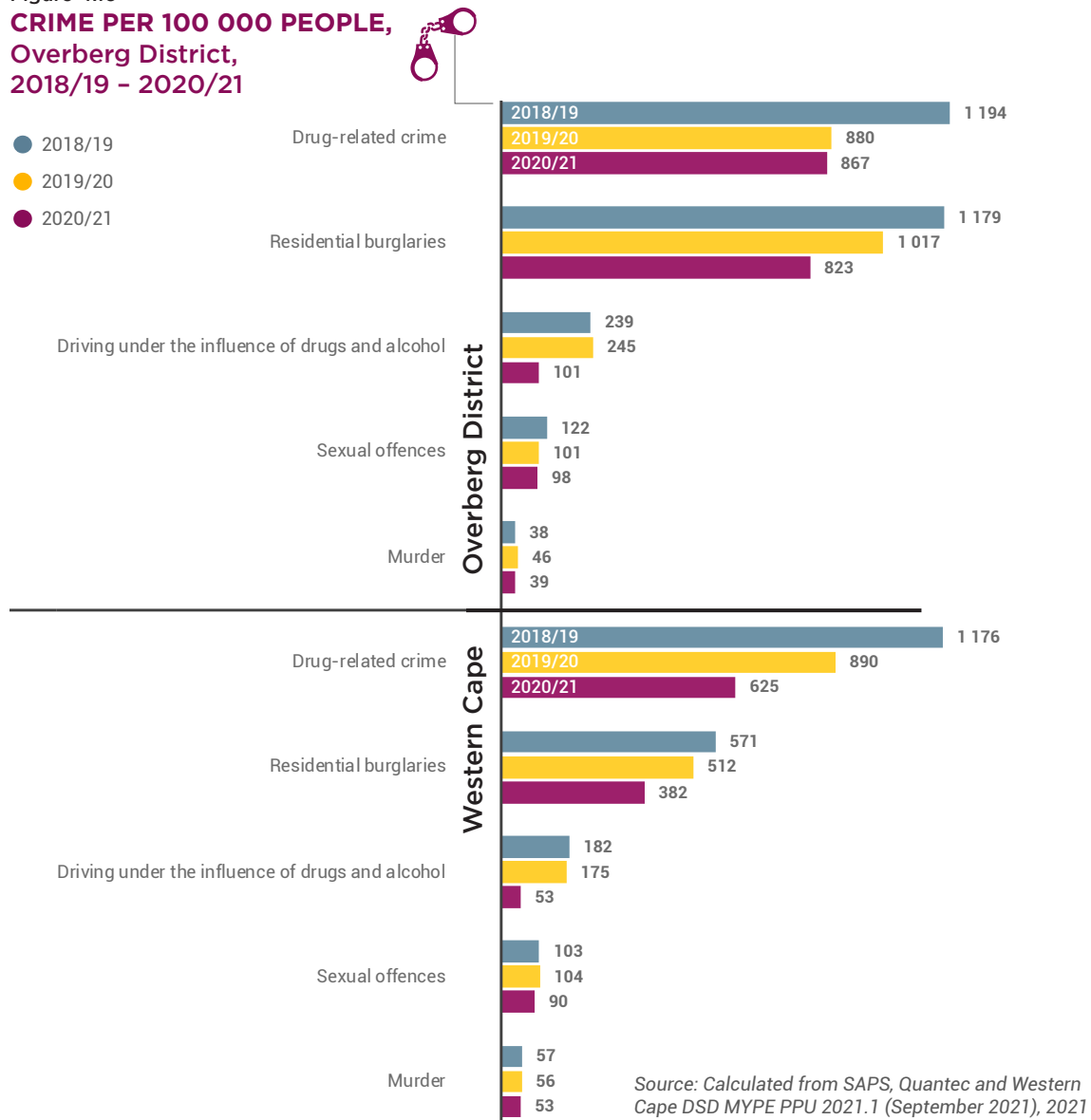


4.5 CRIME

An analysis of a region's crime trends can serve as a proxy for community safety, indicating the potential occurrence and types of criminal activities that are prevalent in the region. Figure 4.16 depicts the incidence of selected crime categories in the OD and Western Cape between 2018/19 and 2020/21.

Figure 4.16

**CRIME PER 100 000 PEOPLE,
Overberg District,
2018/19 – 2020/21**



Between 2018/19 and 2020/21, the crime rate in the categories under review declined in the OD. The lockdown measures implemented to curb the spread of the COVID-19 pandemic most likely reduced crime levels.

For the crime categories under review, the OD recorded more instances per 100 000 people compared with the Province, except for murder. The murder rate in the OD declined from 46 incidences per 100 000 in 2019/20 to 39 incidences per 100 000 people in 2020/21. In 2020/21, the Overstrand municipal area recorded the highest murder rate, at 52 murders per

100 000 people. The Swellendam municipal area was the only municipal area to record an increase in the murder rate between 2019/20 (25 incidences per 100 000 people) and 2020/21 (42 incidences per 100 000 people).

Drug-related crime experienced the largest decline over the reference period – from 1 194 incidents per 100 000 people in 2018/19 to 867 incidents per 100 000 people in 2020/21. However, the Overstrand (1 053 incidences per 100 000 people) and Cape Agulhas (1 185 incidences per 100 000 people) municipal areas recorded a large number of drug-related crimes in 2020/21. The restrictions in alcohol sales in 2020/21 contributed significantly to the reduction of incidences of driving under the influence of drugs or alcohol. The Theewaterskloof municipal area recorded a substantial decline between 2019/20 (168 incidences per 100 000 people) and 2020/21 (47 incidences per 100 000 people).

Residential burglaries also experienced large declines between 2019/20 and 2020/21. However, many residential burglaries were reported in the Overstrand municipal area (1 211 incidences per 100 000 people) in 2020/21. An increase in poverty as a result of job losses could have contributed to the large number of incidents.

Sexual offences decreased from 122 incidences per 100 000 people in 2018/19 to 98 incidences per 100 000 people in 2020/21. However, between 2019/20 and 2020/21, the Overstrand, Cape Agulhas and Swellendam municipal areas recorded increases in the number of sexual offences.





4.6 CONCLUDING REMARKS

The population of the OD is expected to increase by an average annual rate of 1.5 per cent from 2021 to 2025. All municipal areas are anticipated to have a slower population growth rate compared with that of the District, except for the Overstrand municipal area. The OD is expected to experience an average annual household growth of 2.2 per cent for the period between 2021 and 2025. In terms of age distribution, the largest share of the population is potentially economically active, with the potential to contribute to the economy. The District has a smaller share of young dependants (25.5 per cent), with those older than 65 making up the smallest share of the population.

In 2020, the OD experienced a significant downturn in the GDPR per capita (7.0 per cent decline), but this was a smaller contraction compared with the Western Cape's 8.4 per cent decline. The contraction of GDPR per capita can mainly be attributed to the COVID-19 pandemic and the associated lockdown restrictions imposed in March 2020. Income inequalities worsened in all municipal areas in the OD between 2014 and 2020. The Gini coefficient in the OD increased from 0.583 in 2014 to 0.629 in 2020.

All municipal areas in the OD experienced increases in the number of learner enrolments, while the average learner-teacher ratio in the OD improved from 30.7 learners per teacher in 2018 to 30.1 learners per teacher in 2020. The OD also experienced an increase in the retention rate from 64.2 per cent in 2018 to 68.9 per cent in 2020. Although the retention rate increased in all the municipal areas from 2018 to 2020, the matric pass rate declined over the same period.

The number of COVID-19 cases in the OD experienced a significant increase from April 2020 to May 2020. The District experienced its peak of the first wave in July 2020, after which it declined and remained fairly stable for about three months. The second wave of COVID-19 cases is evident for the period between November 2020 and January 2021. The District reached an all-time high of 5 177 cases in December 2020 for the period from March 2020 to July 2021. The highest recorded admissions were also seen during the peak of the second wave, with 560 admissions in December 2020. The highest recorded number of deaths followed the peak of the second wave, with 166 recorded deaths in January 2021.

The number of people who tested positive for HIV increased from 20 288 in 2017/18 to 21 030 in 2020/21, whereas patients with confirmed viral suppression decreased from 75.4 per cent in 2017/18 to 65.9 per cent in 2020/21. The TB programme success rate also decreased from 86.3 per cent in 2018/19 to 65.2 per cent in 2020/21. The general trend for the OD shows that infant mortality rates per 1 000 live births decreased between 2009 and 2018, while the OD experienced a decline in maternal death rates per 100 000 live births between 2018 and 2020. The District also experienced a decrease in the delivery rate for women between 10 and 19 years.

The OD had a lower HDI compared with the Western Cape. All municipal areas in the OD experienced an increase in human development between 2014 and 2020. In 2020, 79.9 per cent of households in the OD lived in formal dwellings. Generally, access to basic services in the OD increased between 1994 and 2020. Approximately 21.2 per cent of households in the OD were classified as indigent households in 2020, which is 1.9 percentage points lower than in 2019.

The crime rate for the categories under review in the OD declined between 2019/20 and 2020/21. However, the number of incidences, except for murder, is higher when compared with the Province.



OVERBERG DISTRICT

GROWTH POTENTIAL STUDY 2018



The **OVERBERG** has the **second-highest overall growth potential in the Western Cape**. The District has the highest performance across the human capital and physical natural themes. Indicators on education and economically active population are opportunities for growth potential, with indicators on skilled labour still showing a challenge.

PRECONDITIONS FOR GROWTH

ECONOMIC

- Extent and diversity of retail and services sector
- Tourism potential
- Economic size and growth
- Economic diversity
- Market potential
- Change in labour force
- Property market

PHYSICAL NATURAL

- Availability and quality of water
- Natural potential

INFRASTRUCTURE

- Land availability and use
- Transport and communication
- Availability of municipal infrastructure

INNOVATION POTENTIAL

INSTITUTIONAL

- Quality of governance
- Safety and security
- Administrative and institutional function
- Availability of community and public institutions

HUMAN CAPITAL

- Poverty and inequality
- Human resources
- Population structure and growth

DEVELOPMENTAL POTENTIAL

- Development potential reflects inherent preconditions for growth and innovation potential
- General improvement in human capital and economic conditions, and institutional components
- General regression in infrastructure components and physical environment conditions

The Growth Potential Study (GPS) is an instrument for effective spatial decision-making and implementation. This support tool aims to inform strategic objectives, policy-making and spatially targeted investment, and to strengthen allocative decisions for integrated management, service delivery and spatial alignment within the Provincial and municipal spheres of government in the Western Cape.

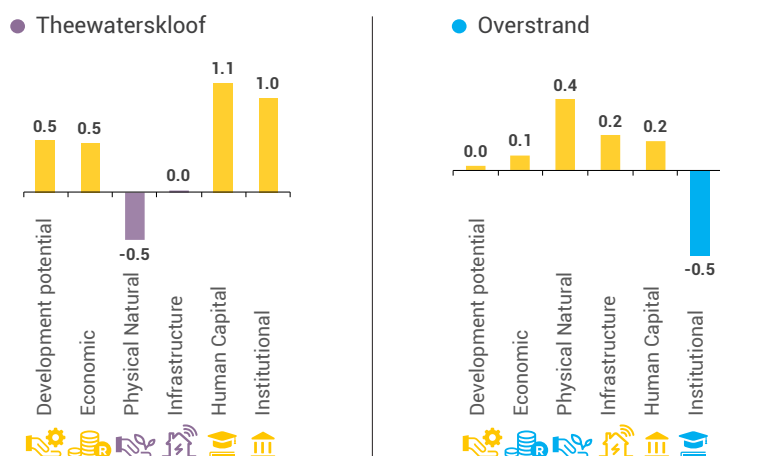
Economic, infrastructure and physical natural composite thematic indices form the basis for modelling growth preconditions, and institutional and human capital composite thematic indices model innovation potential, informed by local, national and international literature, and are the premise for forecasting where economic growth is likely to occur, i.e. growth or development potential.

The GPS2018 shows that the Theewaterskloof and Overstrand municipal areas have “very high” growth potential, and Cape Agulhas and Swellendam have “medium” growth potential.

The **THEEWATERSKLOOF** and **OVERSTRAND** municipal areas have both had a change in classification from GPS2013 to GPS2018, up from “high” growth potential. These upward trends are good signs for growth potential in the District.

OVERSTRAND has made gains in all themes except the institutional theme. Better performance in indicators on amenities and social service organisation could further improve the growth potential. **THEEWATERSKLOOF** has made gains in all themes except the physical natural theme. Governance and human resource indicators show opportunities for innovation.

Difference between GPS18 Z-score and GPS13 Z-score⁹³

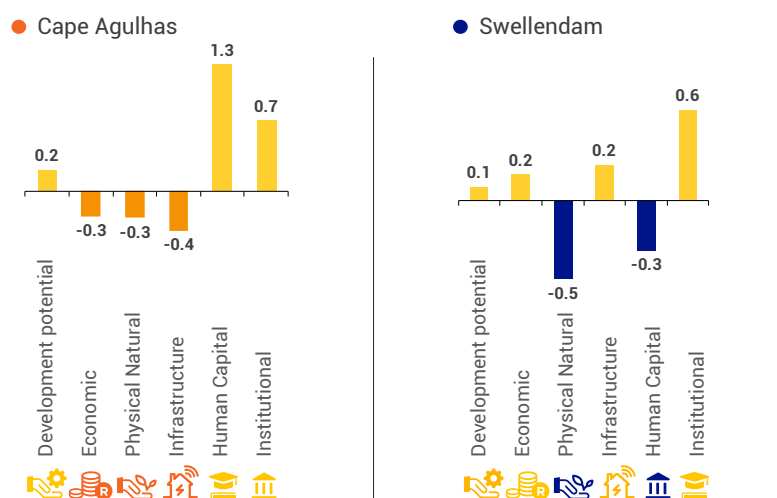


⁹³ The Z-score is a method (statistical test) that can denote the range (gap) between the lowest- and highest-scoring municipalities, i.e. the greater the difference, the greater the gap. It signifies the extent of relative municipal performance. For instance, the further away from zero the indicator scores, the further away from the average score for municipalities, relative to one another. This type of scoring is useful to identify outliers and indicate areas for improvement or praise.

CAPE AGULHAS has had gains in the human capital and institutional themes, owing to strong performance in indicators on education and human development. Regression is seen in the economic and infrastructure themes, with the indicators on state of infrastructure showing challenges.

SWELLENDAM has had steady performance in GPS2013 and GPS18. Gains are seen in the institutional, economic and infrastructure themes, and regression in the physical natural and human capital themes. Indicators on education and labour force show opportunities to improve growth potential in future.

Difference between GPS18 Z-score and GPS13 Z-score⁹⁴



⁹⁴ The Z-score is a method (statistical test) that can denote the range (gap) between the lowest- and highest-scoring municipalities, i.e. the greater the difference, the greater the gap. It signifies the extent of relative municipal performance. For instance, the further away from zero the indicator scores, the further away from the average score for municipalities, relative to one another. This type of scoring is useful to identify outliers and indicate areas for improvement or praise.





GARDEN ROUTE DISTRICT

23 331KM²



GARDEN ROUTE DISTRICT

**KANNALAND, HESSEQUA, MOSSEL
BAY, GEORGE, OUDTSHOORN,
BITOU, KNYSNA**

INFOGRAPHIC SUMMARY

1 Regional economic review and outlook

- Introduction
- Growth in GDP performance
- Labour trend analysis
- Concluding remarks

2 Sectoral growth, employment and skills per municipal area

- Introduction
- GDP and employment trends per municipal area
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3 Trade, tourism and investment

- Introduction
- International trade
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- Comparative advantage and employment potential
- Investments
- Concluding remarks

4 Municipal socio-economic analysis

- Introduction
- Population profile
- Human development
- Housing and access to basic services
- Crime
- Concluding remarks

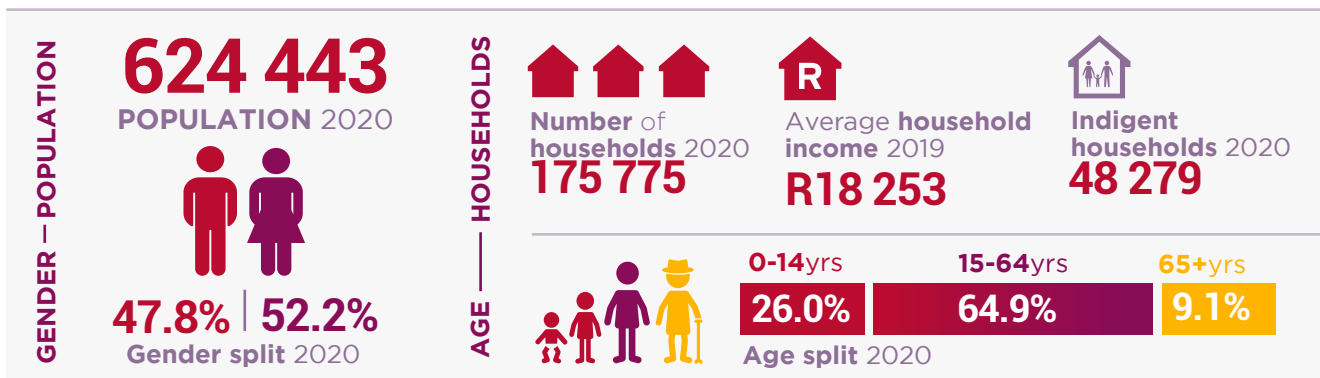


GRD GARDEN ROUTE DISTRICT

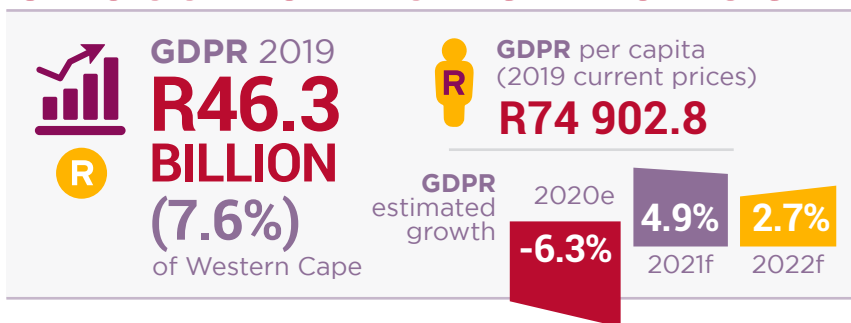
SEAT **George** | AREA **23 331KM²** | DENSITY **25/KM²**

MUNICIPALITIES | KANNALAND, HESSEQUA, MOSSEL BAY, GEORGE, OUDTSHOORN, BITOU, KNYSNA

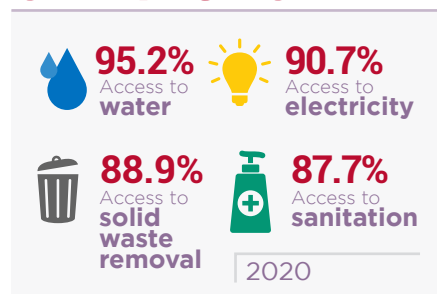
DEMOGRAPHICS



GROSS DOMESTIC PRODUCT



SERVICES



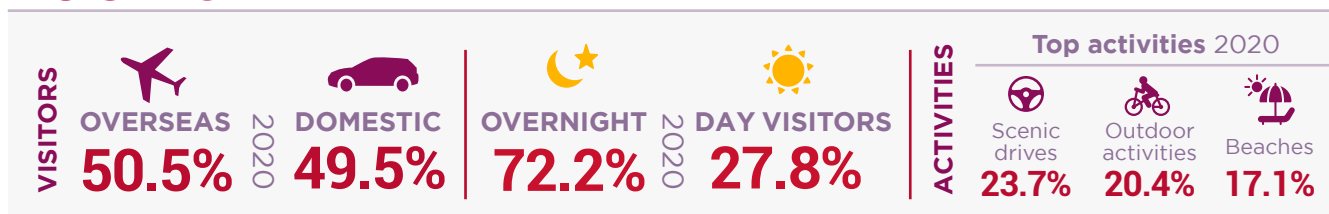
EMPLOYMENT



TRADE



TOURISM





GDPR

2019

2020

GDPR
CONTRIBUTIONGDPR
GROWTH

EMPLOYMENT

2019

2020

EMPLOYMENT
CONTRIBUTIONEMPLOYMENT
GROWTH

PRIMARY SECTOR

^R
4.7%  10.5%

AGRICULTURE,
FORESTRY & FISHING4.4%  12.3%MINING &
QUARRYING0.4%  -18.4%

SECONDARY SECTOR

^R
23.9%  -12.2%

MANUFACTURING

14.7%  -9.7%ELECTRICITY,
GAS & WATER3.1%  -7.1%

CONSTRUCTION

6.1%  -22.1%

TERTIARY SECTOR

^R
71.4%  -5.9%

WHOLESALE &
RETAIL TRADE,
CATERING &
ACCOMMODATION18.6%  -10.4%TRANSPORT,
STORAGE &
COMMUNICATION10.1%  -14.7%FINANCE,
INSURANCE,
REAL ESTATE
& BUSINESS
SERVICES25.2%  -3.2%GENERAL
GOVERNMENT10.5%  0.0%COMMUNITY,
SOCIAL &
PERSONAL
SERVICES7.0%  -2.4%

^R
12.2%  -5.6%

12.1%  -5.6%0.1%  -8.2%

^R
15.5%  -10.0%

8.8%  -6.9%0.4%  -3.2%6.3%  -14.6%

^R
72.4%  -6.0%

25.6%  -7.6%4.4%  -4.4%18.0%  -4.5%9.7%  0.4%14.7%  -10.1%



1 REGIONAL ECONOMIC REVIEW AND OUTLOOK

1.1 INTRODUCTION

The GRD is well known for its coastal holiday towns and vast farmlands. The District has seven local municipalities, five of which (Hessequa, Mossel Bay, George, Knysna and Bitou) are adjacent to the coast, while the other two (Kannaland and Oudtshoorn) are inland. The geographical size of the District is 23 331km², constituting 18.0 per cent of the Western Cape's geographical area.¹

This chapter provides a macroeconomic outlook of the GRD in terms of GDPR performance and employment trends. The period under review for MERO 2021 is between 2015 and 2020,² with an outlook regarding GDPR for 2021 and 2022 also being provided.

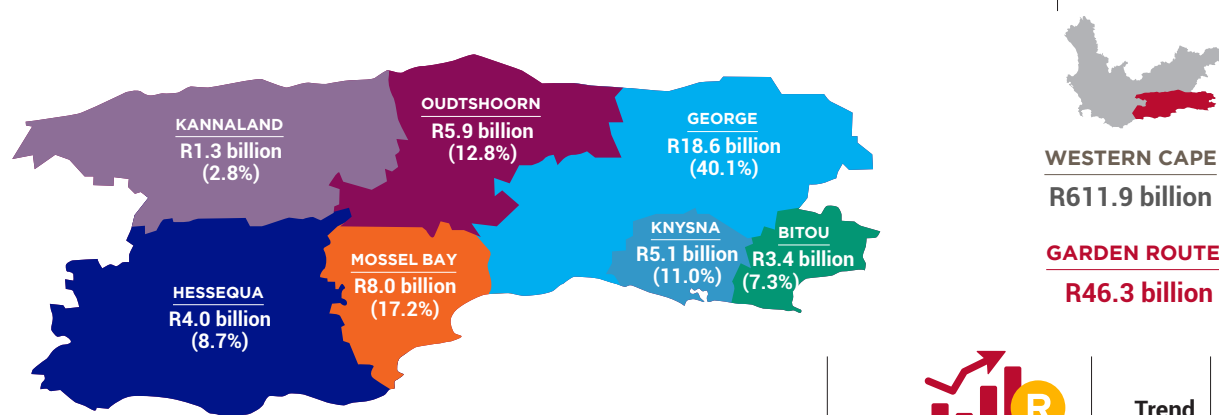
1.2 GROWTH IN GDPR PERFORMANCE

This section briefly discusses the size of the GRD's economy by unpacking the average GDPR contribution and growth rates in the various municipal areas in the District.

1.2.1 GDPR performance per municipal area

Diagram 1.1

GDPR CONTRIBUTION AND AVERAGE GROWTH RATES PER MUNICIPAL AREA, Garden Route District

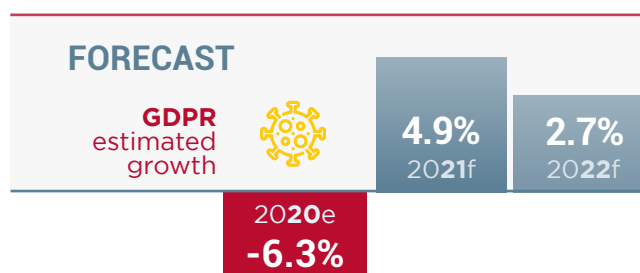


The GRD economy was valued at R46.3 billion in 2019, contributing 7.6 per cent to the economy of the Western Cape during the year. Between 2015 and 2019, the District economy realised an average annual growth rate of 1.0 per cent. This rate is similar to that of the Provincial economy over the same period.

In 2019, the George municipal area was the leading contributor to GDPR, at 40.1 per cent. This was followed by the Mossel Bay and Oudtshoorn municipal areas, with contributions of 17.2 per cent and 12.8 per cent respectively.

MUNICIPALITY	R billion value 2019	Trend 2015 – 2019 (%)
● Kannaland	R1.3 billion (2.8%)	0.9%
● Hessequa	R4.0 billion (8.7%)	0.7%
● Mossel Bay	R8.0 billion (17.2%)	0.7%
● George	R18.6 billion (40.1%)	1.5%
● Oudtshoorn	R5.9 billion (12.8%)	1.0%
● Bitou	R3.4 billion (7.3%)	0.7%
● Knysna	R5.1 billion (11.0%)	0.2%
Garden Route District	R46.3 billion (100.0%)	1.0%
Western Cape	R611.9 billion	1.0%

Source: Quantec Research, 2021; Urban-Econ based on Quantec, SARB, Stats SA and BFAP, 2021 (e denotes estimate, f denotes forecast)



² Stats SA will only release official regional indicators for 2020 in 2022.

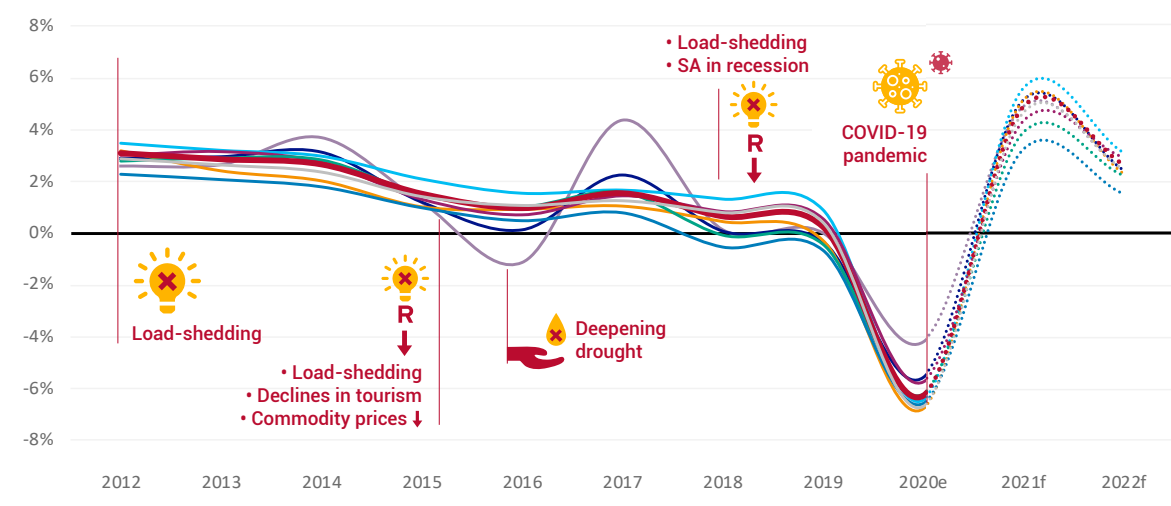
The Knysna municipal area was the fourth-largest contributor to the District economy in 2019 at 11.0 per cent, while the Hessequa municipal area was the fifth-largest contributor, at 8.7 per cent. The Bitou and Kannaland municipal areas were the smallest contributors to GDPR in 2019, at 7.3 per cent and 2.8 per cent respectively.

Over the five-year period, the George municipal area experienced an average annual growth rate of 1.5 per cent, constituting the highest average annual growth rate out of the seven municipal areas. The George municipal area is therefore a key driver of economic growth in the District. The Knysna municipal area registered the smallest average annual growth rate, at 0.2 per cent over the reference period, while growth in the remaining municipal areas averaged between 0.7 per cent and 1.0 per cent.

An overview of the historical growth trends of the municipal areas in the District is provided in Figure 1.1, in addition to the annual growth rates of the GRD and the Province.

Figure 1.1

GDPR GROWTH PER MUNICIPAL AREA, Garden Route District, 2012 – 2022



	2012	2013	2014	2015	2016	2017	2018	2019	2020e	2021f	2022f
Western Cape	2.9%	2.6%	2.4%	1.4%	1.1%	1.2%	0.8%	0.4%	-6.7%	4.6%	2.5%
Garden Route District	3.1%	2.9%	2.7%	1.5%	1.0%	1.6%	0.7%	0.3%	-6.3%	4.9%	2.7%
Kannaland	2.6%	2.7%	3.7%	1.2%	-1.1%	4.4%	0.1%	0.0%	-4.2%	4.8%	2.4%
Hessequa	2.9%	3.0%	3.1%	1.2%	0.1%	2.2%	0.1%	-0.3%	-5.6%	5.1%	2.5%
Mossel Bay	3.2%	2.4%	2.0%	1.0%	0.9%	1.1%	0.5%	-0.3%	-6.8%	5.1%	2.3%
George	3.5%	3.2%	3.0%	2.1%	1.5%	1.7%	1.3%	0.9%	-6.4%	5.5%	3.1%
Oudtshoorn	3.0%	3.2%	2.8%	1.3%	0.7%	1.5%	0.9%	0.6%	-5.7%	4.3%	2.9%
Bitou	2.8%	2.9%	2.8%	1.5%	1.0%	1.6%	-0.1%	-0.4%	-6.2%	3.8%	2.2%
Knysna	2.3%	2.1%	1.8%	1.0%	0.5%	0.8%	-0.5%	-0.7%	-6.6%	3.2%	1.5%

Source: Quantec Research, 2021; Urban-Econ based on Quantec, SARB, Stats SA and BFAP, 2021 (e denotes estimate, f denotes forecast)

Between 2012 and 2019, the GRD economy experienced an overall downward trend in annual growth, despite recording a year-on-year improvement between 2016 and 2017. Furthermore, over the eight-year period, GDPR growth closely followed that of the Provincial economy.

Growth in the GRD continued to slow in 2013 and 2014, with growth rates of 2.9 per cent and 2.7 per cent being registered during the respective years. In 2015, growth across all municipal areas registered declines. Subsequently, growth in the GRD declined to 1.5 per cent during the year. This rate was marginally higher than that of the Province during the same year (1.4 per cent). GDPR growth continued to decline in 2016, with the District economy registering a growth rate of 1.0 per cent. This was possibly as a result of declines in commodity prices, periods of load-shedding in South Africa and drought conditions in the Province. In addition, national tourism performance deteriorated in 2015 owing to the imposition of new visa regulations, acts of terrorism across the African continent and economic crises in source countries.³

In 2017, growth in the District economy increased to 1.6 per cent, while the Provincial economy experienced a marginal improvement in annual growth during the same year. This demonstrates the effect of load-shedding on economic performance, as no significant load-shedding was experienced during the year. However, growth in the GRD slowed significantly in 2018, with all municipal areas registering either contractions or near stagnant growth rates. During the year, the George municipal area registered the highest annual growth rate (1.3 per cent).

GDPR growth declined to 0.3 per cent in 2019, with four out of the seven municipal areas registering contractions during the year. The deterioration of GDPR performance in both 2018 and 2019 can be attributed to the poor performance of the national economy and periods of load-shedding. However, the George and Oudtshoorn municipal areas realised an annual growth rate higher than that of the GRD in both 2018 and 2019.

In 2020, GDPR growth in the GRD and Province is expected to have deteriorated significantly as a result of the COVID-19 pandemic and the national lockdown measures to contain its spread. During the year, GDPR growth in the District is expected to have registered a contraction of 6.3 per cent. This rate is lower than that of the Provincial economy, with an estimated contraction of 6.7 per cent in 2020. Furthermore, all municipal areas within the GRD are estimated to have registered contractions in 2020, with the Mossel Bay municipal area registering the largest contraction, at 6.8 per cent during the year. The Kannaland municipal area is anticipated to have realised the smallest contraction in GDPR, at 4.2 per cent. However, this is likely because of the Kannaland municipal area's small economy.

Forecasts for 2021 indicate a strong recovery in GDPR growth across the District. However, these high growth rates are not sustainable in the long term, as growth in 2021 originated from the constrained economic base of 2020. The GRD is expected to realise a GDPR growth rate of 4.9 per cent in 2021, with the George municipal area registering the highest annual growth rate in the GRD. With a growth rate of 3.2 per cent, economic recovery in the Knysna municipal area is anticipated to be slower in 2021 compared with the other municipal areas in the GRD. In 2022, GDPR growth in the District is expected to slow to 2.7 per cent, slightly higher than the growth rate of 2.5 per cent estimated for the Provincial economy.


³ (Department of Tourism, 2016).

1.2.2 Sectoral GDPR performance

Table 1.1 illustrates the GRD's GDPR performance in 2019 by providing an overview of the sectoral contributions, their respective average growth rates between 2015 and 2019, an estimate for 2020 and forecasts for 2021 and 2022.

Table 1.1

GDPR PERFORMANCE PER SECTOR, Garden Route District, 2019 – 2022 (%)

SECTOR		R million value 2019	Trend 2015 – 2019	Real GDPR growth		
				2020e	2021f	2022f
PS Primary Sector		R2 184.9 (4.7%)	-4.0%	10.5%	5.0%	-1.7%
Agriculture, forestry & fishing		R2 015.2 (4.4%)	-4.2%	12.3%	4.9%	-1.7%
Mining & quarrying		R169.7 (0.4%)	0.0%	-18.4%	8.5%	-1.2%
SS Secondary Sector		R11 053.8 (23.9%)	-0.1%	-12.2%	2.1%	7.1%
Manufacturing		R6 787.3 (14.7%)	0.6%	-9.7%	3.8%	7.9%
Electricity, gas & water		R1 455.4 (3.1%)	-1.1%	-7.1%	-1.6%	3.3%
Construction		R2 811.2 (6.1%)	-1.7%	-22.1%	-2.2%	6.1%
TS Tertiary Sector		R33 024.1 (71.4%)	1.8%	-5.9%	5.6%	1.9%
Wholesale & retail trade, catering & accommodation		R8 599.8 (18.6%)	0.8%	-10.4%	8.3%	3.1%
Transport, storage & communication		R4 656.7 (10.1%)	1.6%	-14.7%	10.4%	-2.9%
Finance, insurance, real estate & business services		R11 667.0 (25.2%)	3.2%	-3.2%	5.7%	4.5%
General government		R4 868.4 (10.5%)	-0.1%	0.0%	-3.0%	-0.9%
Community, social & personal services		R3 232.1 (7.0%)	1.2%	-2.4%	5.2%	-2.8%
Total Garden Route District		R46 262.8 (100.0%)	1.0%	-6.3%	4.9%	2.7%

Source: Quantec Research, 2021; Urban-Econ based on Quantec, SARB, Stats SA and BFAP, 2021 (e denotes estimate, f denotes forecast)

Valued at R33.0 billion in 2019, the tertiary sector was the leading contributor to GDPR in the GRD (71.4 per cent). Between 2015 and 2019, the tertiary sector grew at an average annual rate of 1.8 per cent. This rate is higher than that of the District economy over the five-year period, highlighting the importance of the tertiary sector to growth in the District. The main driver of economic activity in the tertiary sector, and the single largest contributor to GDPR, was the finance sector (25.2 per cent). Other notable contributors in the tertiary sector included the trade (18.6 per cent) and the general government (10.5 per cent) sectors.

Estimates for 2020 indicate that the tertiary sector contracted by 5.9 per cent. The finance sector is estimated to have declined by 3.2 per cent, while the trade sector is estimated to have contracted by 10.4 per cent. The general government sector is anticipated to have remained near stagnant. Despite the poor performance of the general government sector, it is likely that the sector was supported by increased public-sector spending amid the COVID-19 pandemic.

In 2019, the secondary sector was the second-largest contributor to GDPR in the GRD, with a contribution of 23.9 per cent during the year. Over the five-year period, the secondary sector contracted at an average annual rate of 0.1 per cent. The manufacturing sector was the only individual sector in the secondary sector to realise a positive growth rate over the reference period (0.6 per cent).

It is estimated that the secondary sector contracted by 12.2 per cent in 2020. All sectors encompassed by the secondary sector are anticipated to have registered contractions in 2020, with the construction sector realising the largest contraction at 22.1 per cent during the year. This sector has been registering contractions since 2017. However, the overall poor performance of the secondary sector is expected to be driven by the contraction in manufacturing activity.

With an overall contribution of 4.7 per cent in 2019, the primary sector was the smallest contributor to the GRD's GDPR during the year. Between 2015 and 2019, the primary sector registered an average annual contraction of 4.0 per cent. The agriculture sector, with a GDPR contribution of 4.4 per cent in 2019, contracted at an average annual rate of 4.2 per cent over the five-year period, mainly owing to concurrent periods of drought in the Province. Outbreaks of avian influenza and a ban on exporting ostrich meat to the European Union (EU) also had a negative impact on the sector over the review period. The mining sector contributed a mere 0.4 per cent to the District's GDPR in 2019.

Estimates for 2020 indicate that the primary sector grew by 10.5 per cent during the year. The sector's positive performance was driven by the strong performance of the agriculture sector (12.3 per cent). The agriculture sector benefited from a strong recovery in international agricultural prices towards the end of 2020.⁴ Furthermore, agricultural activities were not as constrained by COVID-19 restrictions. The mining sector is expected to have realised a contraction of 18.4 per cent in 2020. However, the mining sector is not expected to have significantly influenced the overall performance of the primary sector, given its negligible contribution to GDPR.

Steep initial recoveries are expected in the 2021 forecast period. Annual growth in the tertiary and secondary sectors is expected to increase to 5.6 per cent and 2.1 per cent respectively in 2021 owing to strong recoveries across the main individual sectors. However, the electricity, gas and water sector and the construction sector are expected to contract further in 2021, by 1.6 per cent and 2.2 per cent respectively. The general government sector is also forecast to contract by 3.0 per cent in 2021.

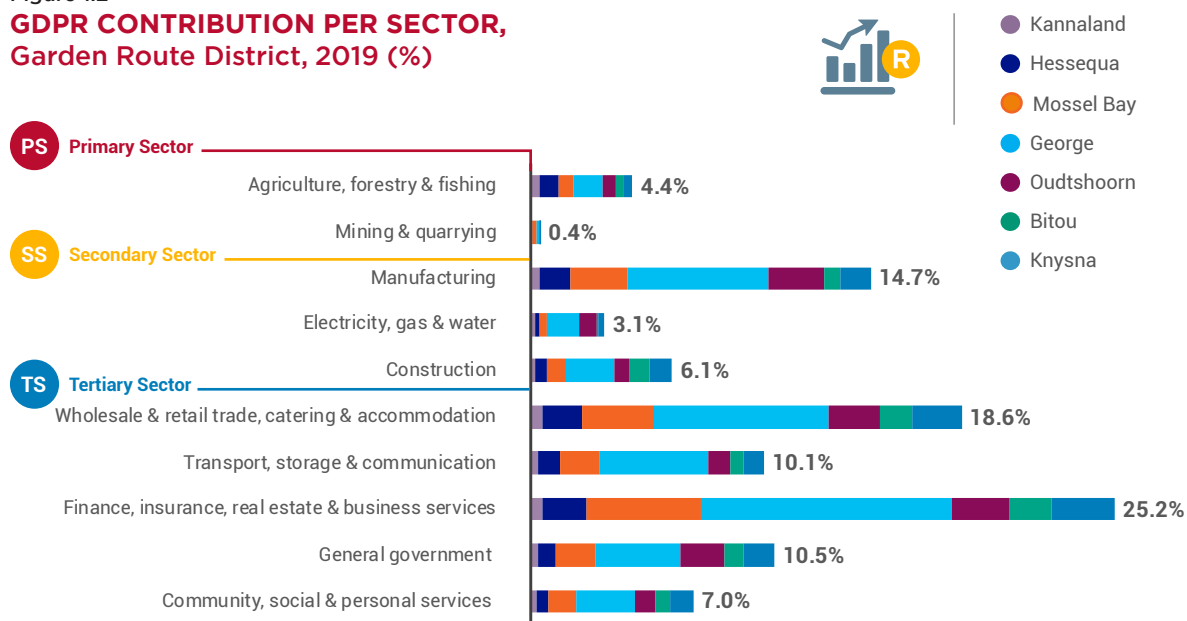
In 2022, annual growth in the tertiary and primary sectors is expected to slow, with the primary sector registering a contraction of 1.7 per cent during the year, as international commodity prices are anticipated to normalise. Conversely, growth in the secondary sector is anticipated to increase to 7.1 per cent in 2022, owing to the expected recovery of the electricity, gas and water sector and construction sector, while the manufacturing sector is forecast to grow by 7.9 per cent.

⁴ (World Bank Group, 2020).

Figure 1.2 depicts the GRD's sectoral GDPR contribution per municipal area in 2019.

Figure 1.2

GDPR CONTRIBUTION PER SECTOR, Garden Route District, 2019 (%)



Source: Quantec Research, 2021

The finance (25.2 per cent) and trade (18.6 per cent) sectors were the main contributors to GDPR in 2019. Both aforementioned sectors were concentrated in the George municipal area. Economic activity across most economic sectors in the GRD, apart from the mining sector, was concentrated in the George municipal area.

The mining sector, which accounted for a mere 0.4 per cent of GDPR in the GRD in 2019, is concentrated in the Mossel Bay municipal area owing to the presence of offshore gas fields in this area. Across all municipal areas, except for the Kannaland municipal area, the respective concentrations of the manufacturing sector outweighed those of the agriculture sector. This suggests that there is extensive beneficiation of agricultural commodities in most municipal areas.



1.3 LABOUR TREND ANALYSIS

This subsection provides an overview of key employment trends in the GRD, indicating the contributions to employment in the GRD by each respective municipal area. Furthermore, employment dynamics will also be evaluated in terms of sectoral contributions to job creation or job-shedding in the District.

1.3.1 Employment per municipal area

Table 1.2 depicts the status of employment in each municipal area in 2019, the average number of jobs created over the five-year period and the estimated net change in employment in 2020. The GRD employed 231 888 workers in 2019 and contributed 9.0 per cent to employment in the Province during the year.

Table 1.2
EMPLOYMENT GROWTH, Garden Route District

MUNICIPALITY	Number of jobs 2019	Average annual change 2015 – 2019	Net change 2020e
● Kannaland	10 110 (4.4%)	145	-583
● Hessequa	25 231 (10.9%)	302	-1 655
● Mossel Bay	36 826 (15.9%)	343	-2 613
● George	82 939 (35.8%)	1 372	-5 047
● Oudtshoorn	30 153 (13.0%)	380	-1 833
● Bitou	19 866 (8.6%)	356	-1 495
● Knysna	26 763 (11.5%)	327	-2 078
Garden Route District	231 888 (100.0%)	3 225	-15 304
Western Cape	2 581 736	40 794	-159 299

Source: Quantec Research, 2021 (e denotes estimate)

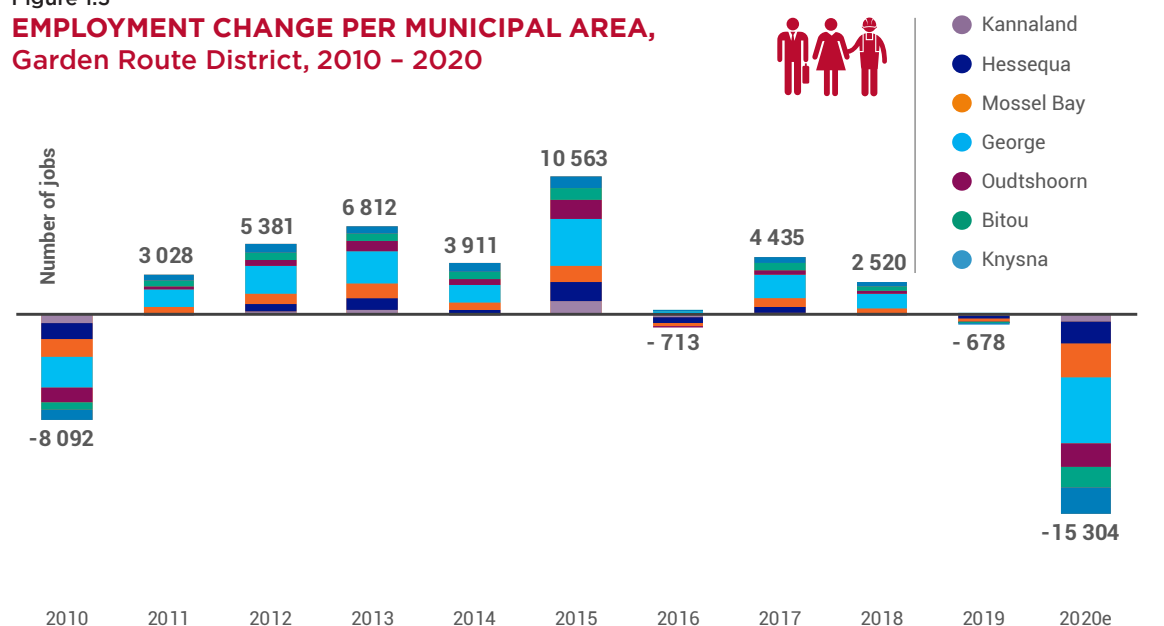
The George municipal area was the leading contributor to employment in the GRD in 2019, with 35.8 per cent. This was followed by the Mossel Bay and Oudtshoorn municipal areas, with contributions of 15.9 per cent and 13.0 per cent respectively. The Knysna and Hessequa municipal areas had similar employment contributions, at 11.5 per cent and 10.9 per cent in 2019, while the Bitou (8.6 per cent) and Kannaland (4.4 per cent) municipal areas were the smallest contributors to employment in the District in 2019.

Employment in the GRD increased by an average of 3 225 jobs per annum between 2015 and 2019. All municipal areas experienced increases in employment over the five-year period, with the George municipal area contributing the most to this increase, at an average of 1 372 jobs per annum. This is likely to be as a result of the strong average GDPR growth rate experienced in the George municipal area over the period. The Oudtshoorn (380 jobs), Bitou (356 jobs), Mossel Bay (343 jobs), Knysna (327 jobs) and Hessequa (302 jobs) municipal areas experienced similar average increases between 2015 and 2019. The Kannaland municipal area experienced the smallest average increase in job opportunities, at 145 jobs per annum between 2015 and 2019.

Figure 1.3 provides an overview of the historical employment trends experienced between 2010 and 2020 in the GRD.

Figure 1.3

**EMPLOYMENT CHANGE PER MUNICIPAL AREA,
Garden Route District, 2010 – 2020**



	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020e
Kannaland	-645	-33	234	398	-9	990	-257	97	-28	-75	-583
Hessequa	-1 226	166	611	883	303	1 538	-416	464	113	-190	-1 655
Mossel Bay	-1 425	421	729	1 088	592	1 184	-234	693	320	-246	-2 613
George	-2 307	1 377	2 111	2 484	1 432	3 635	232	1 771	1 171	49	-5 047
Oudtshoorn	-1 124	215	506	795	344	1 498	-90	382	171	-61	-1 833
Bitou	-528	452	552	586	604	847	38	546	380	-30	-1 495
Knysna	-837	430	638	578	645	871	14	482	393	-125	-2 078

Source: Quantec Research, 2021 (e denotes estimate)

In 2010, the GRD experienced a significant amount of job-shedding, with a total of 8 092 jobs lost during the year. Employment in the District is likely to have benefited from improved tourism as a result of the 2010 FIFA World Cup. However, employment losses registered during the year may be attributed to the aftershock of the global financial crisis, as recoveries in employment typically lag economic recovery.

Between 2011 and 2013, a year-on-year improvement in job creation was experienced in the GRD, increasing from 3 028 jobs to 6 812 jobs over the three-year period. New employment opportunities peaked in 2015,⁵ with 10 563 jobs created during the year. A total of 713 jobs were lost in the District in 2016, but there was an improvement in job creation in 2017, with 4 435 jobs created during the year. Post-2017, job creation in the District slowed, with 2 520 jobs created in 2018 and 678 jobs lost in 2019. This was probably as a result of the poor performance of the national economy over the two-year period, as well as domestic electricity supply constraints and Provincial drought.

⁵ It should be noted, however, that in 2015, a new master sample was implemented in the Quarterly Labour Force Survey (QLFS), which may have impacted the data owing to variations in its design (Stats SA, 2015).

It is estimated that 15 304 jobs were lost in 2020 in the GRD, with job-shedding expected across all municipal areas. The most jobs were shed in the George municipal area (an estimated 5 047 jobs), followed by the Mossel Bay (2 613 jobs) and Knysna (2 078 jobs) municipal areas. The decline in job opportunities in the GRD can be attributed to the COVID-19 pandemic and the implementation of lockdown measures to contain its spread. Furthermore, travel restrictions would have resulted in a decline in tourism in the District, further contributing to job-shedding given the District economy's reliance on tourism.




1.3.2 Sectoral employment

Table 1.3 illustrates employment per sector in the GRD in 2019.

Table 1.3

EMPLOYMENT PER SECTOR, Garden Route District

		Number of jobs 2019	Average annual change 2015 – 2019	Net change 2020e
SECTOR				
PS	Primary Sector	28 212 (12.2%)	402	-1 580
	Agriculture, forestry & fishing	28 042 (12.1%)	404	-1 566
	Mining & quarrying	170 (0.1%)	-2	-14
SS	Secondary Sector	35 828 (15.5%)	-123	-3 572
	Manufacturing	20 404 (8.8%)	121	-1 413
	Electricity, gas & water	847 (0.4%)	6	-27
	Construction	14 577 (6.3%)	-250	-2 132
TS	Tertiary Sector	167 848 (72.4%)	2 946	-10 152
	Wholesale & retail trade, catering & accommodation	59 253 (25.6%)	1 331	-4 475
	Transport, storage & communication	10 226 (4.4%)	171	-450
	Finance, insurance, real estate & business services	41 777 (18.0%)	1 339	-1 875
	General government	22 461 (9.7%)	-146	100
	Community, social & personal services	34 131 (14.7%)	252	-3 452
	Total Garden Route District	231 888 (100.0%)	3 225	-15 304

Source: Quantec Research, 2021 (e denotes estimate)

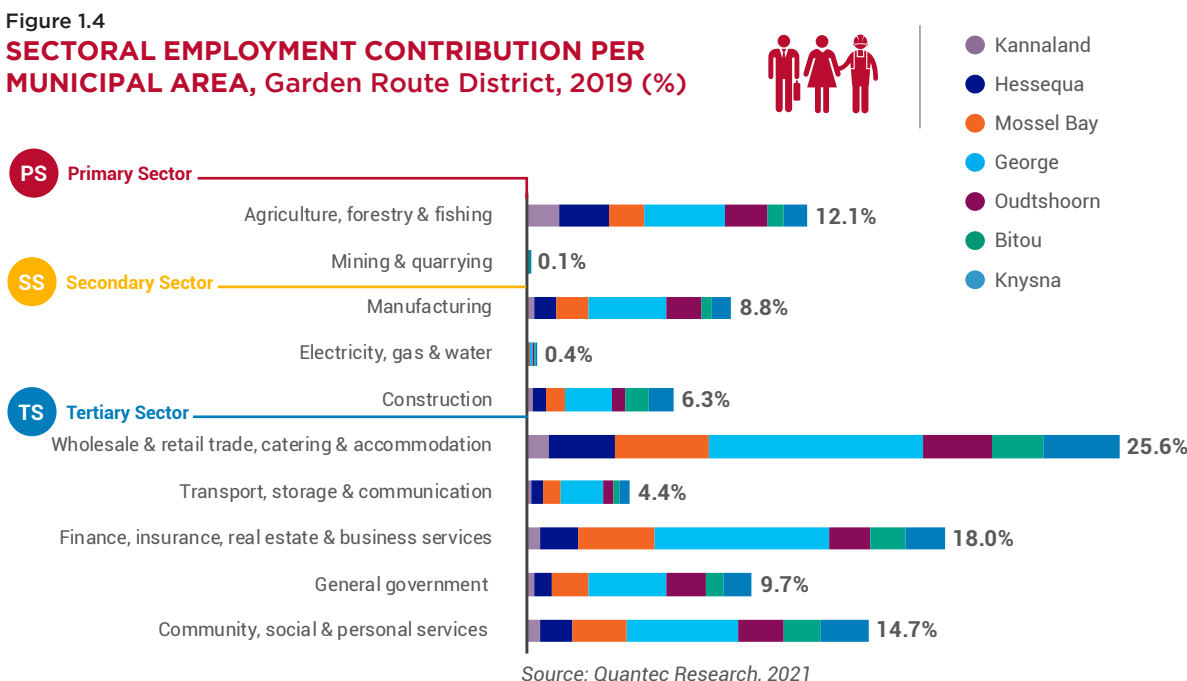
Similar to GDPR, the tertiary sector was the largest contributor to employment in the GRD in 2019, at 72.4 per cent during the year. Furthermore, the tertiary sector also showed the strongest average annual increase in the number of jobs (2 946 jobs) between 2015 and 2019. The trade sector was the single largest contributor to employment in the District in 2019, at 25.6 per cent. Furthermore, over the five-year period, this sector created an average of 1 331 jobs per annum. The finance sector also contributed notably to employment in the District during 2019, with a contribution of 18.0 per cent to total employment and an average annual increase of 1 339 jobs per annum.

With 35 828 jobs in 2019, the secondary sector contributed 15.5 per cent to total employment during the year. However, the secondary sector realised an average annual decline of 123 jobs per annum between 2015 and 2019. In terms of individual sectoral contributions, the manufacturing sector was the leading contributor to employment in the secondary sector, at 8.8 per cent in 2019, while creating an average of 121 jobs per annum. The construction sector realised the largest average annual decline in jobs between 2015 and 2019, with an average of 250 jobs lost per annum. This is in line with the GDPR contractions recorded in the sector over the period.

In the GRD, 28 212 jobs (12.2 per cent) were in the primary sector in 2019. The primary sector realised an average annual increase of 402 jobs per annum over the five-year period. The average annual increase in employment in the primary sector was solely driven by the agriculture sector, with 404 jobs created on average between 2015 and 2019.

Job-shedding within the tertiary sector of an estimated 10 152 jobs contributed the most to job losses in the GRD in 2020. The secondary and primary sectors are expected to have experienced a decline of 3 572 jobs and 1 580 jobs respectively during the year. The largest individual contributors to the total estimated decline in jobs include the trade (4 475 jobs), community services (3 452 jobs) and finance (1 875 jobs) sectors. All other sectors, apart from the general government sector, experienced job-shedding in 2020.

Figure 1.4 illustrates the sectoral employment contribution per municipal area in the GRD in 2019.














The George municipal area was the largest contributor to employment across most sectors. The Mossel Bay municipal area was the second-largest contributor to employment across the three leading sectoral contributors to employment.

The Oudtshoorn municipal area was the second-largest contributor to employment in the manufacturing, general government and electricity, gas and water sectors, while the Hessequa municipal area was the second-largest contributor to employment in the agriculture sector. The Kannaland municipal area's contribution to employment was significantly smaller compared with the other municipal areas. However, the Kannaland municipal area showed a strong contribution to employment in the agriculture sector.

Diagram 1.2 provides an overview of the employment dynamics in the GRD by depicting the unemployment rate, labour absorption rate, labour participation rate and the “not economically active” population as a proportion of the working-age population for each of the municipal areas.

Diagram 1.2

UNEMPLOYMENT PROFILE, Garden Route District, 2019 (%)

Unemployed persons , according to the official Statistics South Africa (stats SA) definition, are those (aged 15 to 64 years) who: a) were not employed in the reference week; and b) actively looked for work or tried to start a business in the four weeks preceding the survey interview; and c) were available for work, i.e. would have been able to start work or a business in the reference week; or d) had not actively looked for work in the past four weeks, but had a job or business to start at a definite date in the future and were available. This does not include people who were not actively looking for work.			Labour force participation rate is the proportion of the working-age population that is either employed or unemployed.		Employment-to-population ratio (labour absorption rate) is the proportion of the working-age population that is employed.		Not economically active refers to persons aged 15 to 64 years who were neither employed nor unemployed in the reference week.	
								
MUNICIPALITY	Unemployment rate (%) 2019	2020e	Labour force participation rate (%) 2019	2020e	Labour absorption rate (employment-to-population ratio) 2019	2020e	Not economically active 2019 (% of working-age population)	2020e
 Kannaland	9.2%	↓	62.3%	↓	56.6%	↓	37.7%	↑
 Hessequa	7.2%	↓	73.0%	↓	67.7%	↓	27.0%	↑
 Mossel Bay	15.6%	↓	68.4%	↓	57.8%	↓	31.6%	↑
 George	14.7%	↓	70.4%	↓	60.1%	↓	29.6%	↑
 Oudtshoorn	18.7%	↓	59.8%	↓	48.6%	↓	40.2%	↑
 Bitou	24.5%	↓	74.5%	↓	56.2%	↓	25.5%	↑
 Knysna	19.4%	↓	70.1%	↓	56.5%	↓	29.9%	↑
Garden Route District	15.9%	↓	68.7%	↓	57.7%	↓	31.3%	↑
Western Cape	19.6%	↓	67.9%	↓	54.6%	↓	32.1%	↑

Source: Quantec Research, 2021

In 2019, the unemployment rate in the GRD stood at 15.9 per cent. This rate is below that of the Western Cape during the same year. The Bitou (24.5 per cent) and Knysna (19.4 per cent) municipal areas had the highest unemployment rates of all municipal areas in 2019.

It is expected that the unemployment rate decreased across all municipal areas between 2019 and 2020. However, this should not be considered as an improvement in the District's labour market, but rather an increase in the number of “not economically active” workers. This increase may be attributed to an increased number of workers unable to seek employment owing to the national lockdown.⁶

⁶ (Stats SA, 2020).

The labour absorption and labour force participation rates are expected to have declined across all municipal areas between 2019 and 2020. It is therefore expected that the number of job opportunities in the District declined, mainly as a result of the COVID-19 pandemic and restraints on economic activity.

1.4 CONCLUDING REMARKS

The GRD economy was valued at R46.3 billion in 2019 and contributed 7.6 per cent to the economy of the Western Cape during the same year. Between 2015 and 2019, growth in the District averaged 1.0 per cent, which was similar to that of the Provincial economy over the same period. Estimates for 2020 indicate that the District economy contracted by 6.3 per cent. This contraction is smaller than the estimated contraction of 6.7 per cent for the Provincial economy. Forecasts for 2021 indicate that the GRD economy is expected to grow by 4.9 per cent, with annual growth slowing to 2.7 per cent in 2022.

The George and Mossel Bay municipal areas were the leading contributors to GDP in 2019. In terms of sectoral performance, the tertiary sector was the largest contributor to economic activity in the District in 2019, with a GDP contribution of 71.4 per cent during the year. Estimates for 2020 indicate a contraction of 5.9 per cent and 12.2 per cent for the tertiary and secondary sectors respectively. Conversely, the primary sector is expected to have registered a growth rate of 10.5 per cent during the year owing to the strong performance of the agriculture sector.

The trade sector was the single largest contributor to employment in the District in 2019, at 25.6 per cent. This emphasises the importance of the tourism industry when it comes to employment creation in the District. Other notable contributors to employment included the finance (18.0 per cent) and community services (14.7 per cent) sectors.

Between 2019 and 2020, unemployment across the District decreased despite sharp declines in economic activity in 2020. However, the decline in unemployment does not reflect an improvement in labour market conditions in the GRD, as is indicated by the decline in the labour force participation and labour absorption rates. In 2019, jobs in the District amounted to 231 888, with an estimated 15 304 jobs lost in 2020.





2

SECTORAL GROWTH, EMPLOYMENT AND SKILLS PER MUNICIPAL AREA

2.1 INTRODUCTION

This chapter provides a more in-depth macroeconomic outlook by considering the trends in GDP, employment and skill levels between 2010 and 2020 for each of the municipal areas within the GRD.

2.2 GARDEN ROUTE DISTRICT

GEORGE

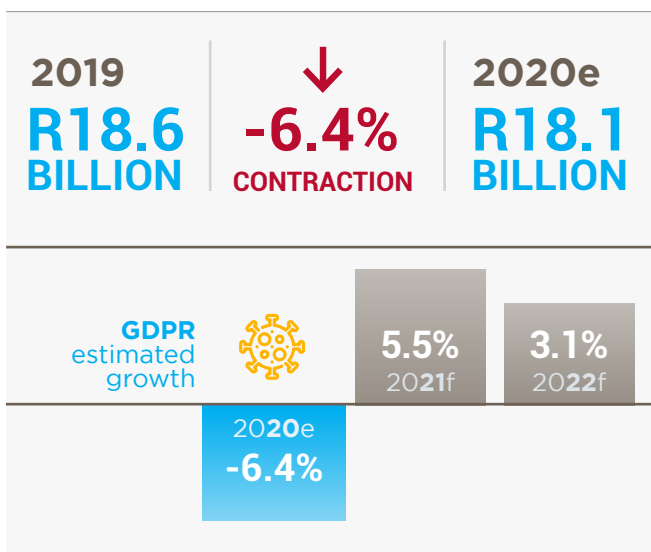
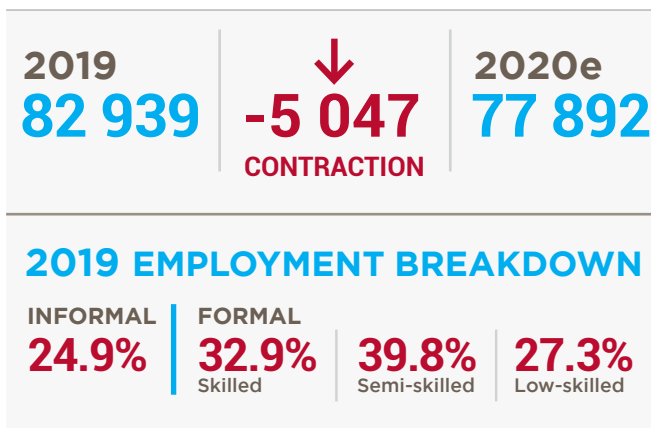


Diagram 2.1

GDPR (CURRENT PRICES) AND EMPLOYMENT,
George, 2019 and 2020e



Source: Quantec Research, 2021; Urban-Econ based on Quantec, SARB, Stats SA and BFAP, 2021 (e denotes estimate, f denotes forecast)

The George municipal area covers 5 191km²,⁷ stretching from the coastline, where Herold's Bay, Victoria Bay and Wilderness are popular tourist areas, to the drier climate of the Little Karoo in the north. George is the main town in the GRD and serves as a regional node for other municipal areas in the District. Less populated areas in the municipal area include Uniondale, Touwsrante, Haarlem, Hoekwil and Victoria Bay. The George municipal area is well connected to other Districts via the N2, the N9 and the N12, as well as George Airport.⁸ George Airport plays an integral role in the economy of the municipal area as well as the region, as it makes it easier to conduct business and to attract tourists.

2.2.1 GDPR and employment performance

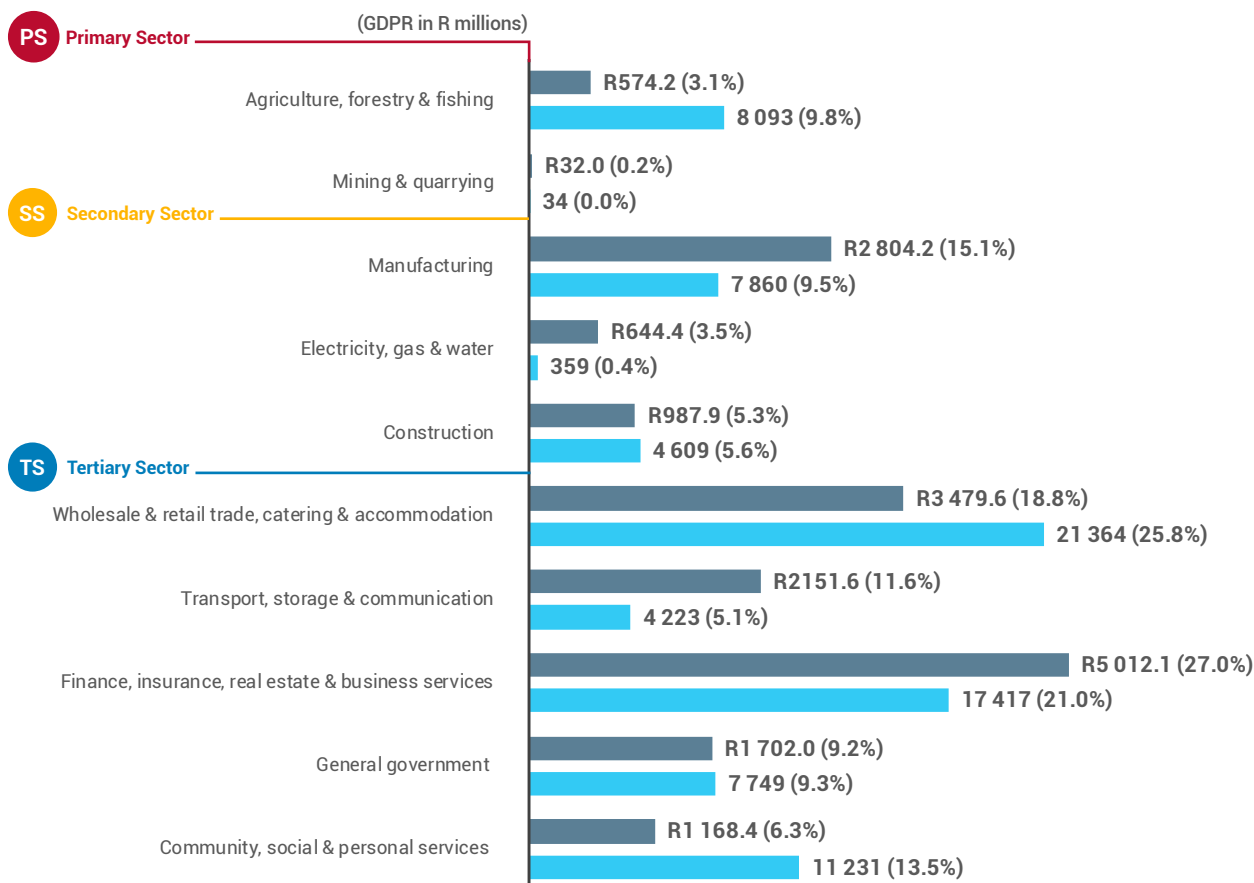
The George municipal area's GDPR was valued at R18.6 billion in 2019 and is estimated to have contracted by 6.4 per cent to R18.1 billion in 2020. It is estimated that 5 047 jobs were shed in the municipal area in 2020, bringing the total number of employed people in the region to 77 892 in 2020. It is forecast that the municipal area will start to recover in 2021, with GDPR growth of 5.5 per cent, and will continue in 2022 with 3.1 per cent growth.

⁷ (MDB, 2018).

⁸ (George Municipality, 2013).

Figure 2.1 depicts the sectoral contribution to employment and GDPR in the George municipal area in 2019.

Figure 2.1
SECTORAL GDPR
AND EMPLOYMENT CONTRIBUTION,
George, 2019 (%)



Source: Quantec Research, 2021

The largest contributors to GDPR in the George municipal area in 2019 were the finance sector (27.0 per cent), the trade sector (18.8 per cent) and the manufacturing sector (15.1 per cent).


The trade sector provided the most employment in the George municipal area in 2019, accounting for 25.8 per cent of total employment. The finance sector was the second-largest contributor, with 21.0 per cent, followed by the community services sector with 13.5 per cent. In the George municipal area, these three sectors employed 60.3 per cent of those employed in 2019.

The municipal area's labour-intensive sectors include the trade, agriculture and community services sectors. These sectors contribute more to employment than to GDPR. Conversely, the finance sector contributed more to GDPR than to employment (27.0 per cent compared with 21.0 per cent), reflecting the capital-intensive nature of this sector. The manufacturing sector and the transport sector are also capital-intensive.

Table 2.1 outlines the George municipal area's GDPR and employment performance per sector.

Table 2.1

GDPR AND EMPLOYMENT PERFORMANCE PER SECTOR, George

		GDPR		Employment	
		Trend 2015 – 2019	Real GDPR growth 2020e	Average annual change 2015 – 2019	Net change 2020e
SECTOR					
PS	Primary Sector	-3.7%	10.8%	131	-380
	Agriculture, forestry & fishing	-3.8%	11.9%	132	-378
	Mining & quarrying	0.6%	-17.9%	-1	-2
SS	Secondary Sector	0.5%	-11.2%	27	-1 151
	Manufacturing	1.3%	-8.8%	77	-509
	Electricity, gas & water	-1.3%	-7.3%	2	-13
	Construction	-1.2%	-21.9%	-52	-629
TS	Tertiary Sector	2.1%	-6.0%	1 213	-3 516
	Wholesale & retail trade, catering & accommodation	1.0%	-10.3%	462	-1 492
	Transport, storage & communication	2.1%	-14.3%	94	-205
	Finance, insurance, real estate & business services	3.6%	-3.2%	622	-730
	General government	-0.2%	-0.3%	-44	49
	Community, social & personal services	1.0%	-2.5%	79	-1 138
	Total George	1.5%	-6.4%	1 372	-5 047

Source: Quantec Research, 2021 (e denotes estimate)

Between 2015 and 2019, the George municipal area achieved an average annual growth rate of 1.5 per cent and created an average of 1 372 jobs per annum. The tertiary sector had an annual growth rate of 2.1 per cent and was the sector with the highest growth between 2015 and 2019 in the municipal area. The secondary sector experienced moderate growth of 0.5 per cent, while the primary sector contracted by 3.7 per cent in the period under review.

The sector with the greatest growth in the municipal area between 2015 and 2019 was the finance sector (3.6 per cent per annum). This was followed by the transport sector (2.1 per cent per annum) and the manufacturing sector (1.3 per cent per annum). The sectors that contracted in the George municipal area between 2015 and 2019 were the electricity, gas and water sector (1.3 per cent per annum), the construction sector (1.2 per cent), the general government sector (0.2 per cent per annum) and the agriculture sector (3.8 per cent per annum). The contraction in the agriculture sector was most likely caused by the continued drought in the area during that time. The forestry and timber industry plays an important role in the area's economy and is well supported by Saasveld Forestry College, which trains foresters.

Employment creation in the George municipal area was mainly driven by the finance sector, which experienced an average annual increase of 622 jobs per annum between 2015 and 2019, followed by the trade sector (462 jobs) and the agriculture sector (132 jobs). The sectors that shed the most jobs on an annual basis for the period under review were construction (52 jobs) and general government (44 jobs).

The George municipal area's economy is estimated to have declined by 6.4 per cent in 2020, largely as a result of COVID-19. Manufacturing in the George municipal area is estimated to have declined by 8.8 per cent in 2020, with many local and regional saw-timber operators having experienced declining demand from the construction sector nationally. George is one of the larger towns in the Western Cape and the business hub of the GRD, and the George municipal area's dominant finance sector is estimated to have contracted by 3.2 per cent, impacting the municipal area on a large scale.

The George municipal area coastline is a popular tourist destination and is also popular for second homes, particularly Herold's Bay, Wilderness, Touwsrante and Hoekwil. The popularity of these areas for residential development has a positive impact on the local economy, especially during peak holiday periods. Travel restrictions and the lockdown in the country impacted the trade sector significantly, with an estimated 10.3 per cent decrease in 2020. The construction sector contracted by 21.9 per cent, which could be due to investors and contractors stopping construction on holiday homes and additional retail facilities as a result of COVID-19 regulations.

The only sector that indicated an increase in GDP in 2020 was the agriculture sector (11.9 per cent). This significant growth is a result of improved weather conditions in the region and the fact that this sector could operate under lockdown level five. There are high production volumes of wheat in the municipal area, and the increase in wheat prices also contributed to the growth in this sector.⁹

It is estimated that in 2020, 5 047 jobs were lost, which was as a result of job-shedding in all sectors except the general government sector, which had an increase of 49 jobs. The significant number of jobs lost in the municipal area is a result of the COVID-19 impact. This is likely to increase the demand for public-sector support, which will place additional pressure on the local municipality, as revenue collection may be hampered but the same level of services will still be required.



INDUSTRY PERFORMANCE

The number of unprocessed milk producers in the Western Cape continued its historical downward trend in 2021. There are now approximately 348 milk producers in the Western Cape, compared with 379 in 2020, 402 in 2019 and 533 in 2015. Despite this consolidation, the Western Cape's national contribution to milk production increased from 27.1 per cent in 2009 to 31.0 per cent in 2020, making it the largest producer in the country.¹⁰

Local and international lockdowns resulted in an excess supply of fresh milk, with concomitant increases in demand for UHT milk, milk powders, cheese, buttermilk, maas and other processed products. This would have resulted in increased price pressure on already-squeezed smaller independent farmers, but it buoyed manufacturers operating higher up along the dairy value chain. It is, however, estimated that customers will return to pre-COVID-19 consumption habits beyond 2021.^{11,12}

To read more on the performance of the dairy industry:



⁹ (BFAP, 2020).

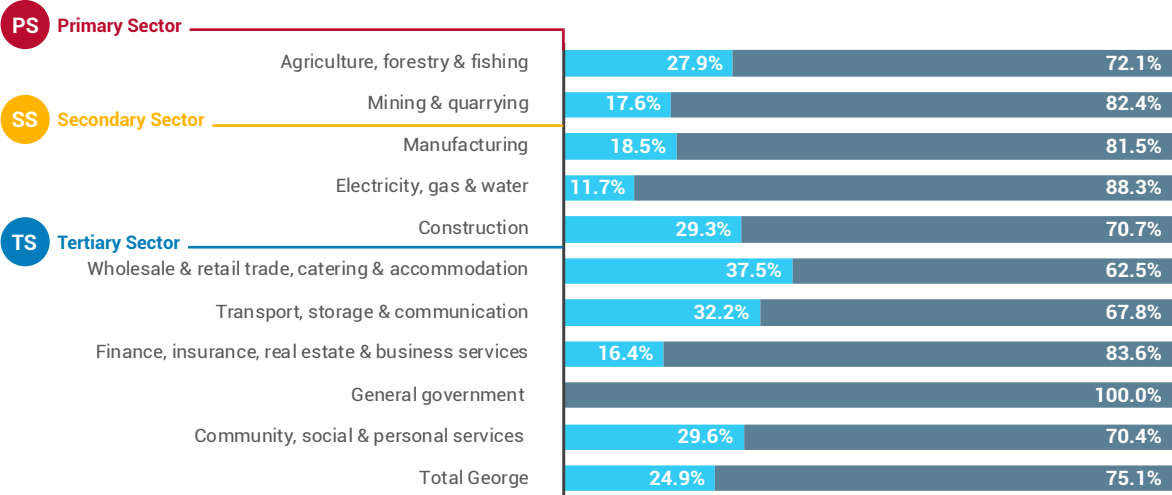
¹⁰ (Milk Producers' Organisation, 2021).

¹¹ (Milk SA, 2021).

¹² (South African Milk Processors' Organisation, 2021).

Figure 2.2 depicts the sectoral informal employment distribution in the George municipal area in 2019.¹³

Figure 2.2
INFORMAL EMPLOYMENT DISTRIBUTION, George, 2019 (%)



Source: Quantec Research, 2021

Informal employment accounted for 24.9 per cent of the GRD’s total employment in 2019. The sector that provided the biggest share of informal employment opportunities in 2019 was the trade sector, with 37.5 per cent of the municipal area’s employment. This was followed by the transport sector (32.2 per cent) and the community services sector (29.6 per cent).



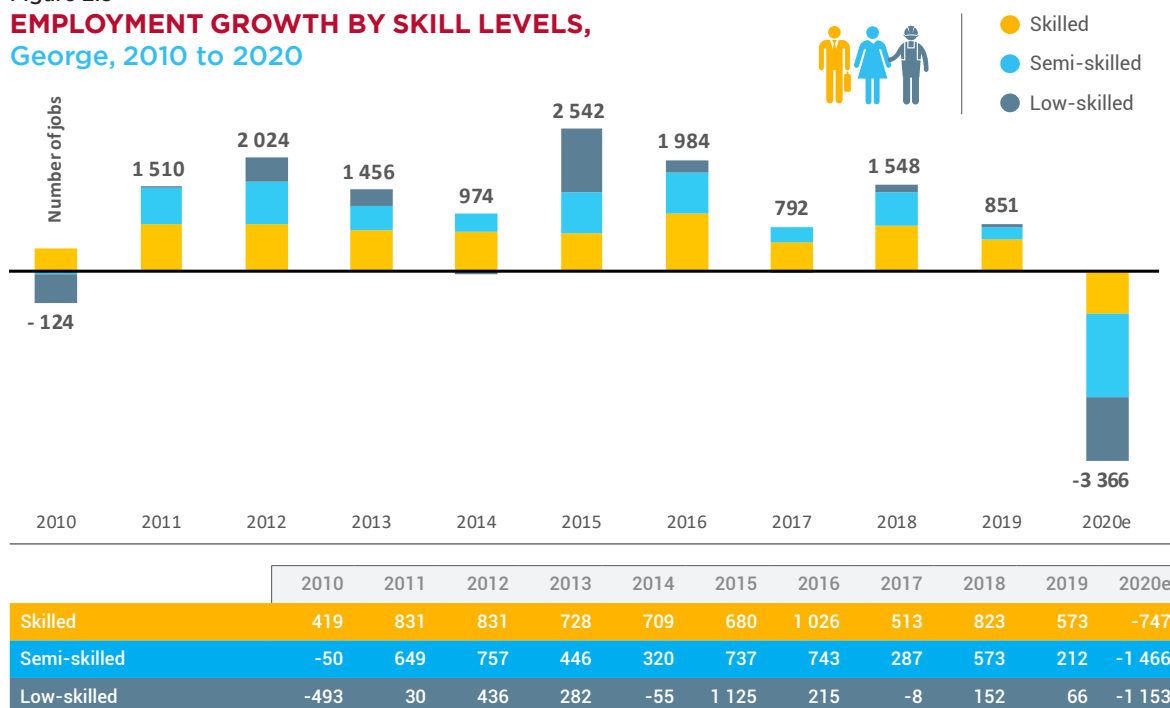
¹³ Throughout this chapter, it should be noted that the number of informal sector workers is determined by using labour data from the Quarterly Employment Statistics (QES) and the Quarterly Labour Force Survey (QLFS). Quantec uses the QES formal figure, to which it adds formal agricultural and domestic workers. Using the total employment from the QLFS, informal employment is calculated as a residual. This residual is higher than the figure given in the QLFS owing to the inclusion of SMMEs, which are not accounted for in the QES.

2.2.2 Skills analysis

Figure 2.3 illustrates the changes in formal employment by skill levels in the George municipal area between 2010 and 2020.

Figure 2.3

EMPLOYMENT GROWTH BY SKILL LEVELS, George, 2010 to 2020



Source: Quantec Research, 2021 (e denotes estimate)

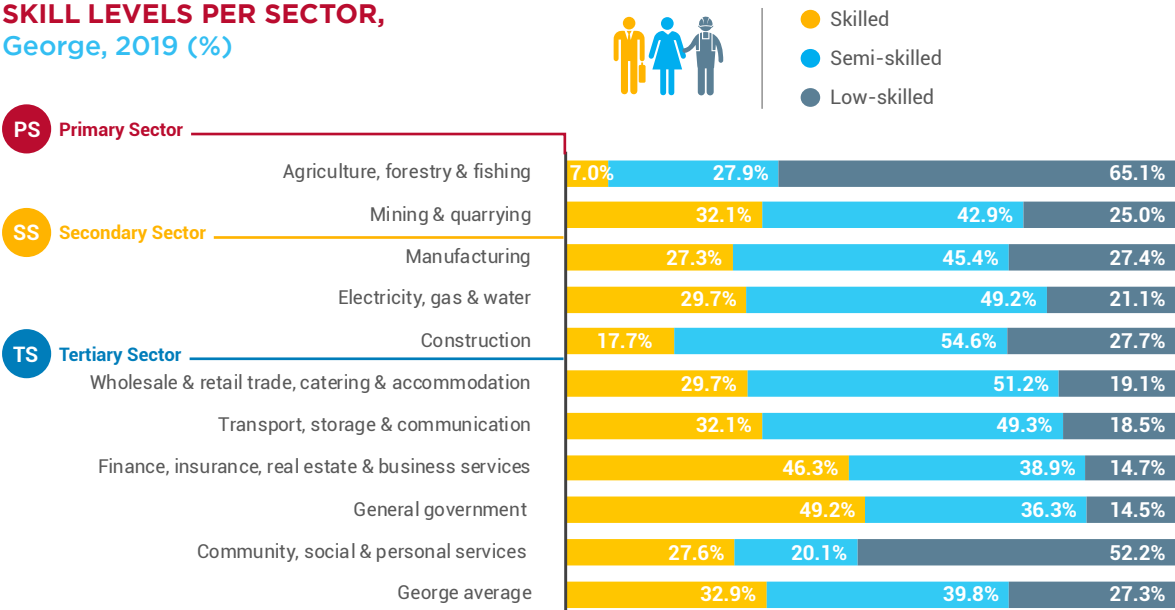
During the aftermath of the 2008 global financial crisis, low-skilled and semi-skilled workers in the George municipal area experienced the impact of job losses. Low-skilled workers lost 493 jobs in 2010, and employment growth has been slow since 2012, with the exception of 2015, when a number of low-skilled jobs were created.¹⁴ Between 2011 and 2019, more semi-skilled jobs were created.

With 419 new jobs generated in 2010, skilled employment demonstrated exceptional resilience in the aftermath of the global financial crisis of 2008. Skilled employment recovered more rapidly than low- and semi-skilled employment, and grew steadily from 2010. Between 2010 and 2019, more workers in the George municipal area found work in the skilled employment sector than in the low- or semi-skilled sector, with the exception of 2015. The impact of COVID-19 resulted in an estimated 3 366 formal jobs being lost in the municipal area. Semi-skilled workers were impacted the most, as 1 466 jobs were lost, followed by low-skilled workers (1 153 jobs) and skilled workers (747 jobs).

¹⁴ In 2015 a new master sample was implemented in the Quarterly Labour Force Survey (QLFS), which may have impacted the data owing to variations in its design (Stats SA, 2015).

Figure 2.4 provides a sectoral overview of the skill levels for formal employment in the George municipal area.

Figure 2.4
SKILL LEVELS PER SECTOR,
George, 2019 (%)



Source: Quantec Research, 2021

In 2019, 32.9 per cent of employed people in the George municipal area were skilled employees, while the area had 39.8 per cent semi-skilled employees and 27.3 per cent low-skilled employees. Low-skilled employment was best absorbed in the agriculture sector in the George municipal area, where 65.1 per cent of employees were low-skilled employees in 2019.

The sector that had the largest proportion of semi-skilled workers in the George municipal area in 2019 was the construction sector (54.6 per cent). Apart from the agriculture sector (27.9 per cent) and the community services sector (20.1 per cent), the proportion of semi-skilled workers in the various sectors ranged between 36.3 per cent and 51.2 per cent in 2019. In 2019, 49.2 per cent of employees in the general government sector were skilled workers in the George municipal area. Other sectors that absorbed a large share of skilled employees in the George municipal area were the finance sector (46.3 per cent) as well as the transport sector and the mining sector, both with 32.1 per cent. This indicates that the labour market is changing towards skilled and semi-skilled labour, emphasising the importance of the George municipal area as the region's services-sector hub.





2.3 GARDEN ROUTE DISTRICT

MOSSEL BAY



GDPR

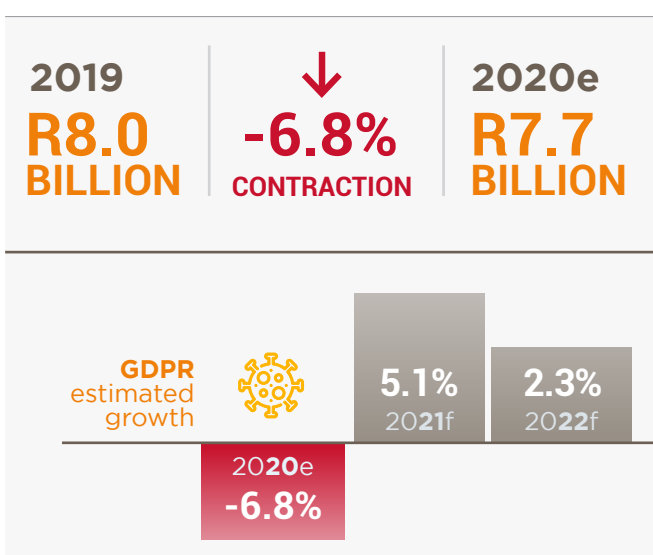
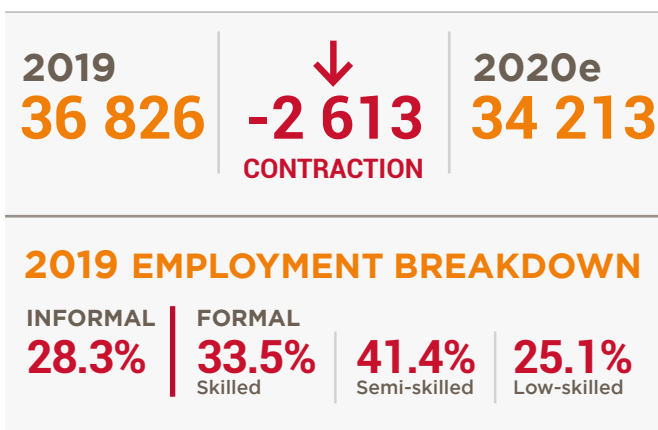


Diagram 2.2
GDPR (CURRENT PRICES) AND EMPLOYMENT, Mossel Bay, 2019 and 2020e

JOBS



Source: Quantec Research, 2021; Urban-Econ based on Quantec, SARB, Stats SA and BFAP, 2021 (e denotes estimate, f denotes forecast)

¹⁵ (MDB, 2018).

¹⁶ (Mossel Bay Municipality, 2017).

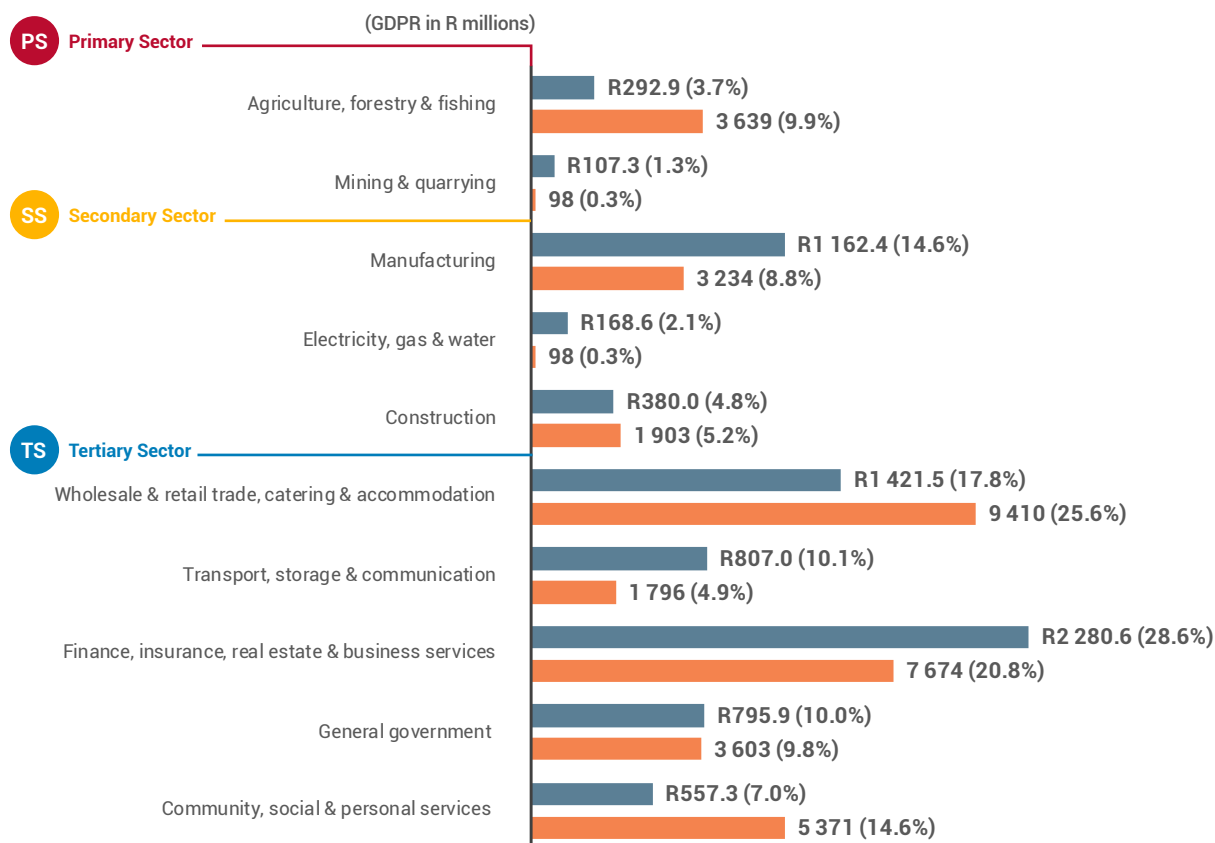
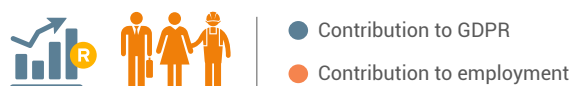
The Mossel Bay municipal area covers 2 001km² and is situated halfway between the Cape Town Metro area and Port Elizabeth in the Eastern Cape.¹⁵ The municipal area has a 122km-long coastline that is characterised by three distinct bays – Vleesbaai, Dana Bay and Mossel Bay. The Moss gas plant and harbour are important infrastructure in the municipal area. The harbour serves the local fishing, gas and tourism sectors. The town of Mossel Bay is the main urban node in the municipal area, while smaller towns include Boggoms Bay, Brandwag, Buisplaas, D'Almeida, Dana Bay, Glentana, Fraaiuitsig, Friemersheim, Great Brak River, Hartenbos, Herbertsdale, Hersham, KwaNonqaba, Little Brak River, Outeniqua Beach, Reebok, Ruiterbos, Southern Cross, Tergniet and Vleesbaai.¹⁶

2.3.1 GDPR and employment performance

The Mossel Bay municipal area's GDPR was valued at R8.0 billion in 2019 and is estimated to have contracted by 6.8 per cent to R7.7 billion in 2020. It is estimated that 2 613 jobs were shed in the municipal area in 2020, bringing the total number of employed people in the region to 34 213 in 2020. It is forecast that in 2021, the municipal area's economy will recover partially with an increase of 5.1 per cent and will grow by a further 2.3 per cent in 2022.

Figure 2.5 illustrates the GDPR and employment contribution per sector in the Mossel Bay municipal area in 2019.

Figure 2.5
SECTORAL GDPR AND EMPLOYMENT
CONTRIBUTION, Mossel Bay, 2019 (%)



Source: Quantec Research, 2021

In 2019, the largest contributors to the economy in the Mossel Bay municipal area were the finance (28.6 per cent), trade (17.8 per cent) and manufacturing (14.6 per cent) sectors. The smallest contributor in 2019 was the mining sector, with only 1.3 per cent, followed by the electricity, gas and water sector (2.1 per cent).


The biggest contributor to employment in the Mossel Bay municipal area in 2019 was the trade sector, with 25.6 per cent. This was followed by the finance sector (20.8 per cent) and the community services sector (14.6 per cent). The finance sector was the largest capital-intensive sector in the municipal area and the trade sector was the largest labour-intensive sector.



A more detailed overview of sectoral contributions to GDP and employment is provided in Table 2.2.

Table 2.2

GDP AND EMPLOYMENT PERFORMANCE PER SECTOR, Mossel Bay

		GDP		Employment	
SECTOR		Trend 2015 – 2019	Real GDP growth 2020e	Average annual change 2015 – 2019	Net change 2020e
PS	Primary Sector	-3.7%	6.9%	14	-352
	Agriculture, forestry & fishing	-4.7%	14.6%	14	-344
	Mining & quarrying	0.1%	-18.4%	0	-8
SS	Secondary Sector	-3.0%	-15.2%	-132	-593
	Manufacturing	-2.6%	-13.5%	-28	-257
	Electricity, gas & water	-3.0%	-8.8%	-1	-4
	Construction	-4.4%	-24.3%	-103	-332
TS	Tertiary Sector	2.1%	-5.6%	461	-1 668
	Wholesale & retail trade, catering & accommodation	1.0%	-10.4%	207	-677
	Transport, storage & communication	1.4%	-14.9%	27	-82
	Finance, insurance, real estate & business services	3.4%	-3.0%	231	-363
	General government	0.2%	0.1%	-21	21
	Community, social & personal services	1.4%	-2.2%	16	-567
Total Mossel Bay		0.7%	-6.8%	343	-2 613

Source: Quantec Research, 2021 (e denotes estimate)

The Mossel Bay municipal area had a GDP growth of 0.7 per cent annually between 2015 and 2019. The tertiary sector was the only sector in the municipal area that had positive growth over the reference period, experiencing an average growth rate of 2.1 per cent. The GDP growth in the Mossel Bay municipal area was mainly driven by the finance (3.4 per cent) sector, the transport and community services sectors (1.4 per cent each) and the trade sector (1.0 per cent).

The secondary sector's GDP declined by an average of 3.0 per cent per annum between 2015 and 2019. The poor performance of the manufacturing sector, which contracted by 2.6 per cent, is dampening economic prospects in the Mossel Bay municipal area. The primary sector contracted by 3.7 per cent per annum, with the agriculture sector declining at a rate of 4.7 per cent annually between 2015 and 2019.

Between 2015 and 2019, the municipal area created an average of 343 jobs per annum. This was mainly driven by the tertiary sector (461 jobs) and more specifically the finance sector, which created 231 jobs per annum on average. This was followed by the trade sector (207 jobs) and the transport sector (27 jobs).

It is estimated that the Mossel Bay municipal area's GDP contracted by 6.8 per cent in 2020, largely owing to the impact of the COVID-19 pandemic and associated lockdown. In addition to COVID-19-related impacts, the trade sector's 10.4 per cent drop in GDP was influenced by the significant contraction of the tourism industry. The construction sector is estimated to have contracted significantly, as construction-related projects and housing development stagnated owing to lockdown regulations in 2020. The secondary sector is estimated to have contracted by 15.2 per cent. The only sectors estimated to have had a positive growth in 2020 were the general government (0.1 per cent) and agriculture (14.6 per cent) sectors. Relatively lower restrictions during the earlier stages of the national lockdown supported inshore trawl and commercial line fishing from the Mossel Bay Harbour.

The contraction in economic growth in the municipal area resulted in significant job losses of an estimated 2 613 jobs. The tertiary sector was impacted the most, as it is estimated that 1 668 workers lost their jobs, followed by the secondary sector (593 jobs) and the primary sector (352 jobs). The trade sector lost 677 jobs, followed by the community services sector, with 567 jobs lost. The high number of jobs lost in these sectors is the result of the poor tourism performance in 2020 owing to COVID-19-related impacts, and the decrease in household income as people took pay cuts resulted in personal services becoming less affordable and being regarded as unnecessary. It is estimated that the agriculture sector shed 344 jobs in 2020. The general government sector was the only sector that created additional employment, with an estimated 21 jobs created.

INDUSTRY PERFORMANCE

The Deepwater Luiperd-1 well prospect, announced in 2020, represents the second significant announcement made in South Africa's oil and gas sector in the past 24 months. It is estimated that the Luiperd gas prospect, located 175km offshore to the south of Knysna, is 50.0 per cent larger than the Brulpadda find in 2019, which bodes well for the industry. The find's location means that potential future onshore beneficiation is likely to be undertaken in Mossel Bay.¹⁷ Total is the main operator, with a South African consortium holding a 10.0 per cent participating interest stake.¹⁸ To date, the Brulpadda and Luiperd finds have created job opportunities for South Africans in professions such as engineering, aviation, geology and oceanography.¹⁹ These two major finds from the past two years build on the Ibhubesi gas field to the north-west of Saldanha and the Gazania well near Hondeklip Bay.

Unlocking localisation, employment and skills uptake opportunities in the value chain is highly dependent on policy certainty and legislative clarity. In this regard, the Upstream Petroleum Resources Development Bill²⁰ and Gas Amendment Bill²¹ were both introduced in 2021, while the Climate Change Bill of 2018²² is also due to be tabled in Parliament in 2021.²³

¹⁷ (IHS Markit, 2020).

¹⁸ (TotalEnergies, 2020).

¹⁹ (Department of Mineral Resources and Energy, 2020).

²⁰ (Parliament, 2021a).

²¹ (Parliament, 2021b).

²² (Department of Forestry, Fisheries and the Environment, 2018).

²³ (Parliamentary Monitoring Group, 2021b).

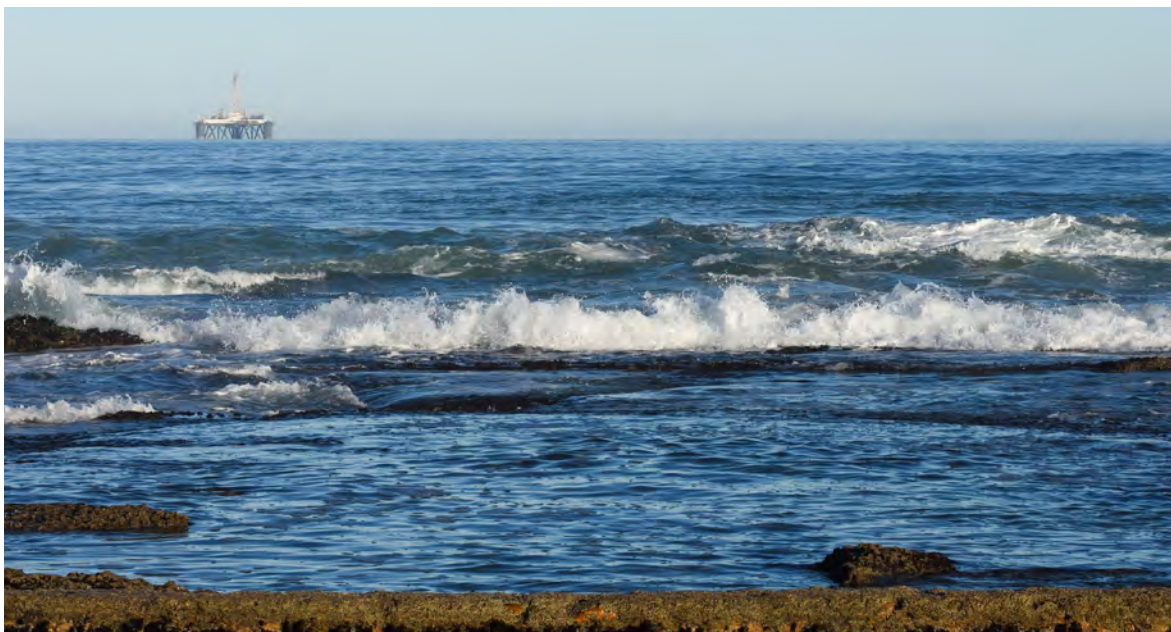
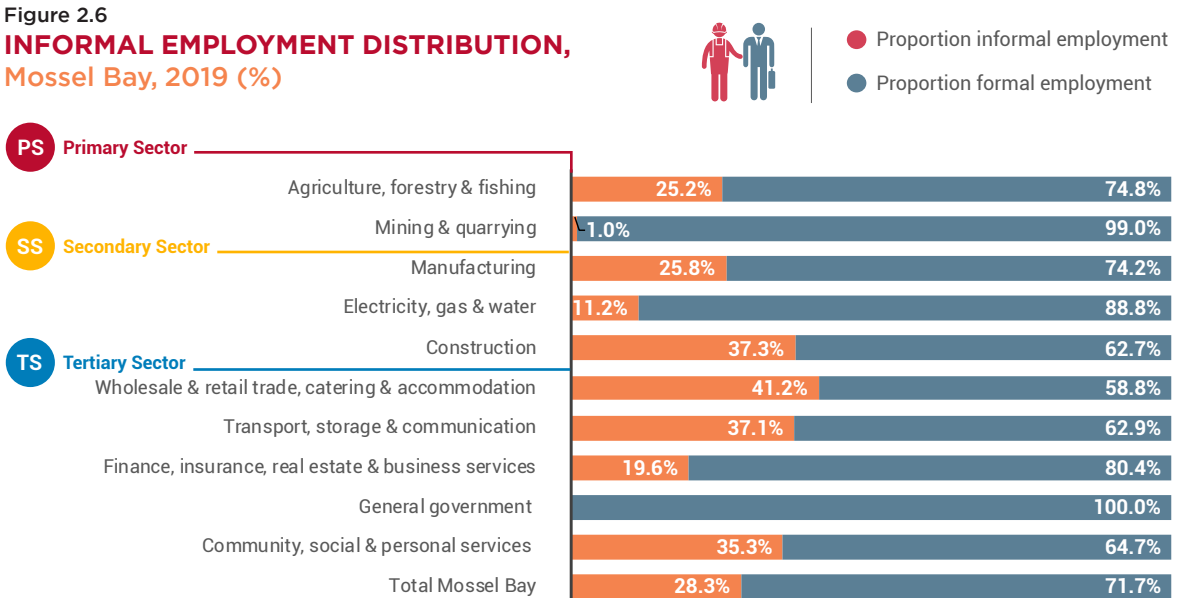


Figure 2.6 illustrates the sectoral distribution of informal employment in the Mossel Bay municipal area in 2019. Informal employment is a valuable source of employment for 28.3 per cent of the area’s employed population.



Source: Quantec Research, 2021

The sector that provided the largest share of informal employment was the trade sector, with 41.2 per cent of the sector’s employment opportunities. This was followed by the construction (37.3 per cent), transport (37.1 per cent) and community services (35.3 per cent) sectors.

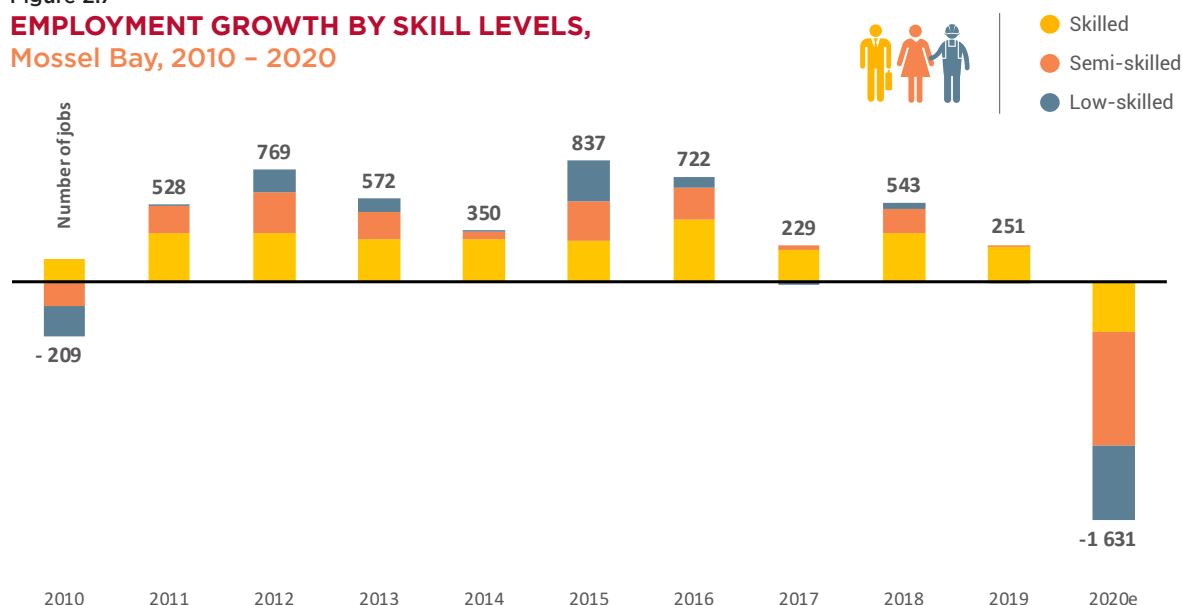
Informal businesses in the Mossel Bay municipal area are constrained by lack of rental space, high rental costs for business space, lack of capital to expand, market access, slow markets, low credit profile and business security. These constraints hinder informal businesses from expanding and creating jobs. Increasing the usage of the Mossel Bay Harbour beyond fishing and mining activities can increase job creation, particularly in the transport sector.

2.3.2 Skills analysis

Figure 2.7 illustrates the changes in formal employment by skill levels in the Mossel Bay municipal area between 2010 and 2020.

Figure 2.7

EMPLOYMENT GROWTH BY SKILL LEVELS, Mossel Bay, 2010 – 2020



	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020e
Skilled	163	336	336	291	292	279	434	223	332	242	-340
Semi-skilled	-168	184	278	186	55	277	219	27	173	14	-783
Low-skilled	-204	8	155	95	3	281	69	-21	38	-5	-508

Source: Quantec Research, 2021 (e denotes estimate)

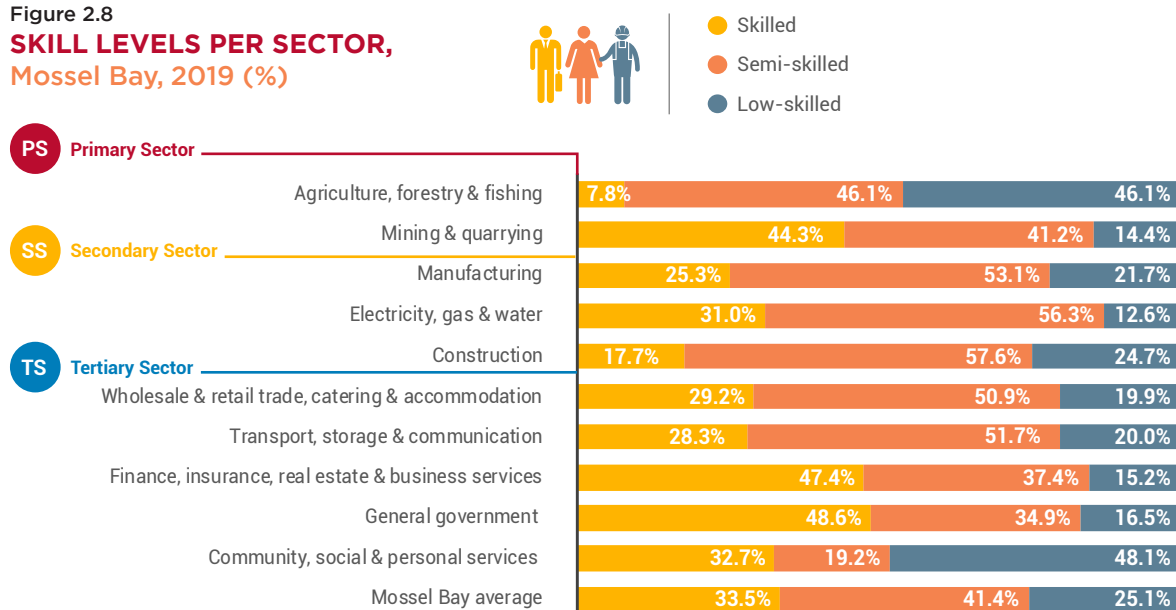
Low- and semi-skilled employees in the Mossel Bay municipal area bore the job-shedding brunt during the aftermath of the 2008 global financial crisis. Low-skilled employees shed jobs in 2010 and have only experienced moderate growth in employment since 2012. Apart from in 2015, few low-skilled employment opportunities were created. A net total of only 623 low-skilled jobs were created between 2011 and 2019 in the municipal area. Semi-skilled employment recovered faster than low-skilled employment between 2011 and 2019. Apart from in 2015, more employment opportunities were created in semi-skilled employment compared with low-skilled employment. A net total of 1 413 semi-skilled jobs were created between 2011 and 2019.

Skilled employment recovered faster than low- and semi-skilled employment, and showed good growth from 2010. Apart from in 2015, more people attained employment in the skilled employment sector than in the low- or semi-skilled sector in the Mossel Bay municipal area between 2010 and 2019, with a net total of 2 928 skilled jobs. This indicates that employment for the skilled workforce is more sustainable in poor economic conditions. The estimated number of formal jobs lost in 2020 owing to the impact of COVID-19 was 1 631 jobs. Semi-skilled workers lost the largest portion of jobs in the municipal area (783 jobs), followed by low-skilled workers (508 jobs) and skilled workers (340 jobs).

The high number of job losses in the municipal area will increase financial strain on local households and will limit revenue collection by the local municipality, which will ultimately have an adverse effect on the service delivery capabilities of the municipality.

Figure 2.8 provides a sectoral overview of the skill levels for formal employment in the Mossel Bay municipal area.

Figure 2.8
SKILL LEVELS PER SECTOR,
Mossel Bay, 2019 (%)



Source: Quantec Research, 2021

In the Mossel Bay municipal area, 33.5 per cent of employed people were skilled employees in 2019, while the area had 41.4 per cent semi-skilled employees and 25.1 per cent low-skilled employees. Low-skilled employment was best absorbed in the community services (48.1 per cent) and agriculture (46.1 per cent) sectors. The sector that absorbed the most semi-skilled workers in the Mossel Bay municipal area was the construction sector (57.6 per cent).

In the general government sector, 48.6 per cent were skilled workers. This was the sector with the largest portion of skilled workers in the municipal area. Other sectors that absorbed a large share of skilled employees were the finance sector (47.4 per cent) and the mining sector (44.3 per cent).

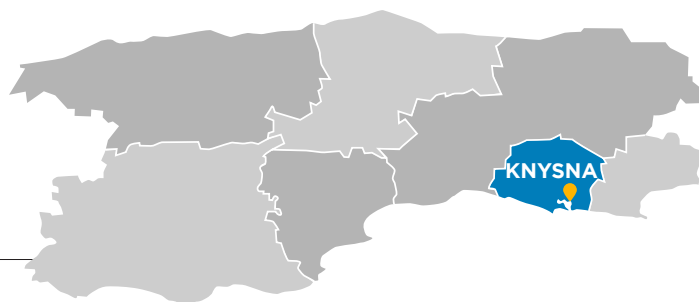
Given the sectoral employment trends in the Mossel Bay municipal area, together with the skills distribution across sectors, it is evident that there is a demand for semi-skilled and skilled workers in the municipal area. Skills development programmes in key economic sectors can therefore boost employment creation in the Mossel Bay municipal area.





2.4 GARDEN ROUTE DISTRICT

KNYSNA



GDPR

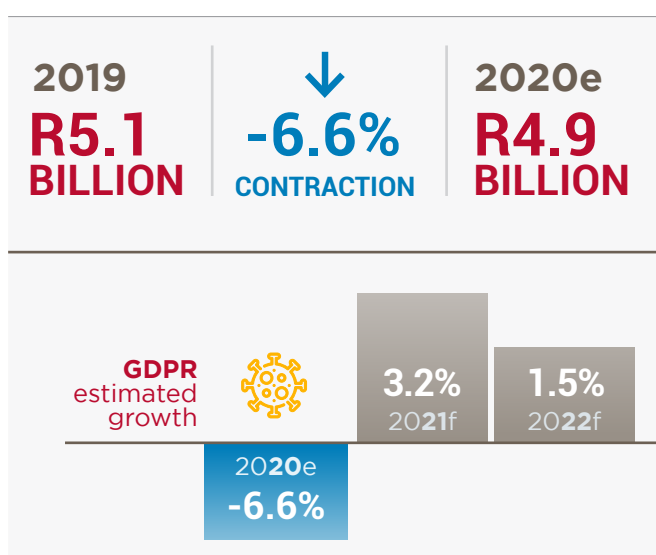
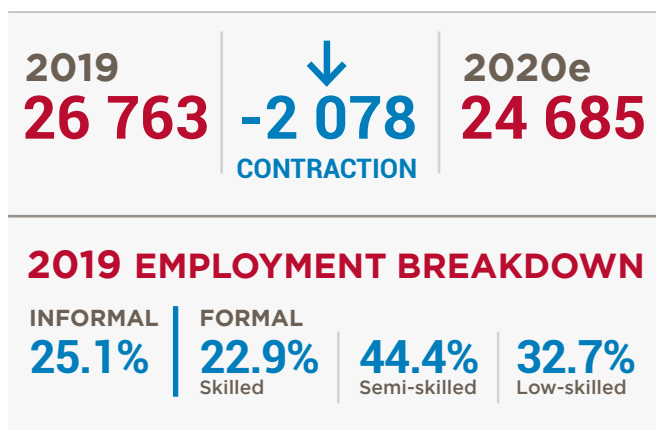


Diagram 2.3

GDPR (CURRENT PRICES) AND EMPLOYMENT, Knysna, 2019 and 2020e



JOBS



Source: Quantec Research, 2021; Urban-Econ based on Quantec, SARB, Stats SA and BFAP, 2021 (e denotes estimate, f denotes forecast)

²⁴ (MDB, 2018).

²⁵ (Knysna Municipality, 2013).

The Knysna municipal area is a popular tourist area and is well known for its estuary, beaches, scenic landscapes and farmlands. The municipal area covers 1 109km²,²⁴ bordering the Outeniqua Mountains and Garden Route National Park to the north, the Knysna Lagoon and the Indian Ocean to the south, the Rondevlei Lake and Swartvlei Lake to the west, and the Harkerville Forest to the east. The town of Knysna is the primary regional service centre and the area consists of mostly tourism settlements such as Sedgefield, Brenton-on-Sea and Buffalo Bay. The municipal area also includes several rural towns such as Rheenendal and Karatara. The N2 is the primary access road to and through the municipal area.²⁵

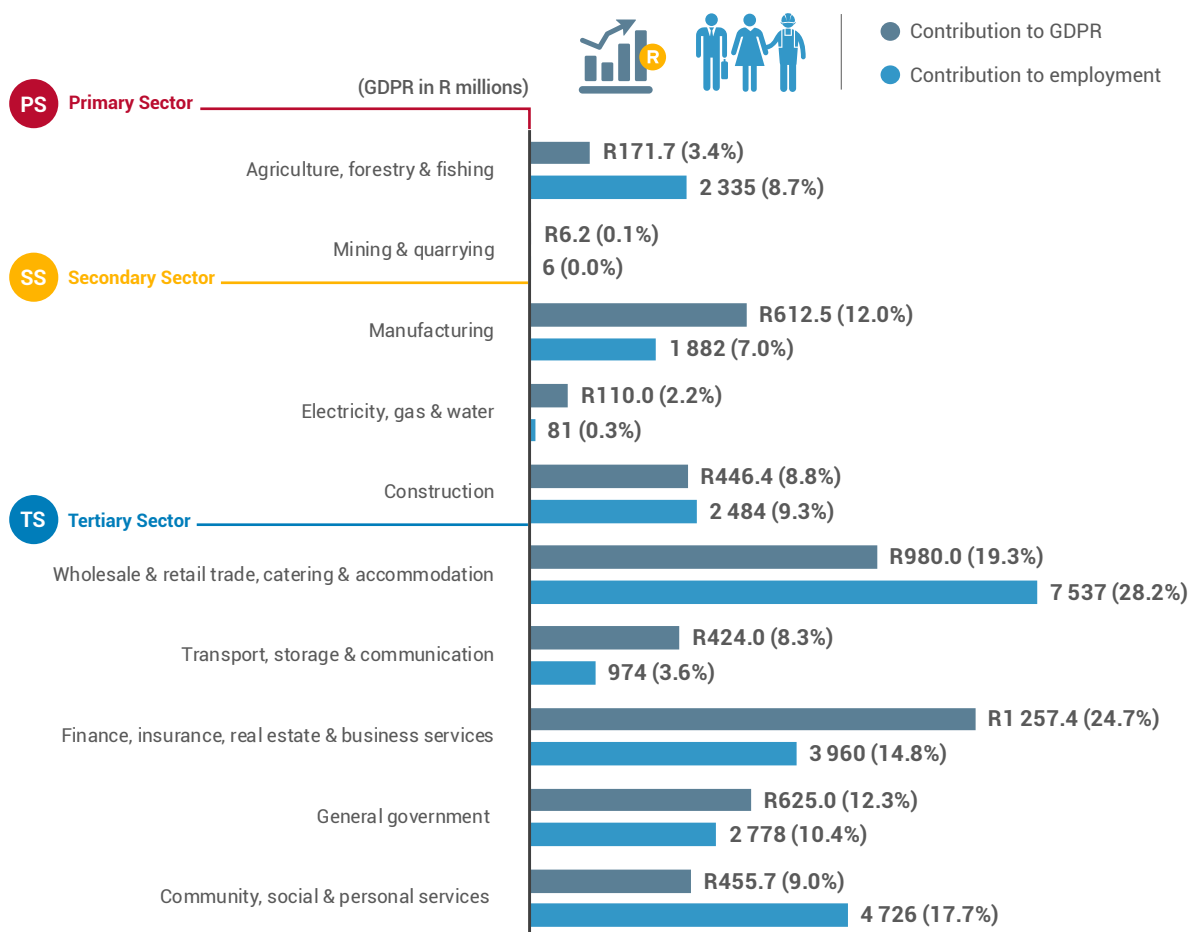
2.4.1 GDPR and employment performance

The Knysna municipal area's GDPR was valued at R5.1 billion in 2019 and is estimated to have contracted by 6.6 per cent to R4.9 billion in 2020. It is estimated that 2 078 jobs were shed in the municipal area in 2020, bringing the total number of employed people in the region to 24 685 in 2020. It is forecast that the economy will recover partially in 2021, with a GDPR growth of 3.2 per cent, while GDPR growth of 1.5 per cent is anticipated for 2022.

Figure 2.9 provides a breakdown of the sectoral contribution to employment and GDP in the Knysna municipal area in 2019.

Figure 2.9

SECTORAL GDP AND EMPLOYMENT CONTRIBUTION, Knysna, 2019 (%)



Source: Quantec Research, 2021


In terms of GDP, the top three sectors in the Knysna municipal area were the finance (24.7 per cent), trade (19.3 per cent) and general government (12.3 per cent) sectors, all falling within the tertiary sector.

The biggest contribution to employment in the Knysna municipal area in 2019 was the trade sector, which contributed 28.2 per cent. This was followed by the community services sector (17.7 per cent) and the finance sector (14.8 per cent). The two largest labour-intensive sectors in the municipal area were the trade sector and the community services sector. The largest capital-intensive sectors were finance and manufacturing.

Table 2.3 provides a more detailed overview of sectoral contributions to GDPR and employment in the Knysna municipal area in 2019.

Table 2.3

GDPR AND EMPLOYMENT PERFORMANCE PER SECTOR, Knysna



SECTOR	GDPR		Employment	
	Trend 2015 – 2019	Real GDPR growth 2020e	Average annual change 2015 – 2019	Net change 2020e
PS Primary Sector	-4.9%	12.7%	13	-170
Agriculture, forestry & fishing	-5.0%	13.3%	13	-170
Mining & quarrying	1.7%	-17.2%	0	0
SS Secondary Sector	-0.2%	-14.3%	-32	-529
Manufacturing	0.8%	-10.7%	-9	-162
Electricity, gas & water	-0.7%	-6.0%	2	0
Construction	-1.7%	-21.9%	-25	-367
TS Tertiary Sector	0.7%	-5.9%	346	-1 379
Wholesale & retail trade, catering & accommodation	-0.1%	-10.9%	160	-718
Transport, storage & communication	0.0%	-16.1%	1	-49
Finance, insurance, real estate & business services	1.0%	-4.1%	82	-219
General government	1.0%	1.1%	4	25
Community, social & personal services	1.6%	-1.9%	99	-418
Total Knysna	0.2%	-6.6%	327	-2 078

Source: Quantec Research, 2021 (e denotes estimate)

The average annual growth rate for the Knysna municipal area between 2015 and 2019 was 0.2 per cent. The Knysna municipal area has a very small primary sector, which contracted by 4.9 per cent between 2015 and 2019. The agriculture sector is the predominant sector, and has been underperforming since 2014 owing to droughts experienced in the region. The secondary sector experienced a contraction of 0.2 per cent between 2015 and 2019. The manufacturing sector is characterised by the production of wood and wood products. The fires that destroyed commercial plantations in 2017 therefore reduced activity in this sector. The tertiary sector achieved an average growth rate of 0.7 per cent between 2015 and 2019. The leading sources of economic growth in this sector include the community services sector (1.6 per cent per annum), the finance sector and the general government sector (1.0 per cent per annum each).

In line with its contribution to GDPR growth, the tertiary sector had the largest growth in employment in the Knysna municipal area, accounting for 346 jobs per annum between 2015 and 2019. Employment was largely driven by the trade sector, which created an average of 160 jobs per annum during this period. This was followed by the community services sector (99 jobs) and the finance sector (82 jobs).

The secondary sector had a decrease of 32 jobs per year between 2015 and 2019, which was influenced mostly by the 25 jobs lost per year in the construction sector. The primary sector had a growth of 13 jobs per year, with all the jobs created in the agriculture sector.

GDPR is expected to have contracted by 6.6 per cent in the Knysna municipal area in 2020. On a sectoral level, restrictions on tourism in 2020 owing to COVID-19 are estimated to have resulted in a 10.9 per cent drop in the trade sector's GDPR. This emphasises the region's dependence on tourism, and how this creates vulnerability in the face of unforeseen events such as COVID-19. Supporting sectors associated with the Knysna tourism sector are estimated to have followed a similar trajectory in 2020. These sectors include finance (contracting by 4.1 per cent in 2020) and transport (contracting by 16.1 per cent). The only two sectors that had positive growth in 2020 were the general government sector (1.1 per cent) and the agriculture sector (13.3 per cent). The positive growth in the agriculture sector can be attributed to improved weather conditions and the fact that the sector was allowed to operate during the lockdown in the country in 2020.

It is estimated that 2 078 jobs were lost in 2020, with the largest number of jobs lost in the tertiary sector (1 379 jobs), followed by the secondary sector (529 jobs) and the primary sector (170 jobs). This indicates the severe impact that COVID-19 had on the local economy and the pressure on business to maintain profits. The impact on the trade sector was significant, with 718 jobs lost, followed by the community services sector with 418 jobs lost. The only sector that created additional jobs in 2020 was the general government sector, with an estimated 25 jobs created.

INDUSTRY PERFORMANCE

The recently approved Forestry Sector Masterplan has the return to production of 17 000ha fire-affected areas in the Western Cape by 2026 as one of its objective statements.²⁶ Approximately 22 000ha of category A plantations are managed by the Department of Forestry, Fisheries and the Environment (DFFE) in the Western Cape, with a further 22 000ha of state-owned forests managed by other entities.²⁷ The opportunity-cost trade-off interface between DFFE plantations and indigenous community development needs was recently brought to the fore in Grabouw, as some forestry land parcels became sites of contestation. Innovative approaches will be required to protect the rights of public, private and First Nation actors in this and other similar conflicts.²⁸ One potential (but partial) solution that was recently mooted at the Garden Route Waste and Biomass Beneficiation Conference is the extraction of economic value from alien plants and forestry residues.²⁹ Another potential solution is for mediated partnerships between entities such as the Western Cape Forestry Sector Forum and beneficiary community trusts identified through land rights enquiry processes in the Boland and Southern Cape.³⁰

To read more about the Forestry Sector Masterplan:



²⁶ (Forestry South Africa, 2020).

²⁷ (Department of Forestry, Fisheries and the Environment, 2020).

²⁸ (Western Cape Department of Human Settlements, 2021).

²⁹ (Garden Route Municipality, 2021).

³⁰ (Department of Forestry, Fisheries and the Environment, 2021).



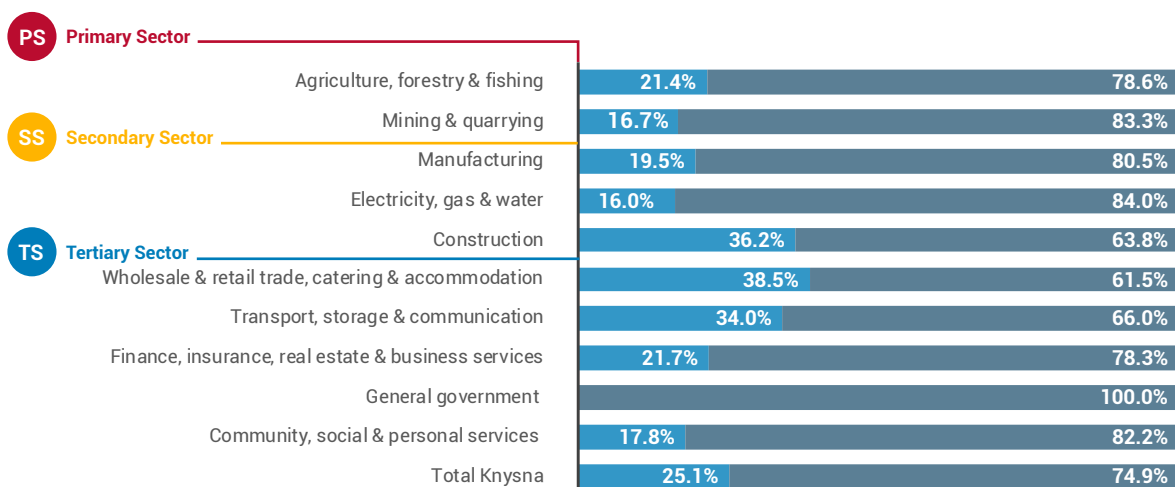
Figure 2.10 illustrates the proportion of informal and formal employment per sector in the Knysna municipal area in 2019.

Figure 2.10

INFORMAL EMPLOYMENT DISTRIBUTION, Knysna, 2019 (%)



● Proportion informal employment
● Proportion formal employment



Source: Quantec Research, 2021

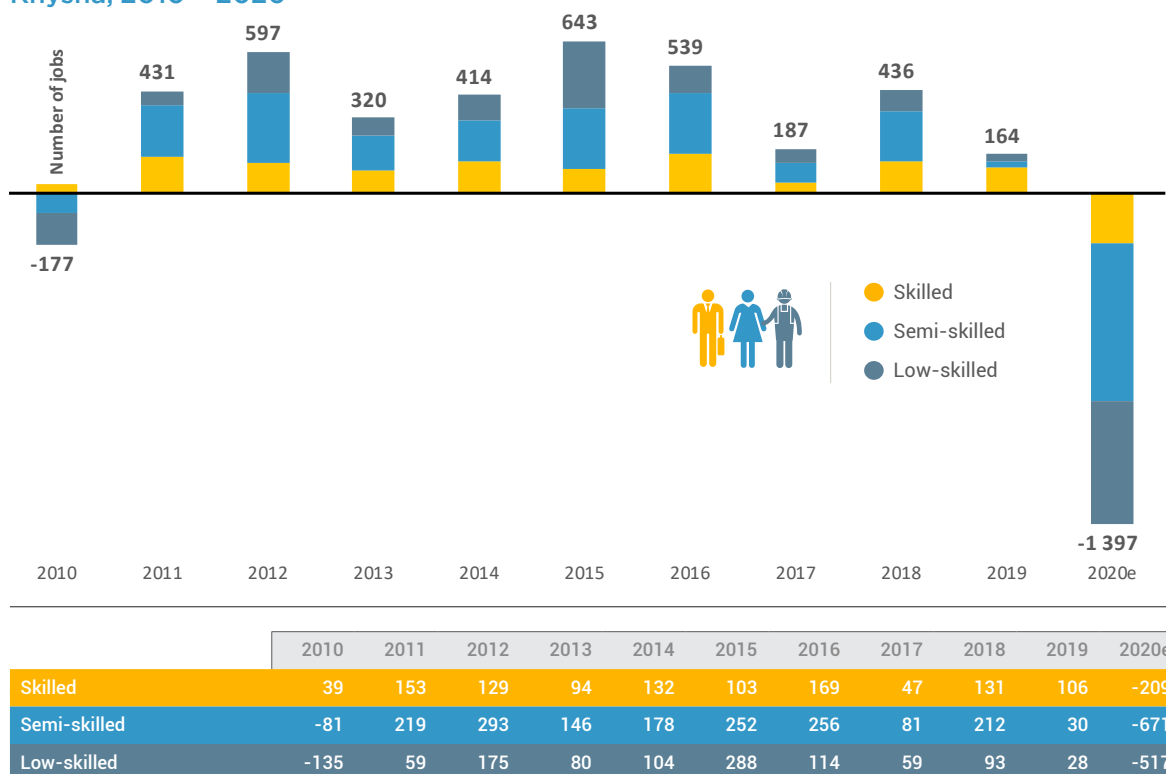
The Knysna municipal area consists mainly of formal employment opportunities, with informal employment only accounting for 25.1 per cent of the area's total employment in 2019. The sector that provided the largest share of informal employment opportunities in 2019 was the trade sector (38.5 per cent). Other notable sources of informal employment were the construction (36.2 per cent) and transport (34.0 per cent) sectors. Some of the constraints that hinder informal businesses in the Knysna municipal area from expanding and creating jobs are lack of access to financial support, poor business planning and record-keeping skills, as well as compliance challenges.

2.4.2 Skills analysis

Figure 2.11 illustrates the changes in formal employment by skill levels in the Knysna municipal area between 2010 and 2020.

Figure 2.11

EMPLOYMENT GROWTH BY SKILL LEVELS, Knysna, 2010 – 2020



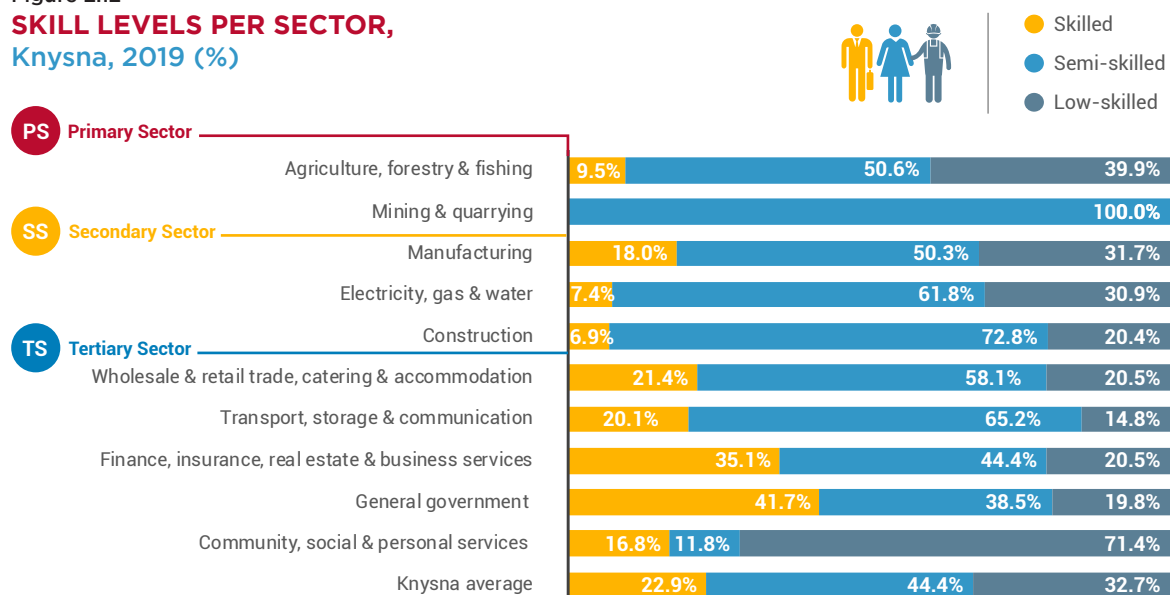
Source: Quantec Research, 2021 (e denotes estimate)

Low- and semi-skilled employees in the Knysna municipal area felt the job-shedding impact during the aftershock of the 2008 global financial crisis. Low-skilled employment shed jobs in 2010, and has only experienced low growth since 2012. Apart from in 2015, few low-skilled employment opportunities were created, with a net total of 1 000 jobs between 2011 and 2019. Semi-skilled employment recovered better than low-skilled employment between 2011 and 2019. Apart from in 2015, more employment opportunities were created in semi-skilled employment than at the skilled and low-skilled employment levels, with a net total of 1 667 jobs created between 2011 and 2019. Skilled employment showed resilience during the aftermath of the 2008 global financial crisis.

It is estimated that a total of 1 397 formal jobs were lost in 2020, with the majority of jobs in the semi-skilled workforce (671 jobs), followed by the low-skilled (517 jobs) and skilled (209 jobs) workforce.

Figure 2.12 provides a sectoral overview of the skill levels for formal employment in the Knysna municipal area.

Figure 2.12
SKILL LEVELS PER SECTOR,
Knysna, 2019 (%)



Source: Quantec Research, 2021

In the Knysna municipal area, 22.9 per cent of people were skilled employees in 2019, while the area had 44.4 per cent semi-skilled employees and 32.7 per cent low-skilled employees.

The sector that had the largest proportion of semi-skilled workers in the Knysna municipal area in 2019 was the mining sector (100.0 per cent), followed by the construction sector (72.8 per cent). The community services sector had the smallest share of semi-skilled workers (11.8 per cent). In 2019 the community services (71.4 per cent) and agriculture (39.9 per cent) sectors in the Knysna municipal area had the largest proportion of low-skilled workers.

The general government sector had the largest share of skilled employment, as 41.7 per cent of workers in this sector in 2019 were skilled employees. Other sectors that absorbed a large share of skilled employees were the finance (35.1 per cent) and trade (21.4 per cent) sectors.



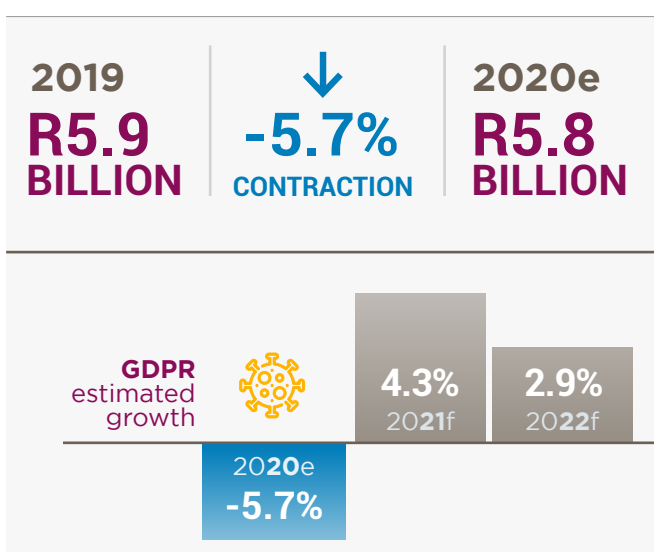


2.5 GARDEN ROUTE DISTRICT

OUTDTSHOORN



GDPR

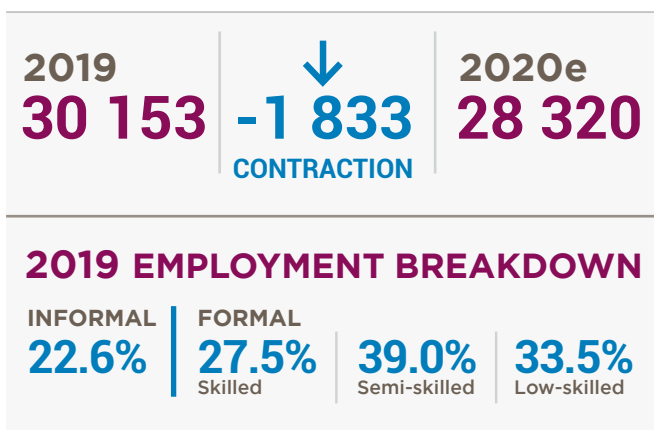


The Oudtshoorn municipal area, which is internationally renowned for its ostrich sector, is located in the heart of the Little Karoo and covers 3 540km².³¹ The town of Oudtshoorn has the largest population in the region and is the main service centre in the region. Other large towns in the municipal area include Dysselsdorp and De Rust, while Volmoed, Schoemanshoek, Spieskamp, De Hoop, Vlakteplaas, Grootkraal and Matjiesrivier are classified as rural settlements.³²

Diagram 2.4

GDPR (CURRENT PRICES) AND EMPLOYMENT,
Oudtshoorn, 2019 and 2020e

JOBS



2.5.1 GDPR and employment performance

The Oudtshoorn municipal area's GDPR was valued at R5.9 billion (current prices) in 2019 and is estimated to have contracted by 5.7 per cent to R5.8 billion in 2020 (current prices). It is estimated that 1 833 jobs were shed in the municipal area in 2020, bringing the total number of employed people in the region to 28 320. The municipal area is forecast to show marginal growth of 4.3 per cent in 2021, and stagnates in 2022 with only 2.9 per cent growth.

Source: Quantec Research, 2021; Urban-Econ based on Quantec, SARB, Stats SA and BFAP, 2021 (e denotes estimate, f denotes forecast)

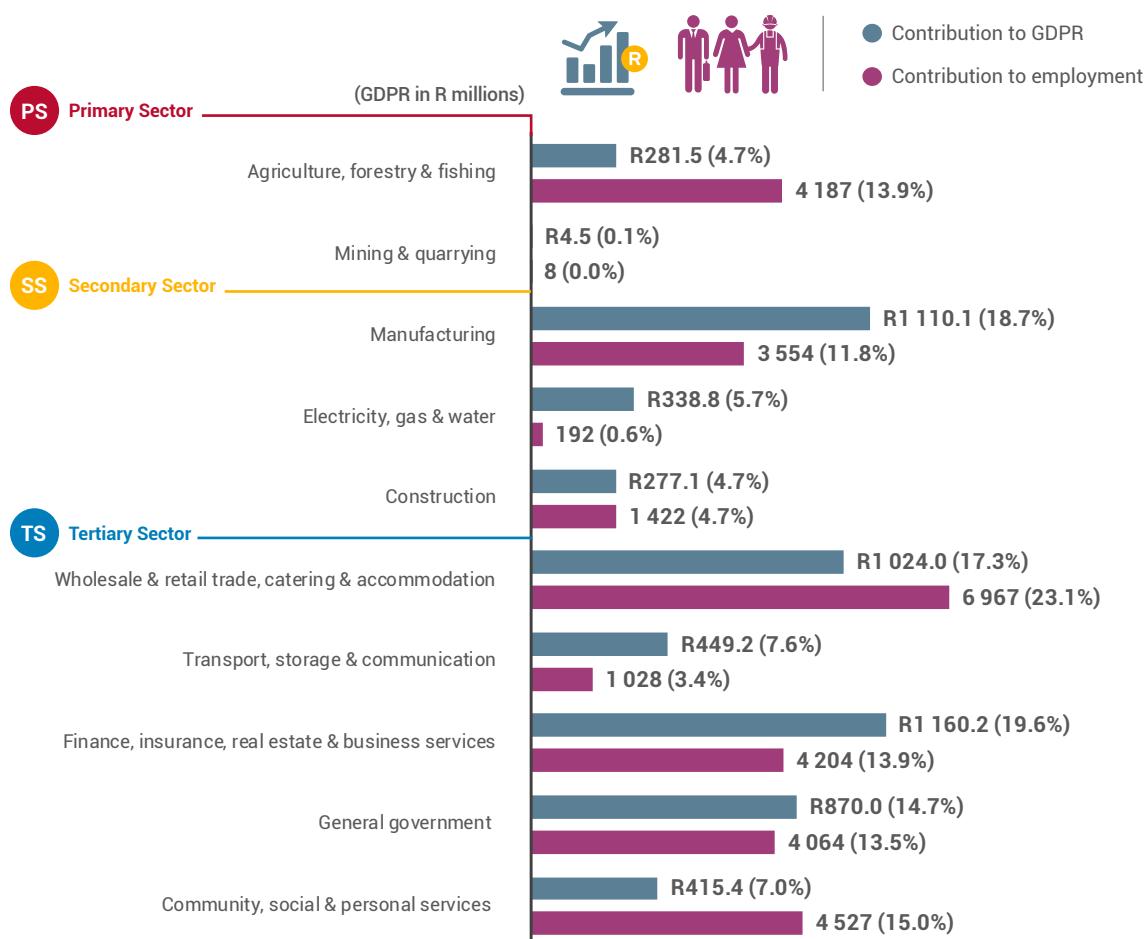
³¹ (MDB, 2018).

³² (Oudtshoorn Municipality, 2017).

Figure 2.13 depicts the sectoral GDPR and employment contribution in the Oudtshoorn municipal area in 2019.

Figure 2.13

SECTORAL GDPR AND EMPLOYMENT CONTRIBUTION, Oudtshoorn, 2019 (%)



Source: Quantec Research, 2021

The top three sectors in the Oudtshoorn municipal area, in terms of GDPR, were the finance (19.6 per cent), manufacturing (18.7 per cent) and trade (17.3 per cent) sectors. The smallest contributor in the municipal area was mining (0.1 per cent), followed by the construction and agriculture (4.7 per cent each) sectors.

The trade sector made the biggest contribution to employment in the Oudtshoorn municipal area in 2019, with 23.1 per cent of all employment opportunities in the area. This was followed by the community services (15.0 per cent) and agriculture and finance (13.9 per cent each) sectors.

Recent developments in the trade sector include a proposed R550 million mall, the R30 million Queens Mall, extensions to the existing Pick n Pay and a Truck Stop in Dysselsdorp. It must, however, be noted that some national retailers (Woolworths, Edgars, Russells) have recently terminated their footprints in the municipal area.³³


The agriculture sector and the community services sector were the largest labour-intensive sectors in the municipal area. The manufacturing, finance and general government sectors were the largest capital-intensive sectors, as they contributed more to GDPR than to employment.

³³ (Oudtshoorn Municipality, 2021).

Table 2.4 outlines the performance of GDPR and employment per sector in the Oudtshoorn municipal area.

Table 2.4

GDPR AND EMPLOYMENT PERFORMANCE PER SECTOR, Oudtshoorn

		GDPR		Employment	
SECTOR		Trend 2015 – 2019	Real GDPR growth 2020e	Average annual change 2015 – 2019	Net change 2020e
PS	Primary Sector	-3.3%	10.8%	100	-151
	Agriculture, forestry & fishing	-3.3%	11.1%	100	-150
	Mining & quarrying	-0.2%	-18.3%	0	-1
SS	Secondary Sector	1.3%	-9.9%	72	-418
	Manufacturing	1.7%	-8.5%	65	-215
	Electricity, gas & water	0.9%	-5.7%	4	-4
	Construction	-0.2%	-21.0%	2	-199
TS	Tertiary Sector	1.3%	-5.6%	208	-1 264
	Wholesale & retail trade, catering & accommodation	0.6%	-10.5%	150	-522
	Transport, storage & communication	1.1%	-15.0%	16	-39
	Finance, insurance, real estate & business services	4.0%	-2.5%	134	-187
	General government	-1.5%	-1.3%	-89	-32
	Community, social & personal services	0.1%	-3.4%	-2	-484
Total Oudtshoorn		1.0%	-5.7%	380	-1 833

Source: Quantec Research, 2021 (e denotes estimate)

The Oudtshoorn municipal area GDPR grew by an average annual rate of 1.0 per cent between 2015 and 2019, while creating an average of 380 jobs per annum. The tertiary sector experienced an increase of 1.3 per cent between 2015 and 2019. The best growth performance out of all the sectors in the Oudtshoorn municipal area was in the finance sector, which achieved an average annual growth rate of 4.0 per cent per annum. The secondary sector experienced an average growth rate of 1.3 per cent between 2015 and 2019. The manufacturing sector is an important local sector contributing significantly to economic growth. This sector grew at an average annual rate of 1.7 per cent. Manufacturing activities are mainly agro-processing-related, which makes the sector dependent on the output of the agriculture sector. Owing to the drought, as well as the outbreak of avian influenza, the agriculture sector has become severely constrained, contracting by 3.3 per cent per annum between 2015 and 2019.

Between 2015 and 2019, the sector that experienced the largest employment growth in the municipal area was the trade sector, which experienced an average annual increase of 150 jobs during this period. This was followed by the finance sector (134 jobs) and the agriculture sector (100 jobs). The general government and community services sectors shed jobs on an annual basis for the period under review.

The Oudtshoorn municipal area's GDP is estimated to have contracted by 5.7 per cent in 2020. It is estimated that the trade sector also contracted by 10.5 per cent. The restrictions on travel and the subsequent closure of tourist attractions contributed to the contraction of the trade sector. The ostrich industry in Oudtshoorn plays an important role in the economy of the municipal area, as well as that of the GRD, as exports from this industry contribute significantly to the District's exports. The industry is also a major tourist attraction in the region. However, the agriculture sector is estimated to have realised growth of 11.1 per cent in 2020, indicating that the weather conditions improved and that the ostrich market is busy recovering. The sector was also able to operate under lockdown level five, as it was exempted.

As a result of the economic pressure of COVID-19 and its related impacts, employment in the municipal area is estimated to have contracted by 1 833 jobs in 2020. The tertiary sector was impacted the hardest, as an estimated 1 264 jobs were lost, mostly owing to the 522 jobs lost in the trade sector, as tourism-related business was significantly impacted. The community services sector is estimated to have shed 484 jobs, which could be related to a decreased demand for personal services as household income decreased as a result of economic pressure. It is estimated that the secondary sector shed 418 jobs, with the manufacturing sector contracting by 215 jobs in 2020. The agriculture sector is estimated to have shed 150 jobs in the same year.

It is anticipated that employment in the construction sector will be boosted by proposed residential developments such as the Toekomrus apartment development and the planned Pepperwood Estate.³⁴

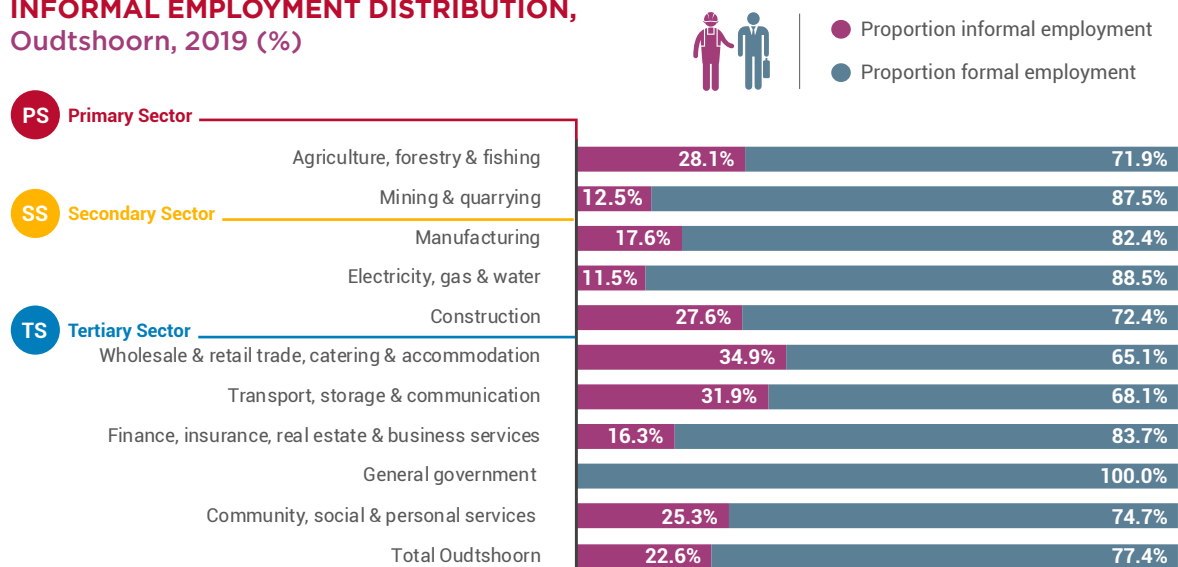


³⁴ (Oudtshoorn Municipality, 2021).

Figure 2.14 illustrates the proportion of informal and formal employment per sector in the Oudtshoorn municipal area in 2019.

Figure 2.14

INFORMAL EMPLOYMENT DISTRIBUTION, Oudtshoorn, 2019 (%)



Source: Quantec Research, 2021

The municipal area mainly comprised formal employment (77.4 per cent), but also provided informal employment opportunities for 22.6 per cent of people employed in the municipal area in 2019. The sector with the largest proportion of informal employment was the trade sector, with informal employment accounting for 34.9 per cent of the sector's employment opportunities. This was followed by the transport sector (31.9 per cent), the agriculture sector (28.1 per cent) and the construction sector (27.6 per cent).

Job losses in the past year led to some individuals establishing formal and informal businesses as a means of supplementing or replacing lost income. In this regard, the number of SMMEs registered on the municipal database increased by 12.5 in 2020. Investments into the local fibre network by Herotel and Frogfoot in 2020 are anticipated to allow the establishment of more "footloose" businesses in the near future.³⁵



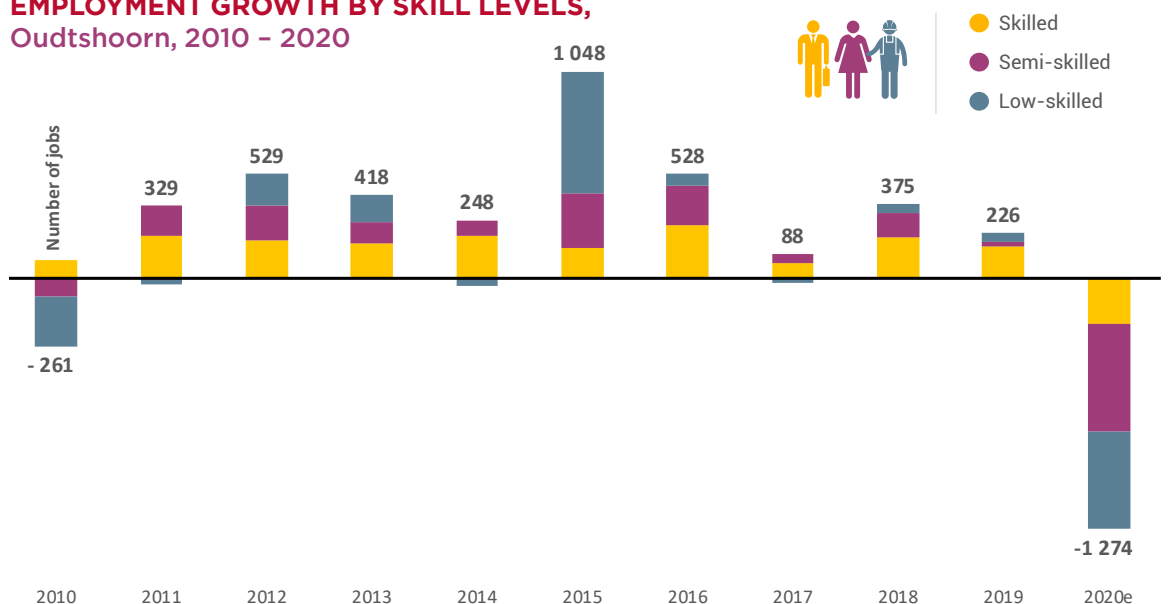
³⁵ (Oudtshoorn Municipality, 2021).

2.5.2 Skills analysis

Figure 2.15 illustrates the changes in formal employment by skill levels in the Oudtshoorn municipal area between 2010 and 2020.

Figure 2.15

EMPLOYMENT GROWTH BY SKILL LEVELS, Oudtshoorn, 2010 – 2020



	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020e
Skilled	91	214	191	172	212	153	264	73	207	159	-238
Semi-skilled	-94	151	176	109	80	277	200	45	124	21	-542
Low-skilled	-258	-36	162	137	-44	618	64	-30	44	46	-494

Source: Quantec Research, 2021 (e denotes estimate)

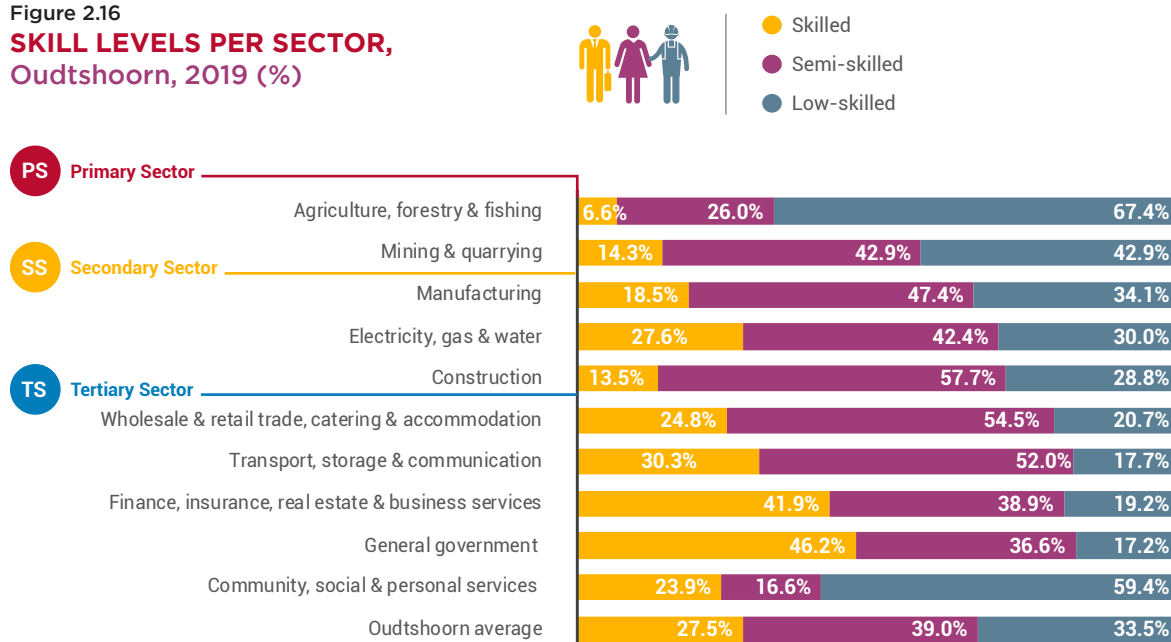
Low- and semi-skilled employees in the Oudtshoorn municipal area experienced the job-shedding impact during the aftermath of the 2008 global financial crisis. Low-skilled employment shed jobs in 2010 and 2011, and has only experienced moderate growth in employment since 2012, with further job-shedding occurring in 2014 and 2017. Apart from in 2015,³⁶ few low-skilled employment opportunities were created. Between 2011 and 2019, a net total of 961 jobs were created in the municipal area for low-skilled workers. Semi-skilled employment recovered better than low-skilled employment between 2011 and 2019, with a net total of 1 183 jobs created. Skilled employment showed remarkable resilience during the aftermath of the 2008 global financial crisis. Skilled employment recovered faster than low- and semi-skilled employment, and showed good growth from 2010. A net total of 1 645 jobs were created between 2011 and 2019 in the municipal area for skilled workers.

The estimated total number of formal jobs lost in 2020 as a result of COVID-19 in the municipal area was 1 274. The majority of jobs lost were in the semi-skilled workforce (542 jobs), followed by low-skilled workers (494 jobs), while the skilled workforce lost 238 jobs in 2020.

³⁶ In 2015 a new master sample was implemented in the Quarterly Labour Force Survey (QLFS), which may have impacted the data owing to variations in its design (Stats SA, 2015).

Figure 2.16 provides a sectoral overview of the skill levels for formal employment in the Oudtshoorn municipal area.

Figure 2.16
SKILL LEVELS PER SECTOR,
Oudtshoorn, 2019 (%)



Source: Quantec Research, 2021

A total of 27.5 per cent of those employed in the Oudtshoorn municipal area in 2019 were skilled employees, while the area had 39.0 per cent semi-skilled employees and 33.5 per cent low-skilled employees. Low-skilled employment was best absorbed in the agriculture (67.4 per cent) and the community services (59.4 per cent) sectors. The construction sector had the highest portion of semi-skilled workers (57.7 per cent) of all the economic sectors in the municipal area, followed by the trade sector (54.5 per cent). The general government sector comprised 46.2 per cent of skilled workers in the Oudtshoorn municipal area in 2019. Other sectors that absorbed a large share of skilled employees in the Oudtshoorn municipal area were the finance (41.9 per cent), transport (30.3 per cent) and electricity, gas and water (27.6 per cent) sectors. The proposed R75.0 million Dysselsdorp solar plant will add to the sector's contribution of skilled and semi-skilled employees.³⁷

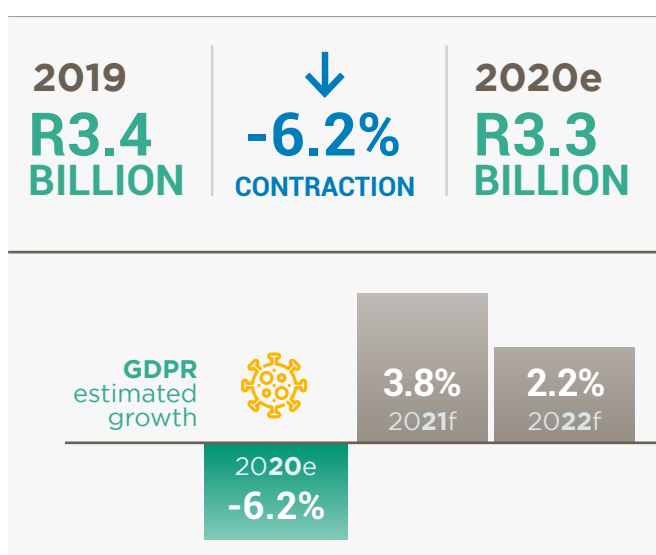
The municipal area has high volumes of low-skilled workers, and the impact of COVID-19 on the economy and employment will put the municipality under pressure, as revenue will decrease and the need for basic service delivery will increase. Skills development programmes should be a priority in the municipal area so that employees can gain skills to work in various sectors as the economy fluctuates.

³⁷ (Oudtshoorn Municipality, 2021).



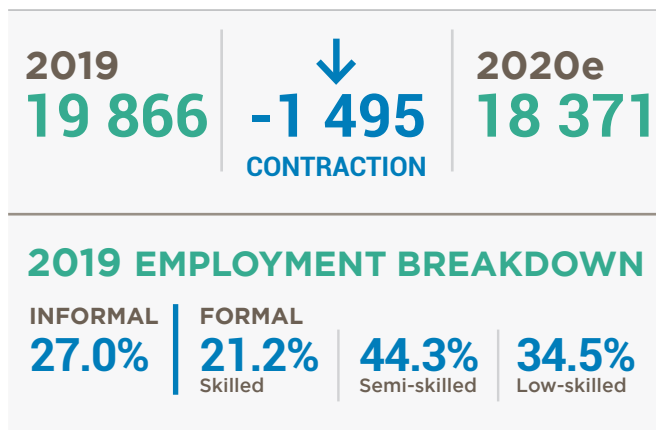
2.6 GARDEN ROUTE DISTRICT

BITOU



The Bitou Municipality is the gateway to the Western Cape from the Eastern Cape. It is the smallest municipal area in the GRD in terms of geographical spread, covering 992km²,³⁸ and is mostly rural, with the majority of the population scattered along the coast. Plettenberg Bay is the main service node in the Bitou municipal area and is a popular tourist destination. Other settlements include Keurboomstrand, Krantshoek, Kurland, Kwanokuthula, Nature's Valley and Wittedrift. The N2 is a valuable transport route traversing the municipal area.³⁹

Diagram 2.5
GDPR (CURRENT PRICES) AND EMPLOYMENT,
Bitou, 2019 and 2020e



2.6.1 GDPR and employment performance

The Bitou municipal area's GDPR was valued at R3.4 billion (current prices) in 2019 and is estimated to have contracted by 6.2 per cent to R3.3 billion (current prices) in 2020. It is estimated that 1 495 jobs were shed in the municipal area in 2020, bringing the total number of employed people in the region to 18 371 in 2020. It is forecast that the municipal area will partially recover in 2021, with a GDPR growth of 3.8 per cent, and will grow by a further 2.2 per cent in 2022.

Source: Quantec Research, 2021; Urban-Econ based on Quantec, SARB, Stats SA and BFAP, 2021 (e denotes estimate, f denotes forecast)

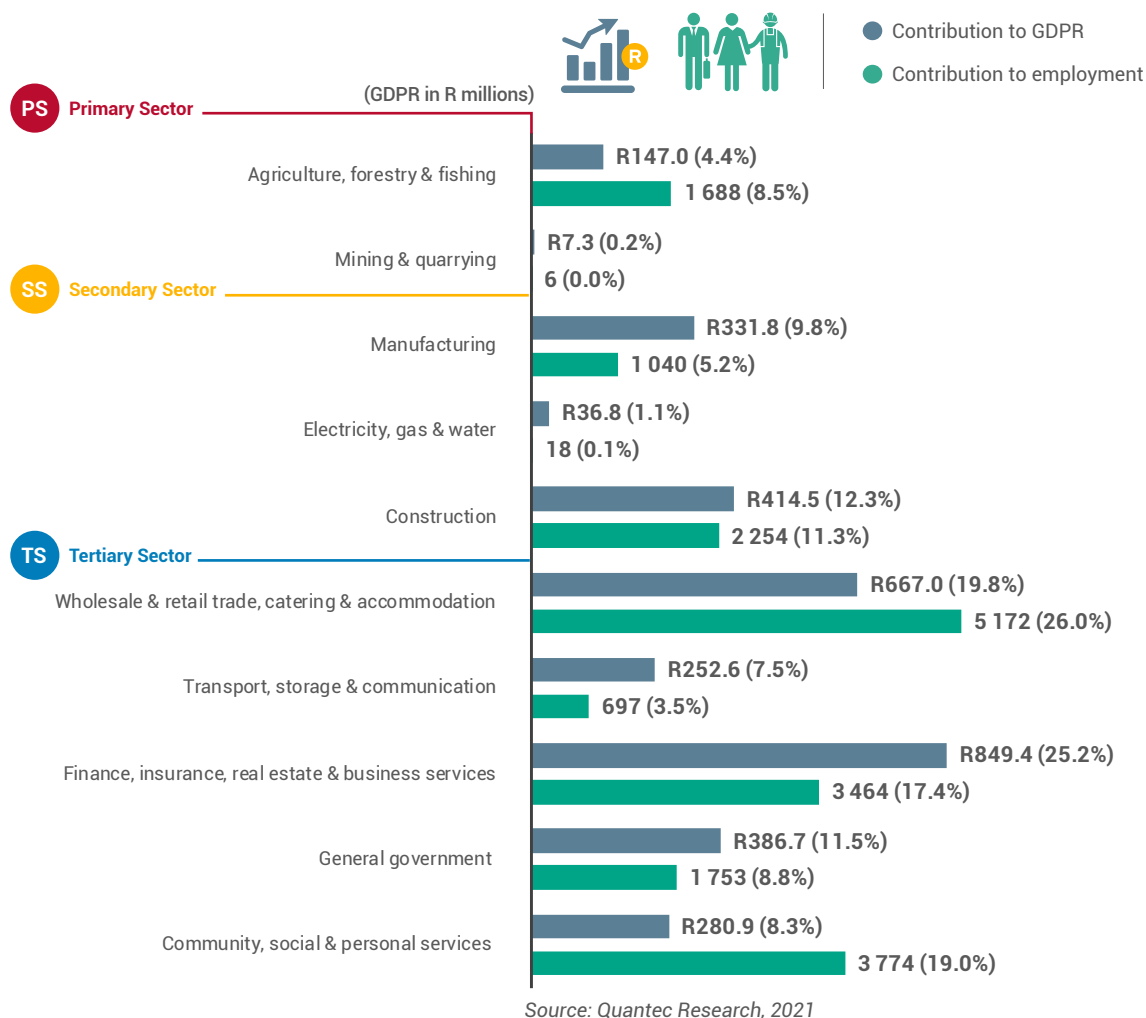
³⁸ (MDB, 2018).

³⁹ (Bitou Municipality, 2013).

Figure 2.17 illustrates the sectoral GDPR and employment contribution in the Bitou municipal area in 2019.

Figure 2.17

SECTORAL GDPR AND EMPLOYMENT CONTRIBUTION, Bitou, 2019 (%)




The largest contributors to GDP in the Bitou municipal area were the finance (25.2 per cent), trade (19.8 per cent) and construction (12.3 per cent) sectors. The smallest sectors in the municipal area were mining (0.2 per cent) and electricity, gas and water, with a contribution of only 1.1 per cent.

The biggest contributor to employment in the Bitou municipal area in 2019 was the trade sector, which contributed 26.0 per cent to employment in the area. This was followed by the community services sector (19.0 per cent) and the finance sector (17.4 per cent). The largest labour-intensive sector in the municipal area was the community services sector, and the finance sector was the largest capital-intensive sector in 2019.

Table 2.5 provides a more detailed overview of sectoral contributions to GDP and employment in the Bitou municipal area

Table 2.5

GDP AND EMPLOYMENT PERFORMANCE PER SECTOR, Bitou

		GDP		Employment	
SECTOR		Trend 2015 – 2019	Real GDP growth 2020e	Average annual change 2015 – 2019	Net change 2020e
PS	Primary Sector	-3.5%	13.0%	24	-120
	Agriculture, forestry & fishing	-3.6%	14.3%	25	-119
	Mining & quarrying	-1.6%	-19.7%	-1	-1
SS	Secondary Sector	0.4%	-14.5%	-6	-387
	Manufacturing	1.1%	-7.9%	-1	-77
	Electricity, gas & water	0.0%	-6.5%	0	0
	Construction	-0.3%	-21.4%	-6	-310
TS	Tertiary Sector	1.2%	-5.4%	339	-988
	Wholesale & retail trade, catering & accommodation	0.9%	-10.2%	168	-448
	Transport, storage & communication	-0.4%	-15.8%	-5	-39
	Finance, insurance, real estate & business services	1.1%	-4.0%	79	-186
	General government	2.5%	2.7%	29	35
	Community, social & personal services	2.1%	-1.7%	68	-350
Total Bitou		0.7%	-6.2%	356	-1 495

Source: Quantec Research, 2021 (e denotes estimate)

The Bitou municipal area achieved marginal economic growth of 0.7 per cent between 2015 and 2019, and created 356 jobs on average per annum. The tertiary sector had the largest growth in the municipal area and experienced an increase of 1.2 per cent. Growth drivers between 2015 and 2019 included the finance sector (1.1 per cent), the general government sector (2.5 per cent), the community services sector (2.1 per cent) and the trade sector (0.9 per cent).

The secondary sector realised marginal growth of 0.4 per cent in the period under review. The manufacturing sector experienced growth of 1.1 per cent, as this sector was boosted by increased output from the manufacturing of wood and wood products. The construction sector contracted by 0.3 per cent per annum, which is a concern, as this sector contributes significantly to the municipal area's economy. The contraction could be related to a decrease in demand for projects, and the fact that new developments get outsourced to outside contractors. The primary sector's contraction was due to the poor performance of the agriculture sector, as the sector contracted by 3.6 per cent annually between 2015 and 2019. The contraction could be related to poor commodity prices and the drought experienced over the reference period.

The tertiary sector realised the largest growth of employment on an average annual basis, with 339 jobs created. The sector that experienced the largest employment growth in the Bitou municipal area between 2015 and 2019 was the trade sector, which employed an additional 168 people per annum for this period. This was followed by the finance sector (an additional 79 jobs per annum) and the community services sector (an additional 68 jobs per annum). The sector that shed the most jobs annually was the construction sector (six jobs), which is in line with the poor GDP performance of this sector.

It is estimated that the municipal area's economy declined by 6.2 per cent in 2020 owing to the COVID-19 pandemic and associated impacts. Sectors that make significant contributions to the Bitou economy will be at the forefront of this decline, with finance estimated to have contracted by 4.0 per cent, trade by 10.2 per cent and construction by 21.4 per cent. The large decline in the trade sector will probably be as a result of lower tourist visitor numbers in coastal settlements such as Plettenberg Bay. The only two sectors that achieved positive growth in 2020 were the general government sector (an estimated 2.7 per cent) and the agriculture sector (14.3 per cent). The municipal area has a high number of cattle, and the improved weather conditions and dairy prices contributed to the positive growth in this sector.⁴⁰

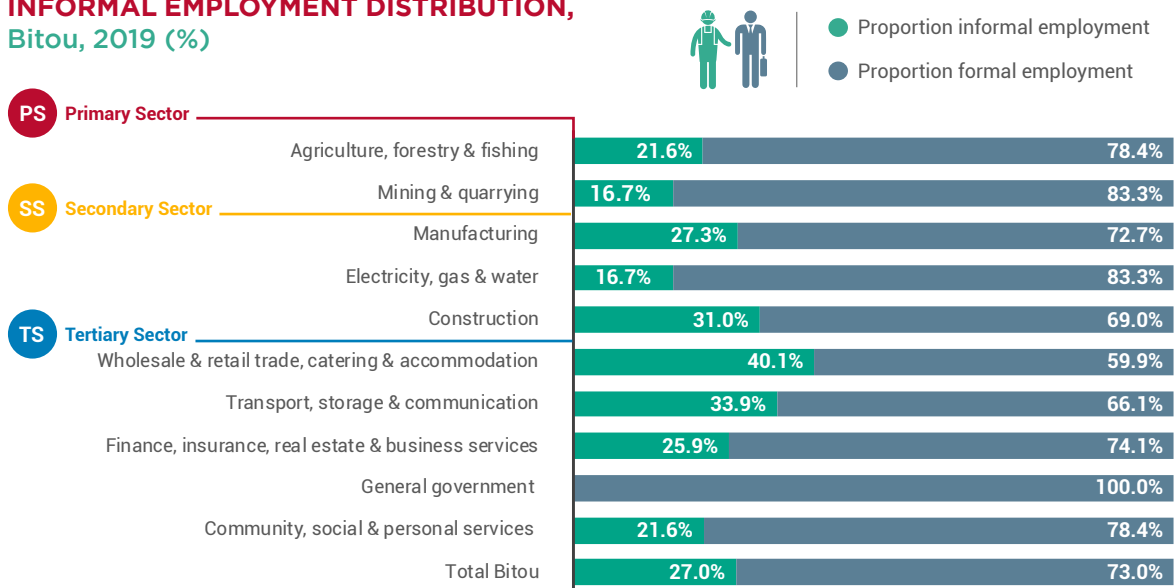
The economic impact of COVID-19 directly affected employment in the municipal area. It is estimated that a total of 1 495 jobs were lost, 988 of which were in the tertiary sector, and 448 of these jobs were lost in the trade sector. The decline in tourism impacted local restaurants and accommodation facilities, as retrenchment was enforced so that businesses could remain open during this challenging economic period. The only sector that created additional jobs was the general government sector (an estimated 35 jobs).



⁴⁰ (BFAP, 2020).

As illustrated in Figure 2.18, informal employment accounted for 27.0 per cent of the Bitou municipal area’s total employment in 2019.

Figure 2.18
**INFORMAL EMPLOYMENT DISTRIBUTION,
Bitou, 2019 (%)**



Source: Quantec Research, 2021

The sector that provided the biggest share of informal employment opportunities was the trade sector, with informal employment accounting for 40.1 per cent of the sector’s employment opportunities. Other significant sources of informal employment were the transport (33.9 per cent), construction (31.0 per cent) and manufacturing (27.3 per cent) sectors.



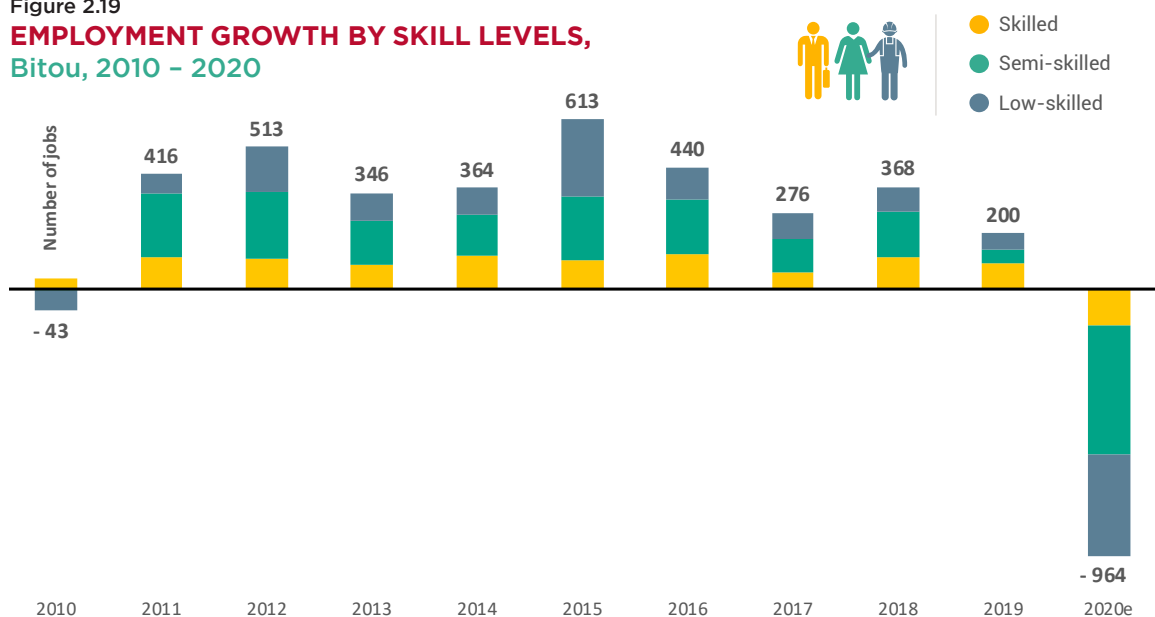
The informal economy provides low-cost labour, inputs, goods and services to both formal and informal businesses, as well as low-cost goods and services to the municipal area, especially the poorer areas. This shows the importance of informal employment in the municipal area.

2.6.2 Skills analysis

Figure 2.19 illustrates the changes in formal employment by skill levels in the Bitou municipal area between 2010 and 2020.

Figure 2.19

EMPLOYMENT GROWTH BY SKILL LEVELS, Bitou, 2010 – 2020



	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020e
Skilled	36	116	110	88	119	102	126	61	116	92	-131
Semi-skilled	-6	227	242	156	148	231	197	117	165	51	-468
Low-skilled	-73	73	161	102	97	280	117	98	87	57	-365

Source: Quantec Research, 2021 (e denotes estimate)

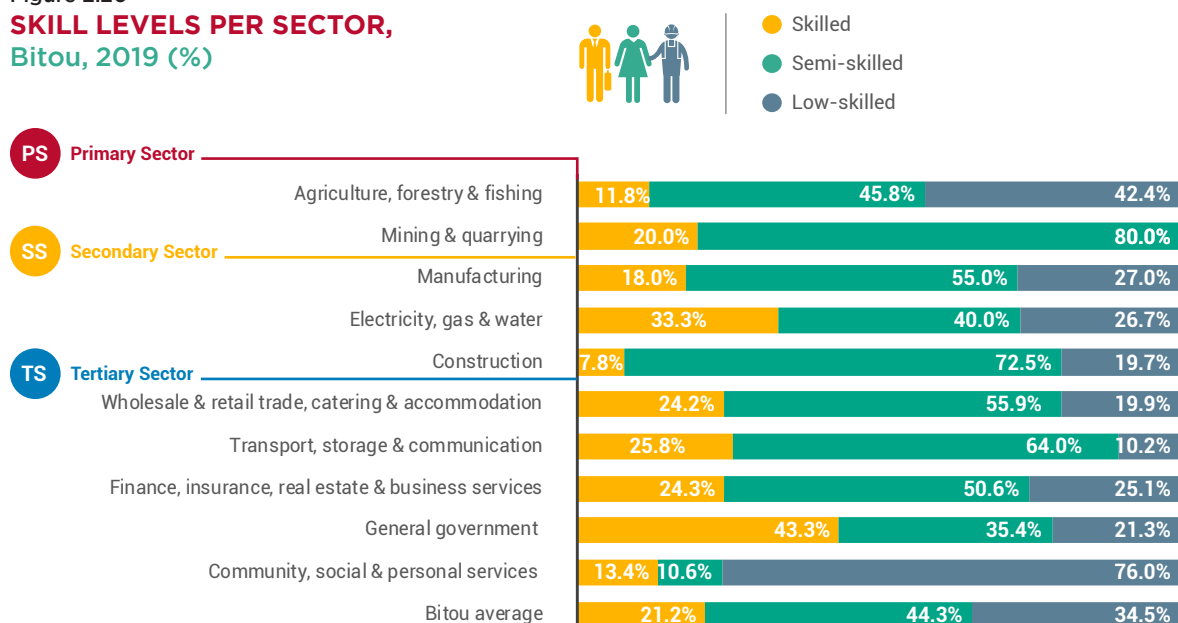
In the aftermath of the global financial crises, low-skilled and semi-skilled employees shed jobs in 2010, while skilled employment recovered. Since then, most jobs that were created in the municipal area were for semi-skilled employees, followed by low-skilled employees. Between 2011 and 2019, a net total of 1 534 jobs were created for semi-skilled workers, followed by 1 072 jobs for low-skilled workers. Over this period, 930 jobs were created for skilled employees.

The impact of COVID-19 on formal employment was significant, with an estimated 964 jobs lost in the municipal area in 2020. The semi-skilled workforce was affected the most, with 468 jobs lost, followed by low-skilled employees (365 jobs), and the skilled workforce lost 131 jobs in the same year.

Figure 2.20 provides a sectoral overview of the skill levels for formal employment in the Bitou municipal area.

Figure 2.20

**SKILL LEVELS PER SECTOR,
Bitou, 2019 (%)**



Source: Quantec Research, 2021

Employees in the municipal area were 21.2 per cent skilled, 44.3 per cent semi-skilled and 34.5 per cent low-skilled employees in 2019. The community services (76.0 per cent) and agriculture (42.4 per cent) sectors had the largest portion of low-skilled employees in their respective workforces in 2019. The construction sector consisted of 72.5 per cent semi-skilled workers, followed by the transport sector, with 64.0 per cent semi-skilled workers.

The general government sector employed the largest portion of skilled employees in 2019, with 43.3 per cent. Other sectors with a large share of skilled employees were the electricity, gas and water (33.3 per cent) and transport (25.8 per cent) sectors.

The impact of COVID-19 on the municipality means that revenue will decrease and the need for basic services will increase. The municipality should initiate skills development training for employees, especially for low-skilled workers, to reduce the pressure of the economic downturn in 2020 and enhance recovery for the years to come.



2.7 GARDEN ROUTE DISTRICT

HESSEQUA



GDPR

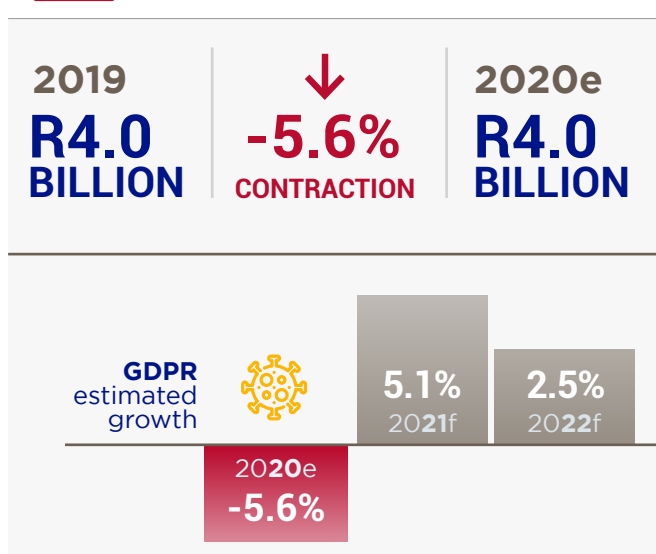
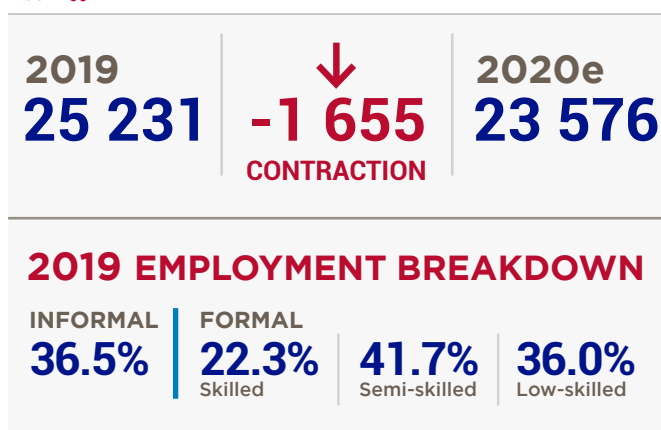


Diagram 2.6

GDPR (CURRENT PRICES) AND EMPLOYMENT,
Hessequa, 2019 and 2020e

JOBS



Source: Quantec Research, 2021; Urban-Econ based on Quantec, SARB, Stats SA and BFAP, 2021 (e denotes estimate, f denotes forecast)

The Hessequa municipal area is bordered by the Indian Ocean and traversed by the N2. It is the largest municipal area in the GRD in terms of geographical spread, covering 5 733km².⁴¹ The Hessequa municipal area has several scattered settlements, the largest of which include Riversdale, Albertinia and Heidelberg. Coastal towns in the municipal area include Witsand, Jongensfontein, Still Bay and Gouritsmond.⁴² These are also popular tourist areas.

2.7.1 GDPR and employment performance

The Hessequa municipal area's GDPR was valued at R4.0 billion in 2019 and 2020 in current prices. However, in real terms it is estimated to have contracted by 5.6 per cent in 2020. It is estimated that 1 655 jobs were also shed in the municipal area in 2020, bringing the total number of employed people in the region to 23 576 in 2020. It is forecast that the local municipality will realise a 5.1 per cent growth in GDPR in 2021, and 2.5 per cent in 2022.

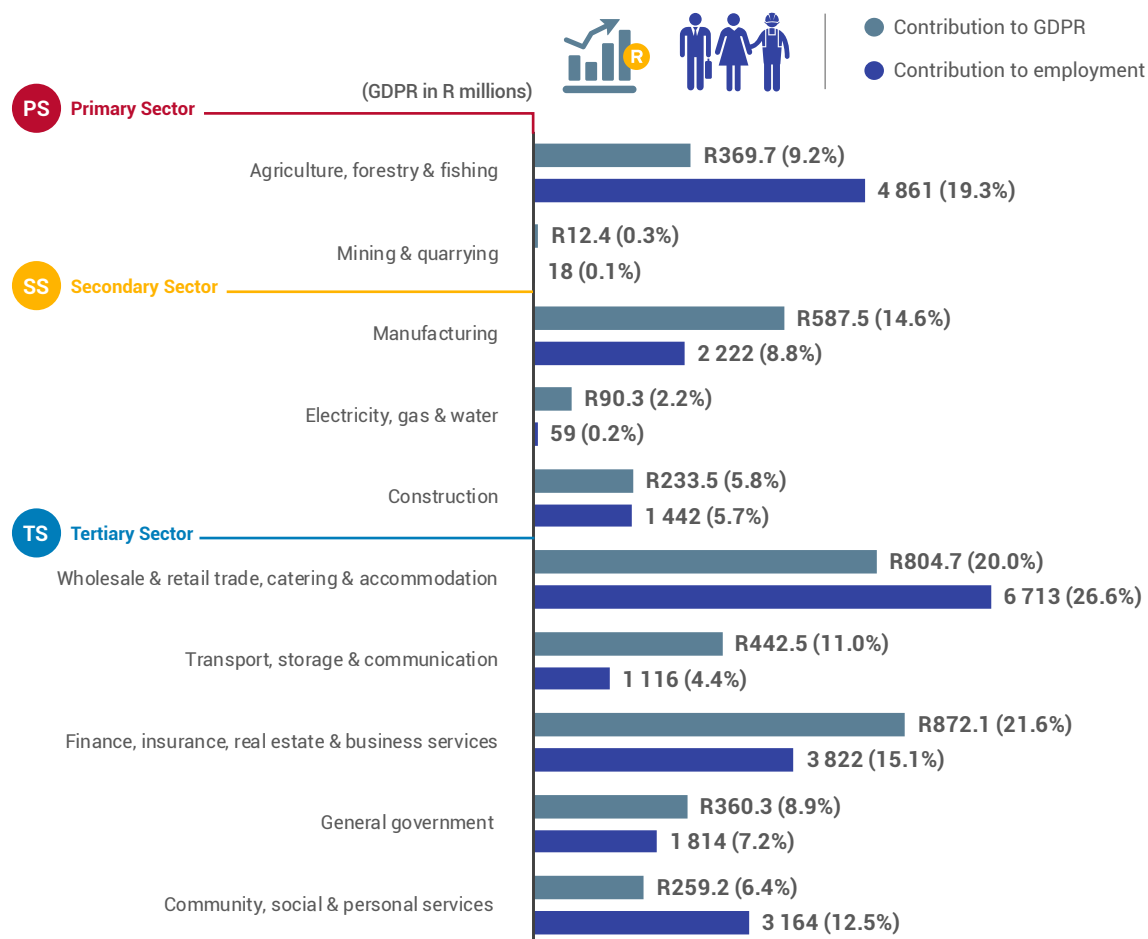
⁴¹ (MDB, 2018).

⁴² (Hessequa Municipality, 2017).

Figure 2.21 provides a breakdown of the sectoral contribution to employment and GDPR in the Hessequa municipal area in 2019.

Figure 2.21

SECTORAL GDPR AND EMPLOYMENT CONTRIBUTION, Hessequa, 2019 (%)



Source: Quantec Research, 2021


In the Hessequa municipal area, the finance sector (21.6 per cent), the trade sector (20.0 per cent) and the manufacturing sector (14.6 per cent) were the largest contributors to GDP in 2019.

In terms of employment contribution, the trade sector, with 26.6 per cent, was the largest contributor in the municipal area in 2019. This was followed by the agriculture sector (19.3 per cent) and the finance sector (15.1 per cent).

Table 2.6 provides a more detailed overview of sectoral contributions to GDP and employment in the Hessequa municipal area.

Table 2.6

GDP AND EMPLOYMENT PERFORMANCE PER SECTOR, Hessequa

		GDP		Employment	
SECTOR		Trend 2015 – 2019	Real GDP growth 2020e	Average annual change 2015 – 2019	Net change 2020e
PS	Primary Sector	-4.6%	10.6%	65	-279
	Agriculture, forestry & fishing	-4.7%	11.4%	65	-277
	Mining & quarrying	-2.0%	-19.9%	-1	-2
SS	Secondary Sector	0.3%	-11.7%	-45	-382
	Manufacturing	2.2%	-8.2%	28	-138
	Electricity, gas & water	-4.3%	-9.6%	-1	-5
	Construction	-3.4%	-23.5%	-71	-239
TS	Tertiary Sector	1.8%	-6.3%	282	-994
	Wholesale & retail trade, catering & accommodation	1.2%	-10.3%	135	-471
	Transport, storage & communication	1.9%	-14.4%	25	-30
	Finance, insurance, real estate & business services	3.0%	-3.2%	143	-149
	General government	-0.1%	-0.1%	-15	4
	Community, social & personal services	1.3%	-2.4%	-6	-348
Total Hessequa		0.7%	-5.6%	302	-1 655

Source: Quantec Research, 2021

The Hessequa municipal area had a marginal 0.7 per cent average annual GDP growth rate between 2015 and 2019. The tertiary sector had the best economic growth in the municipal area (1.8 per cent per annum). The main individual sector contributors to growth were the finance sector (3.0 per cent), the manufacturing sector (2.2 per cent) and the transport sector (1.9 per cent per annum). The secondary sector experienced near stagnant growth of 0.3 per cent between 2015 and 2019. This poor performance is a result of the contracting construction (3.4 per cent) and electricity, gas and water (4.3 per cent) sectors. Despite its small size in GDP, the agriculture sector is critical to the region's economy, especially in terms of local manufacturing and job creation. This sector has been underperforming in recent years, contracting by an average annual rate of 4.7 per cent between 2015 and 2019. The negative performance of this sector could be related to the extreme drought experienced in the region.

The municipal area achieved an average growth of 302 additional jobs per annum between 2015 and 2019. The finance sector experienced the largest employment growth in the Hessequa municipal area between 2015 and 2019, with an additional 143 jobs per annum.

This was followed by the trade sector (135 jobs) and the agriculture sector (65 jobs per annum). The secondary sector contracted by an average of 45 jobs per annum, mostly as a result of the large number of jobs shed in the construction sector (71 jobs). New infrastructure development projects are often sourced to outside contractors; as local construction businesses struggle to gain additional contracts they therefore need to reduce their number of employees.

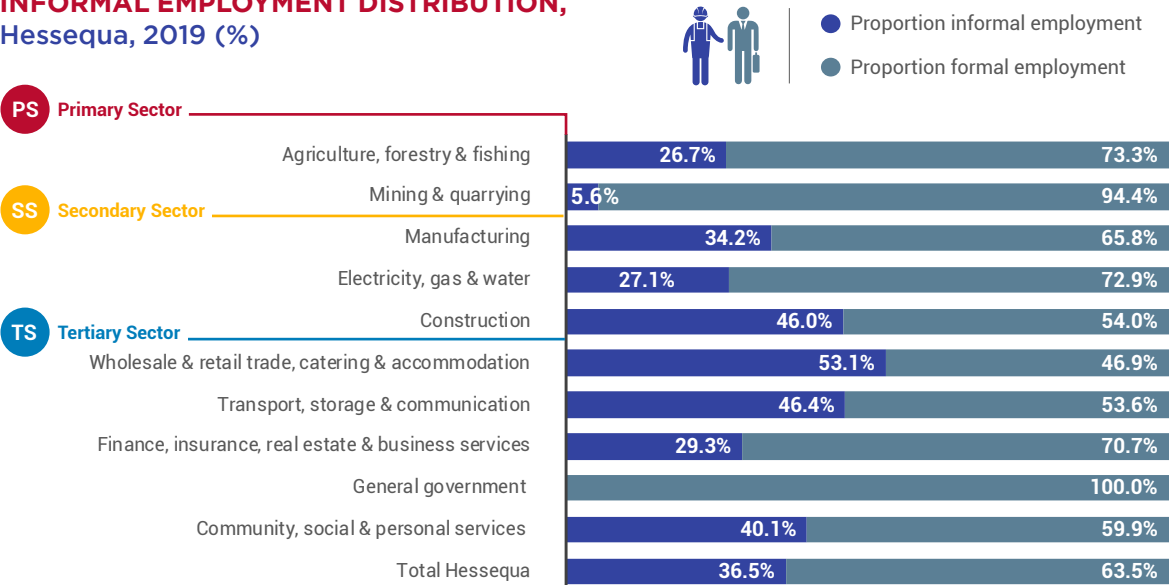
The Hessequa municipal area's economy is estimated to have contracted by 5.6 per cent in 2020 owing to the local impact of COVID-19. The municipal area's strong tertiary sector is estimated to have contracted by 6.3 per cent, while the finance sector contracted by 3.2 per cent. The gin production near Still Bay and heritage attractions in the region such as the Blombos Cave attract tourists to the area. The travel and alcohol sale restrictions in 2020 impacted the tourism industry significantly; the trade sector is estimated to have contracted by 10.3 per cent. It is estimated that the construction sector contracted by 23.5 per cent in 2020, owing to COVID-19 and related impacts. The only sector that had positive growth in 2020 was the agriculture sector, with an estimated 11.4 per cent increase. The municipal area is mainly comprised of livestock and wheat, and the improved weather conditions and commodity prices added to the positive growth in this sector. It is worth noting that this sector was able to operate under lockdown level five regulations in 2020.

In line with the contraction in the economic conditions of the municipal area, employment was impacted significantly, with an estimated loss of 1 655 jobs in 2020. The tertiary sector shed an estimated 994 jobs, mostly owing to the high number of job losses in the trade sector (471 jobs) and the community services sector (348 jobs). The secondary sector shed an estimated 382 jobs, with the construction sector shedding 239 jobs. Despite the positive economic growth in the agriculture sector, an estimated 277 jobs were lost in this sector in 2020.



Figure 2.22 illustrates the sectoral distribution of informal employment in the Hessequa municipal area in 2019.

Figure 2.22
INFORMAL EMPLOYMENT DISTRIBUTION, Hessequa, 2019 (%)



Source: Quantec Research, 2021

The Hessequa municipal area’s informal employment accounted for 36.5 per cent of the area’s total employment in 2019, while formal employment accounted for 63.5 per cent. The trade sector had the largest share of informal employment opportunities in 2019, with 53.1 per cent. This was followed by the transport sector (46.4 per cent), the construction sector (46.0 per cent) and the community services sector (40.1 per cent).

Owing to a lack of adequate skills and funding, as well as a shortage of available land, informal businesses in the Hessequa municipal area are unable to expand and create jobs. As a result of the economic pressure, the purchasing power of clients in informal businesses is also decreasing.

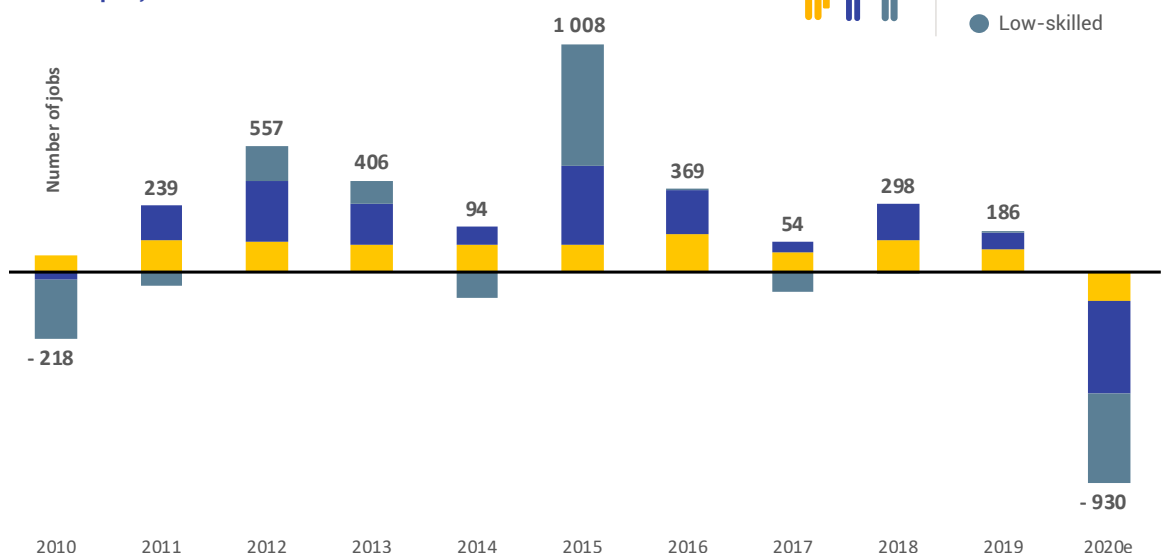


2.7.2 Skills analysis

Figure 2.23 illustrates the changes in formal employment by skill levels in the Hessequa municipal area between 2010 and 2020.

Figure 2.23

EMPLOYMENT GROWTH BY SKILL LEVELS, Hessequa, 2010 – 2020



	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020e
Skilled	73	144	139	121	126	126	170	87	142	101	-122
Semi-skilled	-31	153	267	185	77	343	196	50	161	76	-413
Low-skilled	-260	-58	151	100	-109	539	3	-83	-5	9	-395

Source: Quantec Research, 2021 (e denotes estimate)

Low- and semi-skilled employees in the Hessequa municipal area were impacted the most during the aftermath of the 2008 global financial crisis. Low-skilled employees experienced job losses in 2010 and 2011, and job creation has fluctuated since 2012, with job losses in 2014, 2017 and 2018, with a sharp increase in jobs in 2015.⁴³ A net total of 287 low-skilled jobs were created between 2010 and 2019. Semi-skilled employment recovered better than low-skilled employment between 2011 and 2019, with a net of 1 477 jobs created between 2010 and 2019.

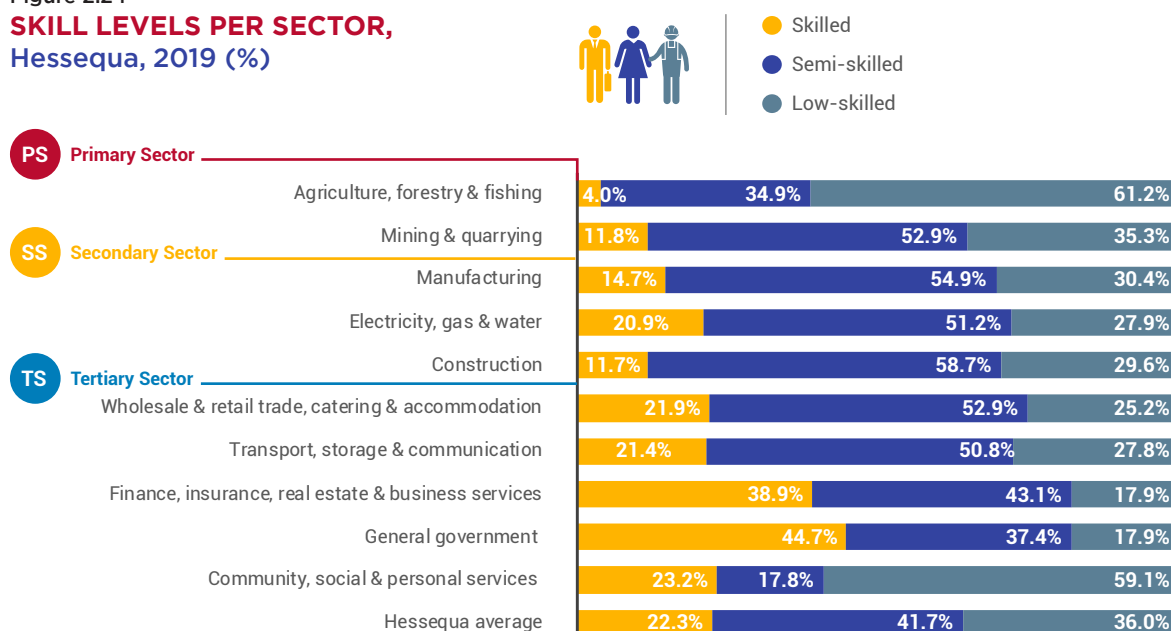
Skilled employment showed resilience during the aftermath of the 2008 global financial crisis, with no jobs lost in the Hessequa municipal area in 2010. Skilled employment recovered faster than low- and semi-skilled employment, and has shown substantial growth since 2010, with 1 229 jobs created between 2010 and 2019.

The COVID-19 pandemic resulted in significant job losses, with 930 formal jobs lost in the Hessequa municipal area. Semi-skilled and low-skilled workers were mostly affected, with 413 jobs and 395 jobs lost respectively.

⁴³ In 2015 a new master sample was implemented in the Quarterly Labour Force Survey (QLFS), which may have impacted the data owing to variations in its design (Stats SA, 2015).

Figure 2.24 provides a sectoral overview of the skill levels for formal employment in the Hessequa municipal area.

Figure 2.24
SKILL LEVELS PER SECTOR,
Hessequa, 2019 (%)



Source: Quantec Research, 2021

In the Hessequa municipal area during 2019, 22.3 per cent of employed people were skilled employees, while the area had 41.7 per cent semi-skilled employees and 36.0 per cent low-skilled employees. Low-skilled employment was best absorbed in the agriculture (61.2 per cent) and community services (59.1 per cent) sectors. This could be because the skill levels required for successful operation in both these sectors are low.

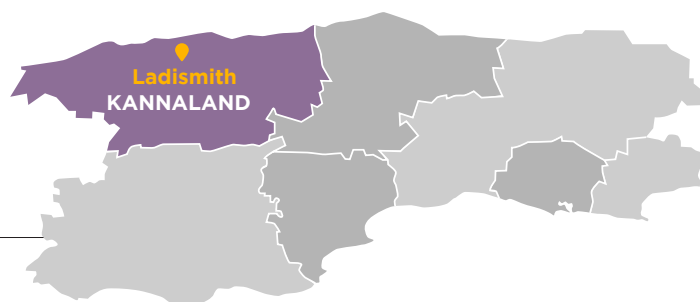
The sector with the largest share of semi-skilled workers was the construction sector (58.7 per cent), followed by the manufacturing sector with 54.9 per cent semi-skilled workers. The general government sector had the largest share of skilled workers in 2019, with 44.7 per cent. The other sector with a large share of skilled employees in the Hessequa municipal area in 2019 was the finance sector (38.9 per cent).

The significant job losses in the municipal area, especially in the low-skilled and semi-skilled workforce, will impact the revenue of the municipality, which means that the need for basic services in the municipal area will increase. Skills development programmes will be important to ensure that the skill levels of employees are improved, so that employees can adapt to different economic conditions and fluctuations.

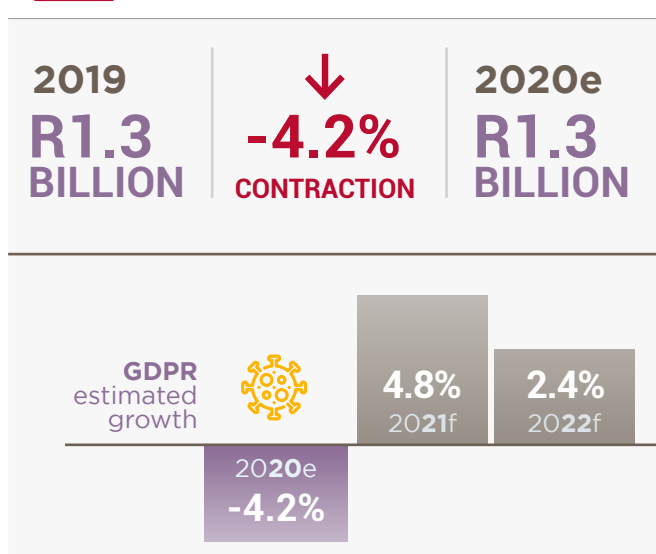


2.8 GARDEN ROUTE DISTRICT

KANNALAND



GDPR



The Kannaland municipal area is also located in the Little Karoo and covers 4 765 km².⁴⁴ The area stretches from the Swartberg Mountains in the north to the Bitou Mountains in the south. It is bordered by the Anysberg and Gamkaberg Mountains in the west and east. The main economic node in the Kannaland municipal area is Ladismith, while smaller towns include Calitzdorp (known as the port wine capital), Zoar, Van Wyksdorp and Hoeko.⁴⁵

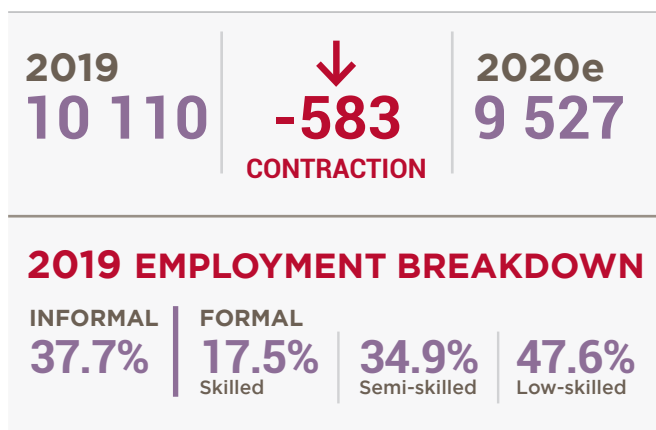
2.8.1 GDPR and employment performance

The Kannaland municipal area's GDPR was valued at R1.3 billion (current prices) in 2019 and is estimated to have contracted by 4.2 per cent in 2020 in real terms. However, it is important to note that the stagnation in current prices is due to inflation. It is estimated that 583 jobs were shed in the municipal area in 2020, bringing the total number of employed people in the region to 9 527. It is forecast that the GDPR will increase by 4.8 per cent in 2021 and 2.4 per cent in 2022.

Diagram 2.7

GDPR (CURRENT PRICES) AND EMPLOYMENT,
Kannaland, 2019 and 2020e

JOBS



Source: Quantec Research, 2021; Urban-Econ based on Quantec, SARB, Stats SA and BFAP, 2021 (e denotes estimate, f denotes forecast)

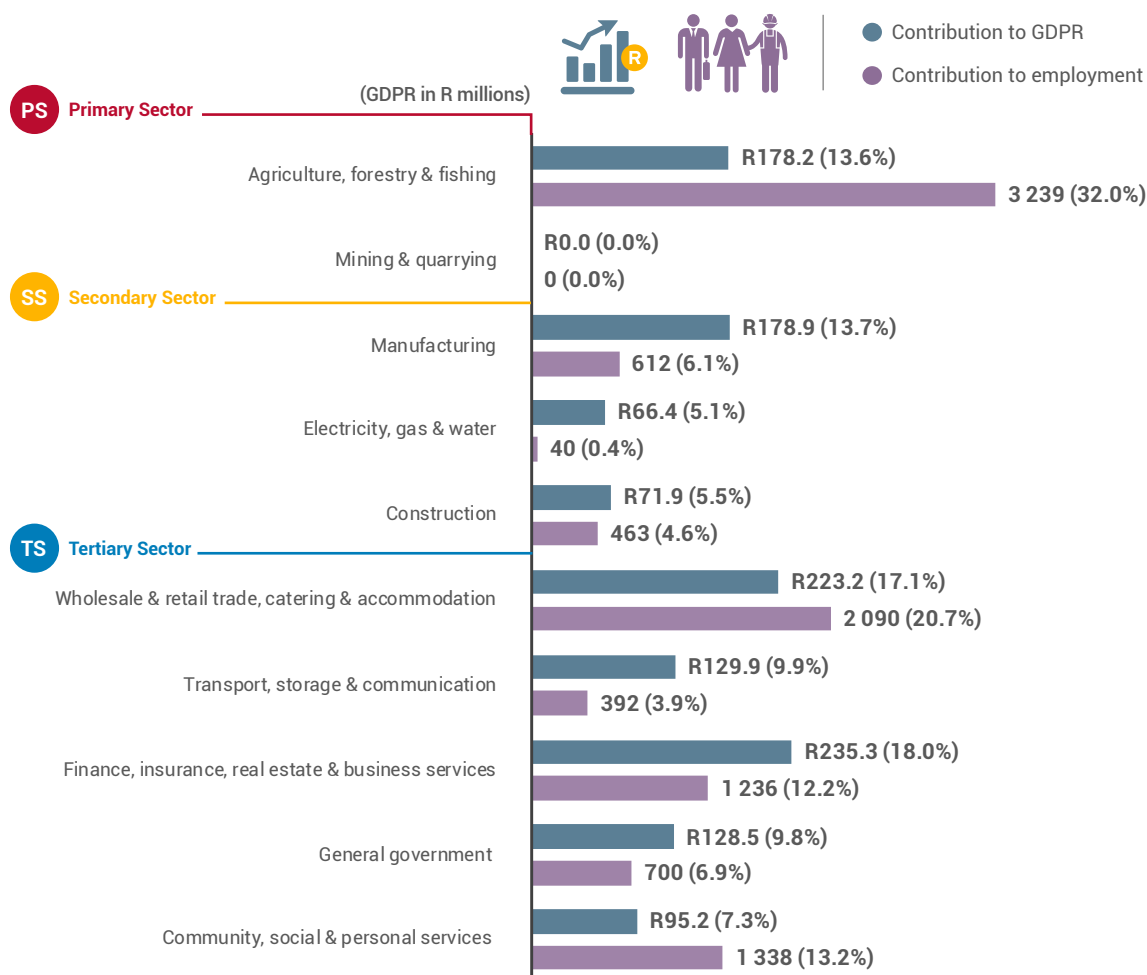
⁴⁴ (MDB, 2018).

⁴⁵ (Kannaland Municipality, 2017).

Figure 2.25 illustrates the GDPR and employment contribution per sector in the Kannaland municipal area in 2019.

Figure 2.25

**SECTORAL GDPR AND EMPLOYMENT CONTRIBUTION,
Kannaland, 2019 (%)**



Source: Quantec Research, 2021


The finance (18.0 per cent), trade (17.1 per cent) and manufacturing (13.7 per cent) sectors were the largest contributors to the municipal area's economy in 2019. The biggest contribution to employment in the Kannaland municipal area in 2019 was the agriculture sector, which contributed 32.0 per cent of all employment in the area. This was followed by the trade sector (20.7 per cent) and the community services sector (13.2 per cent).

The sector that was the most capital-intensive in the municipal area was the manufacturing sector, and the agriculture sector was the most labour-intensive sector in 2019. These two sectors are linked through agro-processing activities.

Table 2.7 outlines the Kannaland municipal area's GDPR and employment performance per sector.

Table 2.7

GDPR AND EMPLOYMENT PERFORMANCE PER SECTOR, Kannaland

		GDPR		Employment	
SECTOR		Trend 2015 – 2019	Real GDPR growth 2020e	Average annual change 2015 – 2019	Net change 2020e
PS	Primary Sector	-4.1%	10.6%	55	-128
	Agriculture, forestry & fishing	-4.1%	10.6%	55	-128
	Mining & quarrying	0.0%	0.0%	0	0
SS	Secondary Sector	-0.2%	-11.6%	-7	-112
	Manufacturing	-0.7%	-10.1%	-12	-55
	Electricity, gas & water	0.3%	-6.1%	0	-1
	Construction	1.2%	-20.2%	4	-56
TS	Tertiary Sector	2.9%	-5.6%	97	-343
	Wholesale & retail trade, catering & accommodation	1.5%	-10.1%	49	-147
	Transport, storage & communication	3.2%	-13.4%	13	-6
	Finance, insurance, real estate & business services	6.8%	-1.8%	47	-41
	General government	-1.7%	-1.7%	-10	-2
	Community, social & personal services	1.2%	-2.6%	-2	-147
Total Kannaland		0.9%	-4.2%	145	-583

Source: Quantec Research, 2021 (e denotes estimate)

The total Kannaland municipal area had marginal growth of 0.9 per cent between 2015 and 2019. The tertiary sector was the driver in the municipal area in terms of GDPR growth between 2015 and 2019, with an increase of 2.9 per cent. The best annual growth out of all the sectors in the municipal area was in the finance sector (6.8 per cent). This was followed by the transport sector (3.2 per cent). Both the primary and secondary sectors contracted on an annual basis for the reviewed period, with contractions of 4.1 per cent and 0.2 per cent respectively. The agriculture sector is critical to the region's economy, especially in terms of local manufacturing and job creation. The lack of water security affected not only the primary production but also agro-processing, particularly in the town of Ladismith. The sector contracted by 4.1 per cent between 2015 and 2019.

It is estimated that the economy of the municipal area contracted by 4.2 per cent in 2020. The construction sector is estimated to have contracted the most (20.2 per cent), followed by the transport sector (13.4 per cent). The municipal area's largest sector, the finance sector, is estimated to have contracted by 1.8 per cent.

The tourism industry in the municipal area was significantly affected by the impact of COVID-19 and the regulations enforced by the Government. The trade sector is estimated to have contracted by 10.1 per cent in 2020. It is believed that several restaurants and small trade shops closed down as a result of the decline in the tourism industry and travel restrictions. The manufacturing sector is estimated to have contracted by 10.1 per cent, as agro-processing was impacted and restricted in 2020 as a result of COVID-19 regulations, and the Ladismith Cheese Company was also affected in the municipal area. The only sector that is estimated to have had positive growth in 2020 was the agriculture sector, with a 10.6 per cent increase. This could be the result of improved weather conditions and higher commodity prices.

The municipal area created 145 jobs on an annual basis between 2015 and 2019. The sector that experienced the biggest employment growth in the Kannaland municipal area between 2015 and 2019 was the agriculture sector, which created 55 jobs annually. This was followed by the trade sector (49 jobs) and the finance sector (47 jobs). Jobs were shed in the manufacturing sector (12 jobs), general government sector (10 jobs) and community services sector (two jobs).

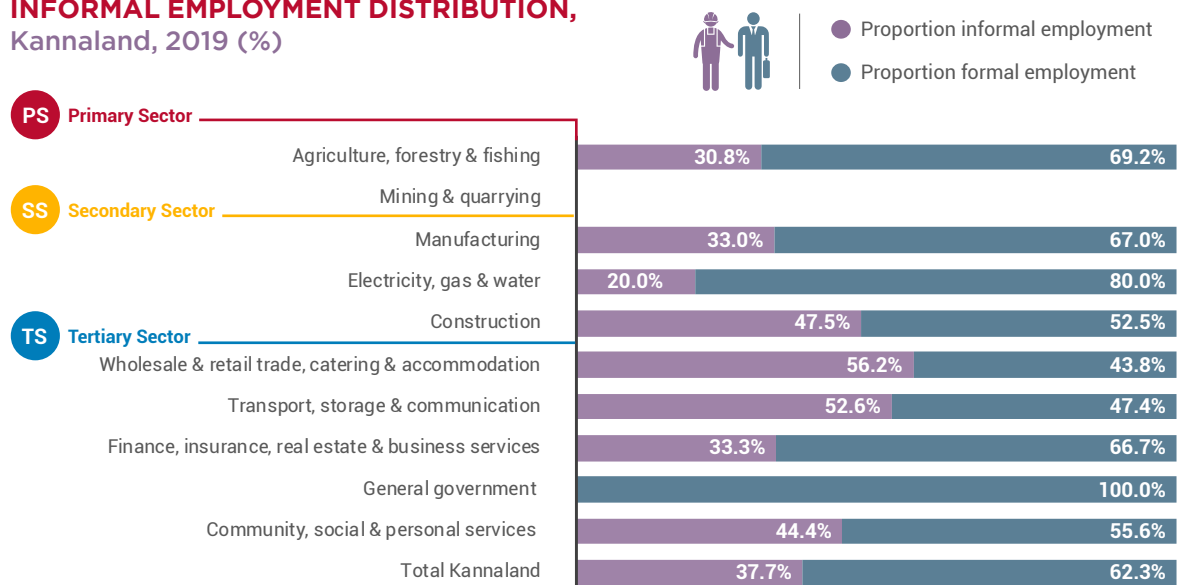
Owing to the economic downturn, an estimated 583 jobs were lost in the municipal area in 2020. All sectors shed jobs, with the tertiary sector contributing the most to the number of jobs lost (343 jobs). The trade sector and the community services sector are estimated to have lost the largest number of jobs, shedding 147 jobs each. The agriculture sector is estimated to have shed 128 jobs in 2020.



As illustrated in Figure 2.26, informal employment accounted for 37.7 per cent of the Kannaland municipal area's total employment in 2019.

Figure 2.26

INFORMAL EMPLOYMENT DISTRIBUTION, Kannaland, 2019 (%)



Source: Quantec Research, 2021

The trade sector and the transport sector had a larger proportion of informal employment than formal employment, with informal employment accounting for 56.2 per cent and 52.6 per cent of the sector's total employment respectively. Other prominent sources of informal employment were the construction sector (47.5 per cent) and the community services sector (44.4 per cent).

Land availability and internet access are the two main factors that are considered important in creating future SMME employment in Kannaland. In this regard, the Kannaland Municipality is currently collaborating with the Western Cape Provincial Government to facilitate improved fibre internet access in Ladismith.⁴⁶

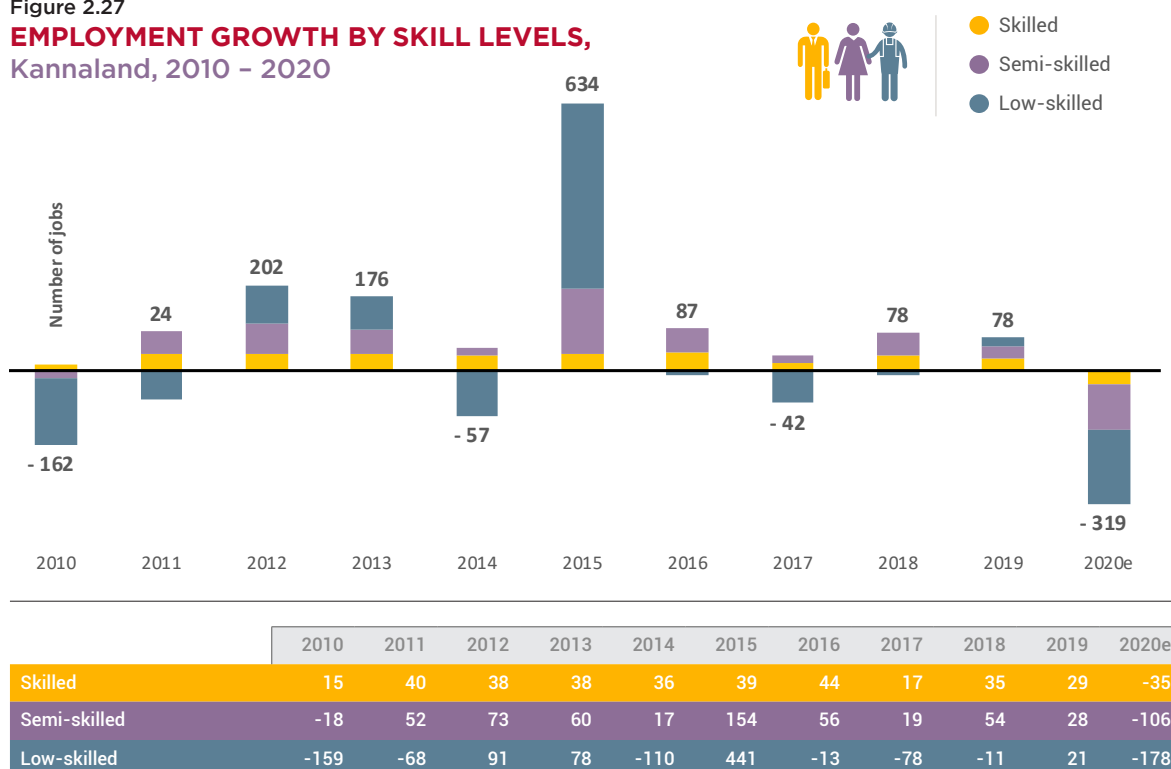
⁴⁶ (Kannaland Municipality, 2021).

2.8.2 Skills analysis

Figure 2.27 illustrates the changes in formal employment by skill levels in the Kannaland municipal area between 2010 and 2020.

Figure 2.27

EMPLOYMENT GROWTH BY SKILL LEVELS, Kannaland, 2010 – 2020



Source: Quantec Research, 2021 (e denotes estimate)

The municipal area experienced formal job losses in 2010 as a result of the aftermath of the 2008 financial crisis. Other years in which the municipal area lost formal jobs were 2014 and 2017. A net total of 1 018 jobs were created in the municipal area between 2010 and 2019.

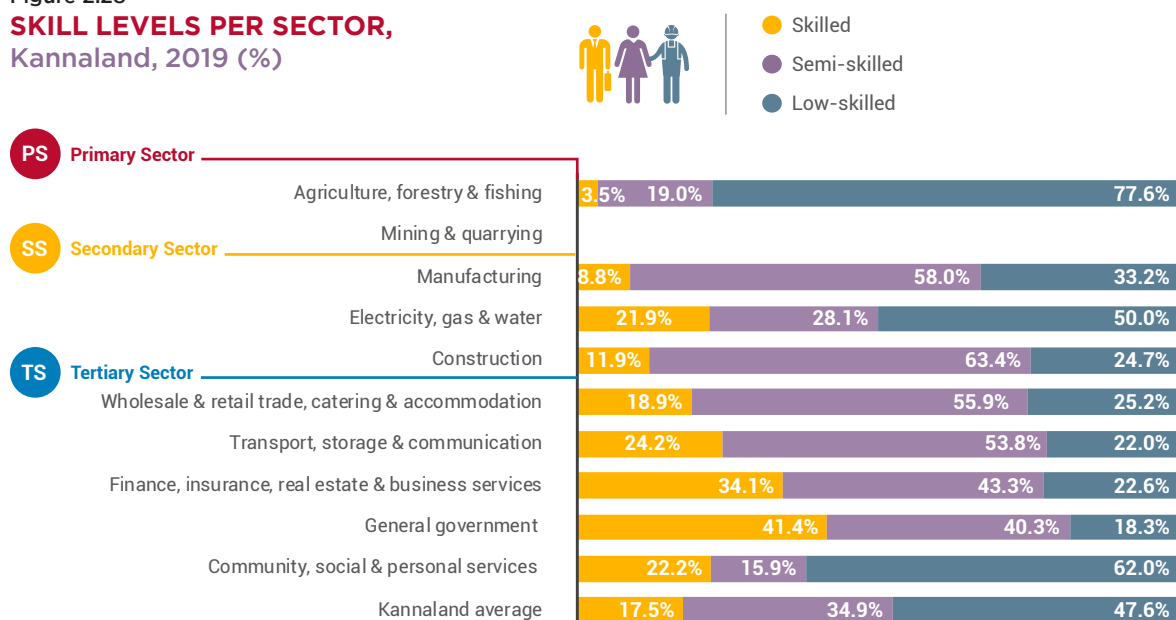
Low- and semi-skilled employees in the Kannaland municipal area were impacted by job-shedding during the aftermath of the 2008 global financial crisis. Low-skilled employees shed jobs in 2010 and 2011, and again in 2014, 2016, 2017 and 2018. In 2015, there was a surge in low-skilled employment in the area. This indicates that low-skilled employment in the municipal area is fragile when there are difficult economic conditions. The total net employment created for the low-skilled workforce in the municipal area between 2010 and 2019 was 192 jobs. Semi-skilled employment recovered better than low-skilled employment between 2011 and 2019. Apart from in 2015, more employment opportunities were created in semi-skilled employment than low-skilled employment. Between 2016 and 2019, more people were in semi-skilled employment than in skilled or low-skilled employment in the Kannaland municipal area. A net total of 495 semi-skilled jobs were created between 2010 and 2019. Skilled employment showed remarkable resilience during the aftermath of the 2008 global financial crisis. Skilled employment recovered faster than low- and semi-skilled employment, and showed growth from 2010, having a net total of 331 jobs created between 2010 and 2019.

It is estimated that a total of 319 formal jobs were lost in 2020 owing to the impact of COVID-19. A total of 178 jobs were lost in the low-skilled workforce, followed by 106 jobs in the semi-skilled workforce, and 35 skilled employees lost their jobs.

Figure 2.28 provides a sectoral overview of the skill levels for formal employment in the Kannaland municipal area.

Figure 2.28

**SKILL LEVELS PER SECTOR,
Kannaland, 2019 (%)**



Source: Quantec Research, 2021

Within the municipal area, 17.5 per cent were skilled employees, 34.9 per cent were semi-skilled employees and the majority of employment was classified as low-skilled in 2019. Low-skilled employment was best absorbed in the agriculture sector (77.6 per cent). Other sectors that absorbed a large share of low-skilled employees were the community services (62.0 per cent) and electricity, gas and water (50.0 per cent) sectors. The sector that had the largest share of semi-skilled workers was the construction sector (63.4 per cent), followed by the manufacturing sector, with 58.0 per cent semi-skilled workers.

The general government sector employed the most skilled workers (41.4 per cent). Other sectors that absorbed a large share of skilled employees in 2019 were the finance (34.1 per cent) and transport (24.2 per cent) sectors.

The high number of low-skilled workers in the municipal area and the severe impact that COVID-19 had on employment will result in a decrease in municipal revenue, and the need for additional basic services will increase.

2.9 CONCLUDING REMARKS

Within all of the GRD municipal areas, the tertiary sector is the largest contributor to GDPR. The secondary sector also plays a significant role in all municipal regions, accounting for a quarter of GDPR in each municipality. The primary sector is small in all municipal Districts and is mostly dependent on agriculture's GDPR contribution to the sector, which, despite its small size, is very important to the local economy, particularly as an input for the manufacturing sector (agro-processing) and job creation.

In 2019, informal employment in the GRD varied from 24.9 per cent in George to 37.7 per cent in Kannaland. The trade sector supplied the most informal job opportunities in all municipal areas of the GRD. Construction, transport and community services were consistently among the top three sectors that supplied informal job opportunities in each municipal area.

During the aftermath of the 2008 global financial crisis, low- and semi-skilled workers in all municipal regions across the GRD experienced the burden of job losses. Low-skilled employment grew at a slower rate than skilled and semi-skilled employment across the GRD municipal areas. Between 2010 and 2011, skilled employment outperformed low- and semi-skilled employment in terms of resilience and recovery. Between 2011 and 2019, skilled or semi-skilled employment was the primary driver of employment in all municipal regions, with the exception of 2015, when low-skilled employment saw a considerable increase in numbers. In six of the seven municipal areas, semi-skilled employment was the main skill level. Only in Kannaland was low-skilled employment the main skill level, while it also had the fewest skilled employees. Low-skilled employment was best absorbed in the community services sector and the agriculture sector in most municipal areas in the GRD in 2019.

The estimates for 2020 in terms of GDPR in all the municipalities in the GRD contracted owing to COVID-19 and the associated impacts. The trade sector is a strong contributor in all the municipal areas, and the poor performance of the tourism industry impacted this sector significantly. The municipal areas are forecasted to show resilience and initiate recovery in 2021. The agriculture sector was the only sector that had significant growth in 2020. This could be as a result of improved weather conditions, higher commodity prices and the fact that this sector was able to operate under the strict level five lockdown regulations in 2020.





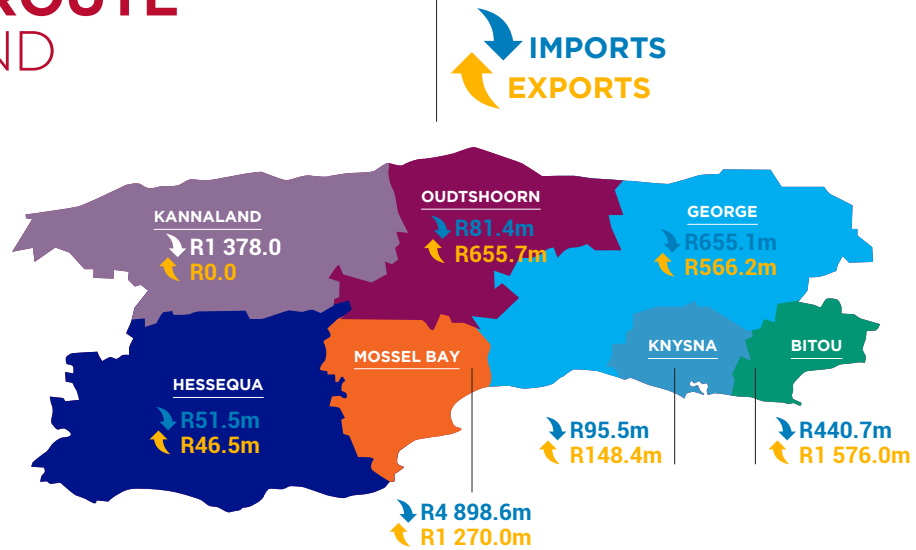
3

TRADE, TOURISM AND INVESTMENT

3.1 INTRODUCTION

District and local economies in the GRD are influenced not only by the spending of local households but also by several economic activities within the region. These economic activities include local and international cross-border trade of goods and services, domestic and international tourists visiting towns and attractions within the region, as well as private- and public-sector investments. Therefore, exports, tourism and investments can be considered injections into the economy, while imports are considered leakages.

GARDEN ROUTE TRADE AND TOURISM



TRADE



This section explores trade, tourism and investment dynamics on a District level and analyses the comparative advantages of the various economic sectors within the District to identify growth opportunities and potential risks in the GRD.

TOP 3 EXPORTED PRODUCTS



Citrus fruit



Seeds, fruit and spore used for sowing



Apples, pears and quinces

2020

TOP 3 EXPORT DESTINATIONS



Netherlands



United States



China

TOP 3 IMPORTED PRODUCTS



Crude petroleum oils



Other than crude petroleum oils



Vessels
Warships, lifeboats, rowing boats

2020

TOP 3 IMPORT DESTINATIONS



India

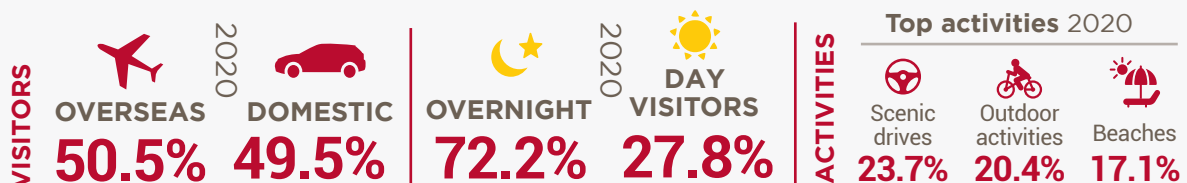


Singapore



China

TOURISM

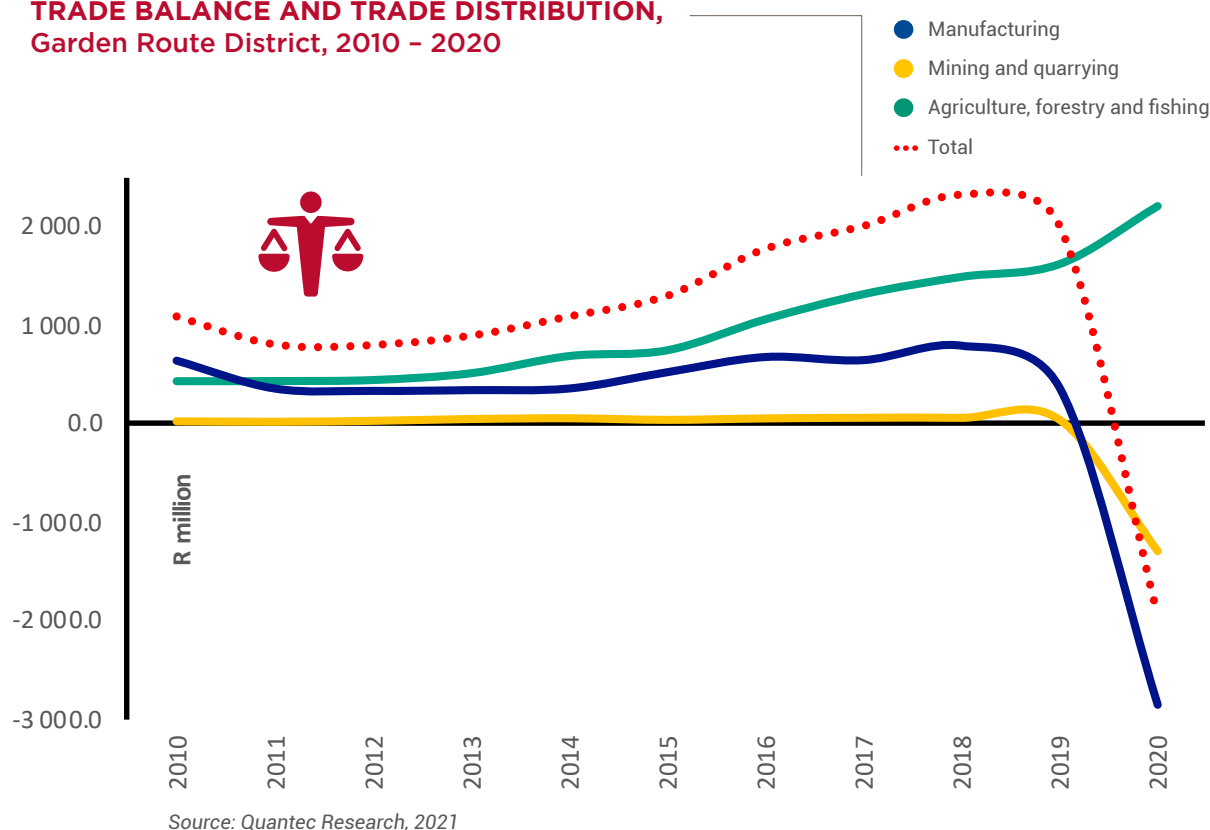


3.2 INTERNATIONAL TRADE

One of the indicators for international trade in an area is the trade balance, which is obtained by subtracting imports from exports. A positive trade balance therefore indicates that the GRD exports more than it imports, and vice versa. Furthermore, a positive trade balance indicates a net inflow of foreign currency, which is beneficial to the economy. Figure 3.1 provides an overview of the trade balance for the GRD between 2010 and 2020. The figure illustrates the total trade balance, as well as the trade balance for the main sectors that export and import goods, namely agriculture, manufacturing and mining.

Figure 3.1

TRADE BALANCE AND TRADE DISTRIBUTION, Garden Route District, 2010 – 2020



The GRD maintained a positive trade balance between 2010 and 2019 (peaking in 2018), which was largely due to the trade surplus realised in the agriculture sector. In 2020, however, the District experienced a significant trade deficit, which was driven by trade deficits in the manufacturing sector and the mining sector. The decline in these sectors caused the GRD to experience its first trade deficit since 2010. In 2020, more than 70.0 per cent of total imports into the District were petroleum oils and oils obtained from bituminous minerals, other than crude products, and petroleum oils and oils obtained from bituminous minerals, crude products. The GRD also imported more manufactured products such as vessels, aircraft and automatic data-processing machines in 2020 than in 2019.

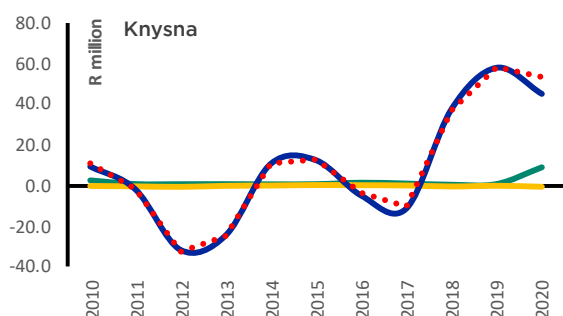
In 2020, manufacturing accounted for 77.5 per cent of total imports into the District, whereas the mining sector accounted for 21.2 per cent and the agriculture sector accounted for 1.3 per cent of imports. In terms of exports, the agriculture sector accounted for 53.4 per cent of exports, the manufacturing sector accounted for 46.1 per cent of exports and mining accounted for 0.5 per cent of exports in 2020.



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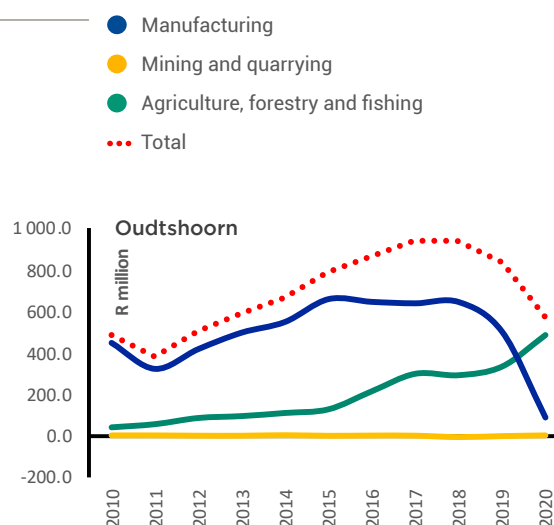
Figure 3.2 provides an overview of the trade balance per municipal area between 2010 and 2020.

Figure 3.2
TRADE BALANCE PER MUNICIPAL AREA,
Garden Route District, 2010 – 2020



Source: Quantec Research, 2021

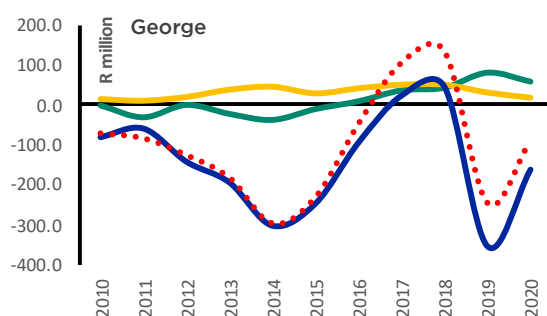
The Knysna municipal area experienced both trade surpluses and deficits between 2010 and 2020. These fluctuations are mainly due to fluctuations in the manufacturing sector trade balance. The manufacturing sector contributed 93.7 per cent of the total exports in 2020. During 2020, the trade surplus in the municipal area fell from R57.9 million in 2019 to R52.9 million in 2020. During this period the manufacturing sector fell from a surplus of R57.7 million in 2019 to R44.9 million in 2020. The agriculture sector recorded a positive trade surplus when the trade surplus increased from R0.3 million in 2019 to R8.6 million in 2020. Agricultural exports therefore boosted the local economy during the tough economic conditions brought about by the COVID-19 restrictions.



Source: Quantec Research, 2021

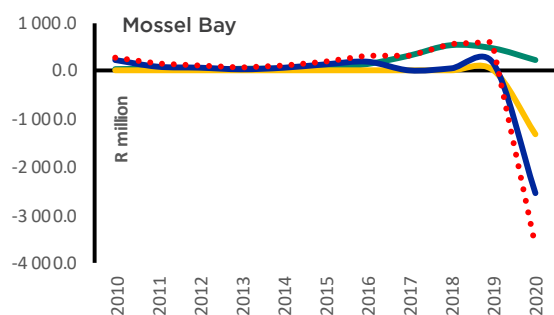
The Oudtshoorn municipal area maintained a trade surplus between 2010 and 2020, which peaked in 2017 (R941.8 million). However, the trade surplus declined in 2020 compared with 2019. Despite the increase in the trade surplus from the agriculture sector (R487.0 million), the municipal area recorded a lower manufacturing trade surplus (R87.3 million), which lowered the overall trade balance in the District. The decline in the manufacturing surplus was a result of increased imports coupled with a significant decline in exports from the sector. In 2020, the agriculture sector made up 81.7 per cent of exports, while manufacturing made up 18.3 per cent of Oudtshoorn's exports.





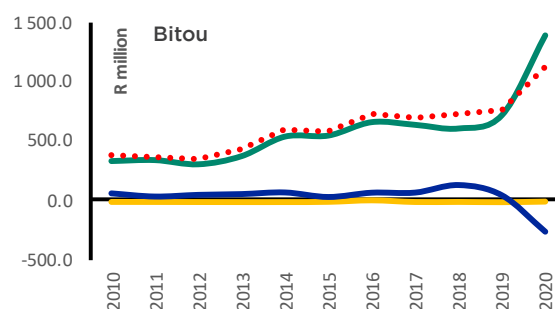
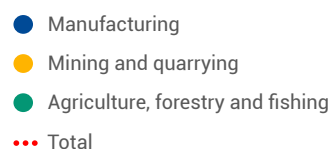
Source: Quantec Research, 2021

The George municipal area experienced a trade deficit between the period under review, with the exception of 2017 and 2018. However, the trade deficit improved in recent years when it decreased from R243.4 million in 2019 to R88.8 million in 2020. The deficit was as a result of the trade deficit in the manufacturing sector, which improved from R350.9 million in 2019 to R161.4 million in 2020. With regard to sectoral distribution, the manufacturing sector accounted for 95.7 per cent of imports and 82.2 per cent of exports in 2020.



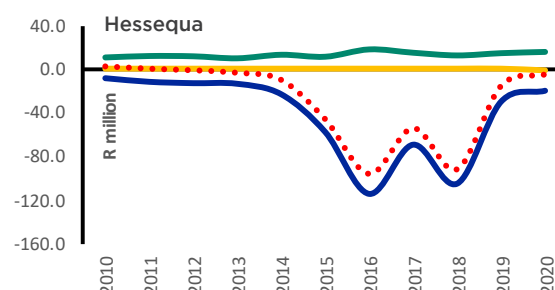
Source: Quantec Research, 2021

The Mossel Bay municipal area experienced a trade surplus from 2010 to 2019. However, a significant trade deficit was experienced in 2020. This deficit was largely due to the significant net imports of the manufacturing sector. The manufacturing sector contributed 73.1 per cent to total imports and 81.4 per cent to total exports during 2020.



Source: Quantec Research, 2021

The Bitou municipal area maintained a positive trade balance during the period under review, with the trade surplus peaking in 2020. The municipal area experienced an increase from R760.4 million in 2019 to R1.1 billion in 2020. The positive trade balance experienced was largely driven by the agriculture sector, which accounted for 88.8 per cent of exports in 2020.



Source: Quantec Research, 2021

The Hessequa municipal area experienced a trade deficit from 2012 to 2020, with a significantly higher trade deficit in 2016 and 2018. This deficit was largely due to the significant net imports of the manufacturing sector. The manufacturing sector contributed 98.7 per cent to total imports and 66.0 per cent to total exports during 2020.

Note: No trade data available for Kannaland municipal area

3.2.1 IMPORTS



Figure 3.3 illustrates the GRD's top 10 import partners in 2020.

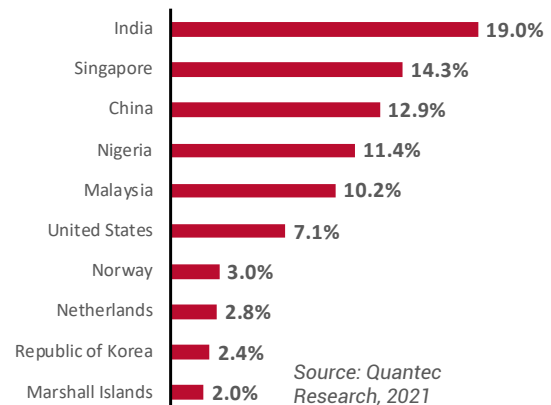
Table 3.1 illustrates the main import products from the GRD in 2020. The imports to the GRD are not confined to a specific product but are rather distributed over a wide variety of products

Table 3.1
MAIN IMPORT PRODUCTS,
Garden Route District, 2020

PRODUCT	R million 2020	% share	Main trading partners
Petroleum oils and oils obtained from bituminous minerals, other than crude	3 064.1	49.2%	India, Singapore, Malaysia
Petroleum oils and oils obtained from bituminous minerals, crude	1 313.7	21.1%	Nigeria, United States, Norway
Vessels, including warships and lifeboats other than rowing boats	222.3	3.6%	Singapore
New pneumatic tyres of rubber	138.2	2.2%	China
Aircraft (for example, helicopters, aeroplanes) and spacecraft (including satellites) and suborbital and spacecraft launch vehicles	112.7	1.8%	Netherlands, Italy, Unclassified
Frozen fish	67.5	1.1%	Namibia
Aircraft parts	60.9	1.0%	Italy, United States
Automatic data-processing machines and units thereof	50.7	0.8%	Mexico, China
Chromium oxides and hydroxides	48.4	0.8%	Turkey, Estonia, Kazakhstan
Aluminium bars, rods and profiles	46.3	0.7%	Mauritius
Total imports	6 222.8		

Source: Quantec Research, 2021

Figure 3.3
TOP 10 IMPORT PARTNERS,
Garden Route District, 2020



India is the GRD's leading import partner, contributing 19.0 per cent to imports (R1.2 billion). Other significant import partners include Singapore (14.3 per cent), China (12.9 per cent), Nigeria (11.4 per cent) and Malaysia (10.2 per cent). Petroleum oils and oils obtained from bituminous minerals, other than crude, made the largest import contribution (49.2 per cent) to the GRD and had a value of nearly R3.1 billion in 2020. These products were mainly imported from India, Singapore and Malaysia. Furthermore, petroleum oils and oils obtained from bituminous minerals, crude, were imported from Nigeria, the United States and Norway. These imports contributed 21.1 per cent (R1.3 billion) to the total imports of the District. Petroleum imports are likely to be utilised as inputs by the oil and gas industry in the Mossel Bay municipal area.

3.2.2 EXPORTS

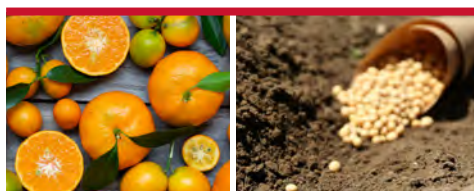


Figure 3.4 illustrates the GRD's top 10 export partners in 2020.

Table 3.2 illustrates the main export products from the GRD in 2020.

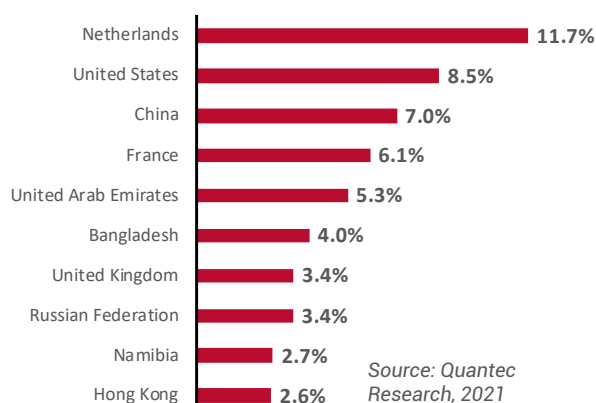
Table 3.2
MAIN EXPORT PRODUCTS,
Garden Route District, 2020

PRODUCT	R million 2020	% share	Main trading partners
Citrus fruit	1 049.2	24.6%	China, Netherlands, Bangladesh
Seeds, fruit and spore used for sowing	481.1	11.3%	United States, Netherlands, Japan
Apples, pears and quinces	451.5	10.6%	Russian Federation, Bangladesh, Malaysia
Leather further prepared after tanning or crusting	393.4	9.2%	France, United States, Mexico
Skins and other parts of birds with their feathers or down	198.7	4.7%	China, Hong Kong, Italy
Petroleum oils and oils obtained from bituminous minerals, other than crude	137.5	3.2%	Netherlands
Insecticides, rodenticides, fungicides, herbicides, anti-sprouting products and plant-growth regulators	91.9	2.2%	Tanzania, Uganda, Swaziland
Light vessels, fire floats, dredgers, floating cranes and other vessels the navigability of which is subsidiary to their main function	80.8	1.9%	United Arab Emirates
Other prepared or preserved meat, meat offal or blood	73.7	1.7%	Germany, Belgium
Motor cars and other motor vehicles principally designed for the transport of persons	61.8	1.5%	Kenya
Total exports	4 263.0		

Source: Quantec Research, 2021

The Netherlands was the District's leading export partner in 2020, making a contribution of 11.7 per cent towards total exports. This was followed by the United States and China, which contributed 8.5 per cent and 7.0 per cent towards exports respectively. Non-reciprocal trade arrangements, such as the Generalised System of Preferences (GSP) and the African Growth and Opportunity Act (AGOA), exist between the Netherlands, the United States and South Africa. These agreements allow products from developing countries to qualify for preferential market access into these listed markets. Products include selected agricultural and industrial goods.⁴⁷

Figure 3.4
TOP 10 EXPORT PARTNERS,
Garden Route District, 2020



⁴⁷ (DTIC, 2021).

Citrus made the largest contribution towards exports, contributing 24.6 per cent (R1.0 billion) to total exports, and was mainly exported to China, the Netherlands and Bangladesh. The onset of the COVID-19 pandemic boosted export volumes and prices increased globally.⁴⁸ Seeds, fruit and spore used for sowing were exported to the United States, the Netherlands and Japan, contributing 11.3 per cent (R481.1 million). Klein Karoo Seed Production (Pty) Ltd specialises in the production of high-quality vegetable, forage, pasture, agronomy and organic seed on a contract basis for seed companies from all over the world. The company is based between the Swartberg and Outeniqua mountain ranges. Companies in the northern hemisphere regard Klein Karoo, in the southern hemisphere, as a strategic provider of seed for a year-round seed supply.⁴⁹

In 2020, leather further prepared after tanning or crusting made up 9.2 per cent of total exports from the District and was valued at R393.4 million. These products were mainly exported to France, the United States and Mexico. The leather industry in George is made up of long-standing manufacturing companies that can supply both the local and international markets.⁵⁰ Ostrich leather is also produced by third- and fourth- generation artisans in Oudtshoorn. Ostrich leather is a high-quality and exotic leather that is distinctive for its pattern of raised quill follicles.⁵¹

Skins and other parts of birds with their feathers or down are also likely to be linked to the large ostrich farms located in Oudtshoorn. In 2020, these products, with a value of R198.7 million, made up 4.7 per cent of total exports. These products were mainly exported to China, Hong Kong and Italy.



⁴⁸ (BFAP, 2020).

⁴⁹ (Klein Karoo Seed Production [Pty] Ltd, 2021).

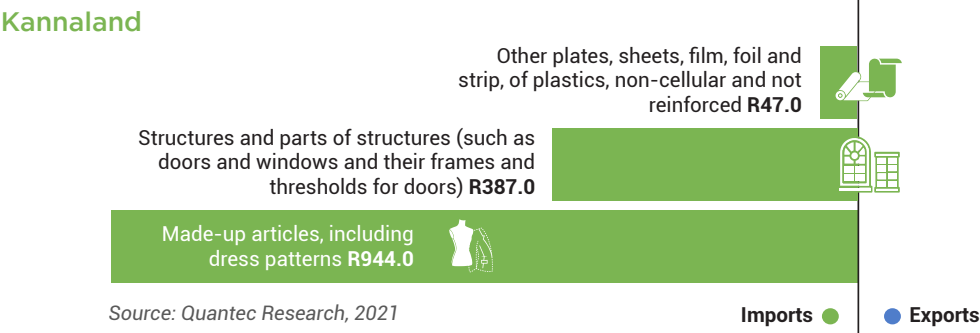
⁵⁰ (Mossop Leather, 2021).

⁵¹ (Safari Ostrich Farm, 2021).

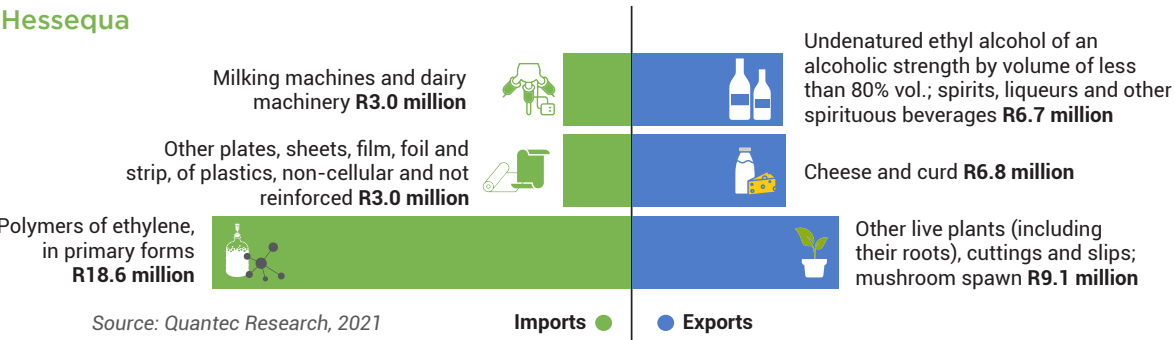
3.2.3 Municipal imports and exports

Imports and exports are a catalyst for economic growth and development. Importing goods is often required for individual consumers, and in other cases it’s required for production in a given value chain. The following figure relays the main import and export products for all municipal areas in the GRD.

Figure 3.5
TOP 3 IMPORTS AND EXPORTS PER MUNICIPAL AREA, Garden Route District, 2020

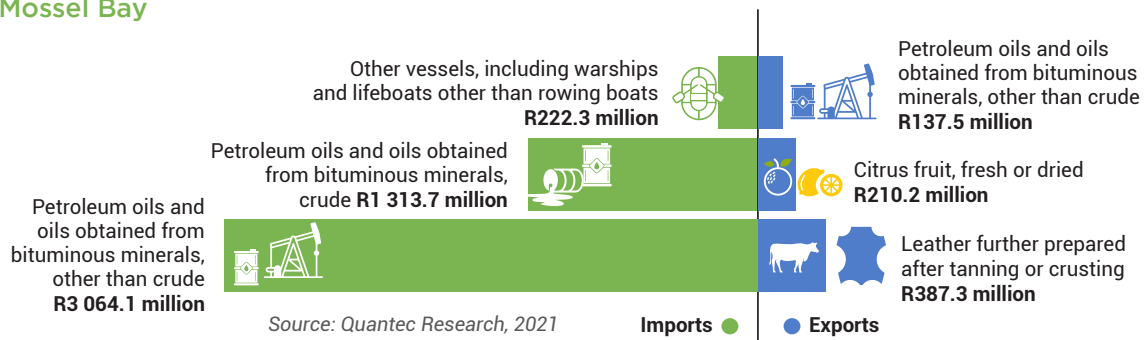


The Kannaland municipal area recorded very little international trade in 2020, with only imports worth R1 378.0 and no exports. Imported articles included made-up articles such as dress patterns, structures such as door and window frames and plates, sheets or film of plastics.



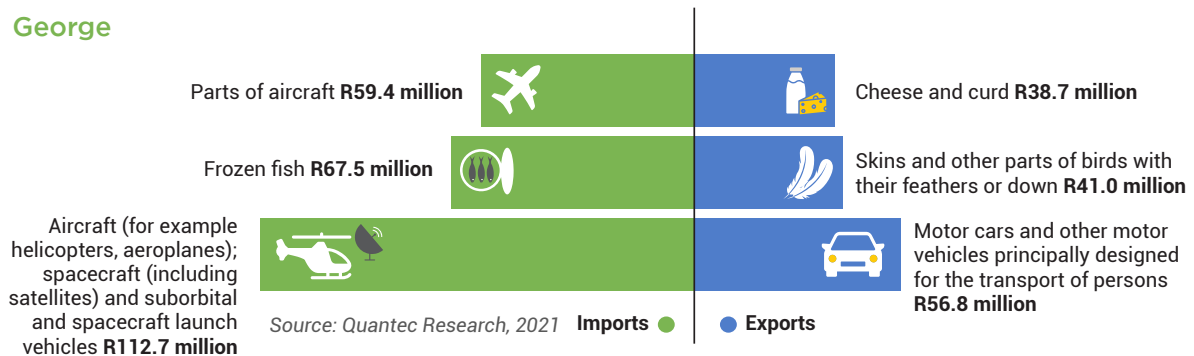
The main import into the Hessequa municipal area in 2020 was polymers of ethylene worth R18.6 million. This is often used as part of plastic packaging and is therefore an input into the local manufacturing sector. The municipal area also imported plates, sheets or film of plastics (R3.0 million) and milking machines (R3.0 million). The municipal area has a large dairy industry, and these imports therefore suggest new capital investment into the sector. Exports include live plants (R9.1 million), cheese (R6.8 million) and undenatured ethyl alcohol (R6.7 million).

Mossel Bay



Imports into the Mossel Bay municipal area are mainly crude and other petroleum oils (R4.4 billion in 2020), which are used as inputs into the PetroSA refinery in Mossel Bay. PetroSA is experiencing a decline in the supply of local gas feedstock and imports are therefore necessary. However, new offshore gas finds such as Brulpadda and Luiperd could be a valuable injection into the sector. Top exports from the municipal area in 2020 included leather (R387.3 million), citrus (R210.2 million) and non-crude petroleum oils (R137.5 million).

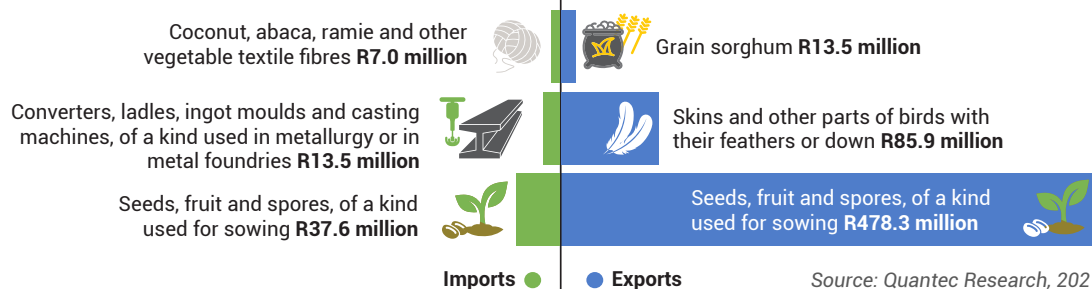
George



The George municipal area imported aircraft to the value of R112.7 million, as well as parts of aircraft worth R59.4 million in 2020. These imports could be associated with George Airport, which is a valuable transport asset for the region. The municipal area also imported frozen fish (R67.5 million). The George municipal area exported motor vehicles (R56.8 million), bird skins and feathers (R41.0 million), and cheese and curd (R38.7 million) in 2020. The ostrich and dairy industries in the region therefore contribute substantially to exports from the George municipal area.

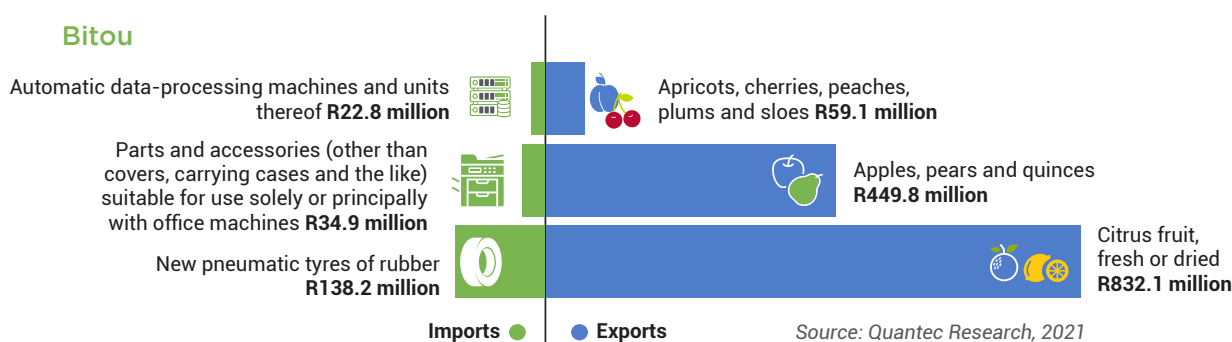


Oudtshoorn



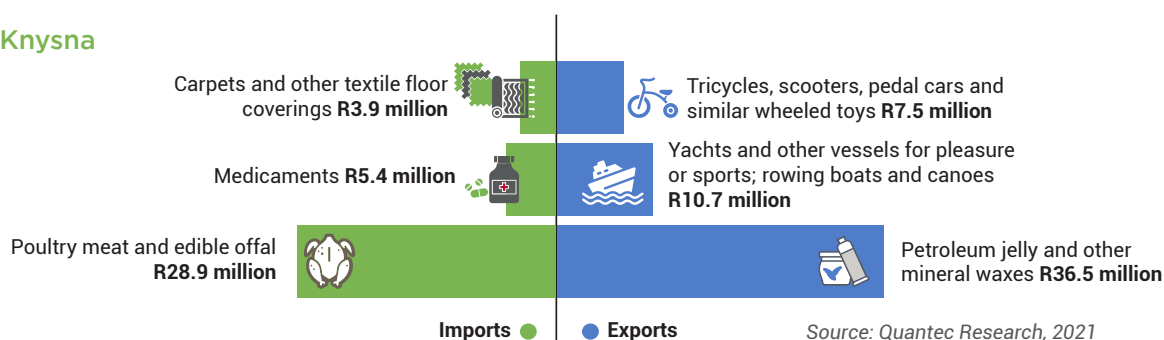
The top imported product in the Oudtshoorn municipal area in 2020 was seeds, fruit and spores used for sowing (R37.6 million). This product was also the leading export product (R478.3 million). The Oudtshoorn municipal area also exported skins and feathers of birds worth R85.9 million, as well as grain sorghum worth R13.5 million in 2020.

Bitou



The top three exports from the Bitou municipal area included citrus (R832.1 million), apples, pears and quinces (R449.8 million), and apricots, cherries, peaches, plums and sloes (R59.1 million). The Bitou municipal area is not a major producer of these fruits, but rather provides export services to the producing regions. This shows the value of a well-developed agriculture sector value chain across the region. Imports included new pneumatic rubber tyres (R138.2 million), parts and accessories for office machinery (R34.9 million) and automatic data-processing machines (R22.8 million). These machinery imports are a form of capital investment into local businesses, which is a positive indicator given the poor economic climate.

Knysna



The Knysna municipal area's main import was poultry meat (R28.9 million), while its main export was petroleum jelly and other mineral waxes (R36.5 million). Other large exports included yachts and other pleasure boats (R10.7 million), and tricycles and other similar toys (R7.5 million). These are goods from the local manufacturing sector. Creating an enabling environment in terms of land and infrastructure availability for industrial development could therefore play a valuable role in boosting exports from the region.

3.3 TOURISM PROFILE⁵²

The GRD is a paradise for bird and nature lovers, and is a unique eco-destination offering many things to see and explore. Located between mountain ranges and a vivid blue coastline, the well-renowned Garden Route towns boast countless attractions, including their indigenous environment and culinary pleasures. The most popular activities for visitors in the GRD include scenic drives, sport and outdoor activities, as well as culture and heritage.

Some of the top must-see stops in the District include the Wilderness National Park, the Knysna National Lake Area, Tsitsikamma National Park, the Karoo National Park, Storms River Mouth, the Bloukrans Bridge, Plettenberg Bay, the Knysna Heads, Kaaimans River Bridge, the Post Office Tree and Mossel Bay.

The tourism sector is not a stand-alone economic sector, as tourists demand goods and services from a variety of sectors, such as travel and transport services, accommodation, restaurants, general shopping and fuel. However, the catering and accommodation sector is often used to determine at least a portion of the size of the tourism industry in an area. The catering and accommodation services industry was valued at R701.7 million in 2019 and employed 11 607 people, with informal employment accounting for 42.4 per cent of the industry's total employment. Estimates for 2020 indicate that the industry was valued at R648.7 million and that it shed 2 009 jobs.

3.3.1 The impact of COVID-19 on the tourism sector

The tourism sector is one of the sectors that was hit the hardest by COVID-19. Many tourism businesses suffered big losses in revenue and many jobs were also lost. Each region of the Western Cape offers a unique product that attracts many international and domestic tourists annually. The GRD is a popular leisure destination among both international and domestic markets for enjoying short or weekend getaways.

The future of tourism is uncertain owing to travel and movement restrictions, which frequently change. However, it is important for the sector, along with the relevant management authorities, to improve the “readiness” of tourism destinations to receive visitors and prioritise their wellbeing through the implementation of COVID-19 health and safety protocols.



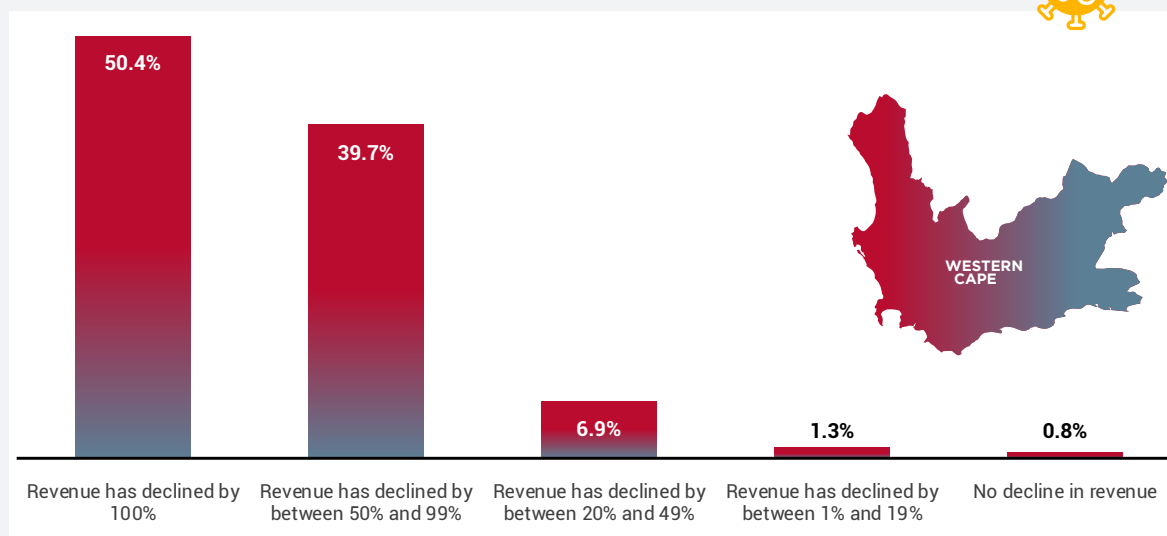
⁵² The Regional Visitor Trends reports published by Wesgro were used to report on regional tourism performance. It is important to note that the regional visitor tracking surveys can only be used as a proxy to indicate the key trends within the region owing to their survey collection method and sample size. Therefore, the information reported on cannot be seen as absolute figures. Furthermore, the information cannot be compared with other regions, nor with the information released by South African Tourism. It is also not advisable to compare year-on-year information, as the sample sizes are not comparable.

The full extent of the economic damage caused by COVID-19 and the subsequent national lockdown cannot be determined with certainty because, at the time of writing this publication, the national lockdown is still ongoing. A closer look at the labour market indicates a decline in household income owing to job losses and business closures, while the South African economy is under severe pressure to sustain livelihoods.

Figure 3.6 indicates the overall impact of COVID-19 on the Western Cape tourism businesses.

Figure 3.6

IMPACT OF COVID-19 ON TOURISM BUSINESSES, Western Cape, 2020



Source: Wesgro, 2021

It is estimated that more than half of the respondents experienced a 100.0 per cent loss of revenue because of the COVID-19 pandemic and about 39.7 per cent saw their revenue decline between 50.0 and 99.0 per cent.

Other COVID-19 impacts on the Western Cape tourism sector:⁵³

- Approximately 43.2 per cent of the respondents did not lose any workers. However, nearly half of the sector lost between one and 10 workers, and a further 7.5 per cent lost between 11 and 50 workers.
- Approximately 70.0 per cent of respondents had between one and 10 workers before COVID-19 and just under 50.0 per cent lost at least one worker.
- Approximately 20.8 per cent of respondents had between 11 and 50 workers before the pandemic and 52.6 per cent lost between one and 10 workers.
- Approximately 30.8 per cent of respondents who employed 51 to 250 workers before COVID-19 lost between one and 10 workers, and 26.9 per cent of respondents lost between 11 and 50 workers.
- Approximately 46.7 per cent of the respondents had to reduce employee salaries.

⁵³ (Wesgro, 2021).

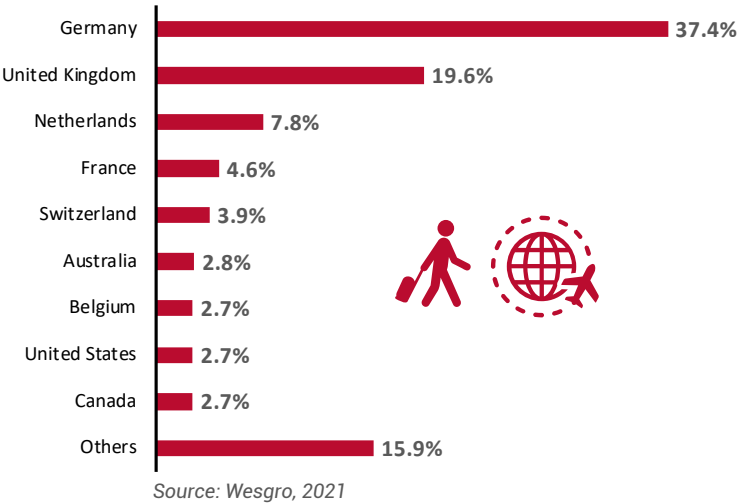
- The temporary closure of businesses and increased marketing efforts were among the most widely used methods to reduce the impact of the pandemic on the sector. Other methods implemented to reduce the impact included applying for payment holidays and adding more specials to secure future bookings. Many businesses also had to access their savings to cope during the pandemic.
- More than half of the respondents did not receive financial support from the Government. However, 54.3 per cent of the respondents who did not receive funding did not apply for it at all.
- Approximately 23.2 per cent of the respondents received funding and 9.1 per cent of respondents who received funding did not receive sufficient funding for their operational needs.
- Approximately 55.2 per cent of the respondents applied for funding from the Unemployment Insurance Fund's TERS, 30.1 per cent applied to the Department of Tourism's Tourism Relief Fund and 18.4 per cent applied to the SMME Debt Relief Finance Fund.
- The national government implemented a risk-adjusted strategy that allowed certain activities to open under lockdown levels three and four. Approximately 40.0 per cent of the respondents indicated that occupancy levels or revenue slightly increased because of this relief measure.
- The easing of restrictions also had a huge impact on almost 10.0 per cent of respondents, who experienced a moderate to significant increase in revenue. However, almost 50.0 per cent of respondents did not experience any change in occupancy or revenue.



3.3.2 Demographic profile of visitors

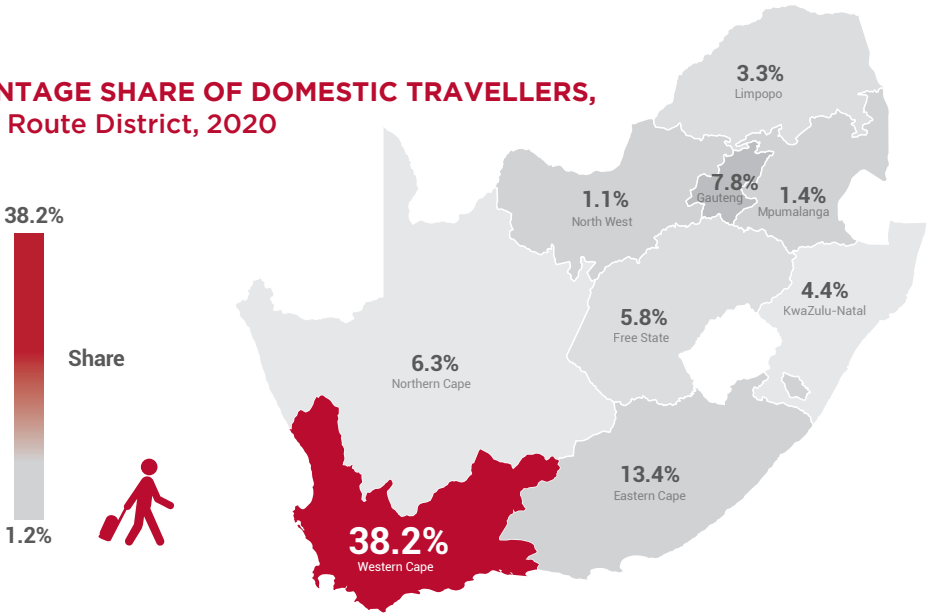
Figure 3.7 illustrates the proportionate share of international and domestic travellers to the GRD in 2020.

Figure 3.7
PERCENTAGE SHARE OF INTERNATIONAL TRAVELLERS, Garden Route District, 2020



The top three international source markets to the GRD in 2020 travelled from Germany (37.4 per cent), the United Kingdom (19.6 per cent) and the Netherlands (7.8 per cent). The international visitor trend to the GRD is consistent with the Province in the sense that European countries dominate source markets.

Map 3.1
PERCENTAGE SHARE OF DOMESTIC TRAVELLERS, Garden Route District, 2020

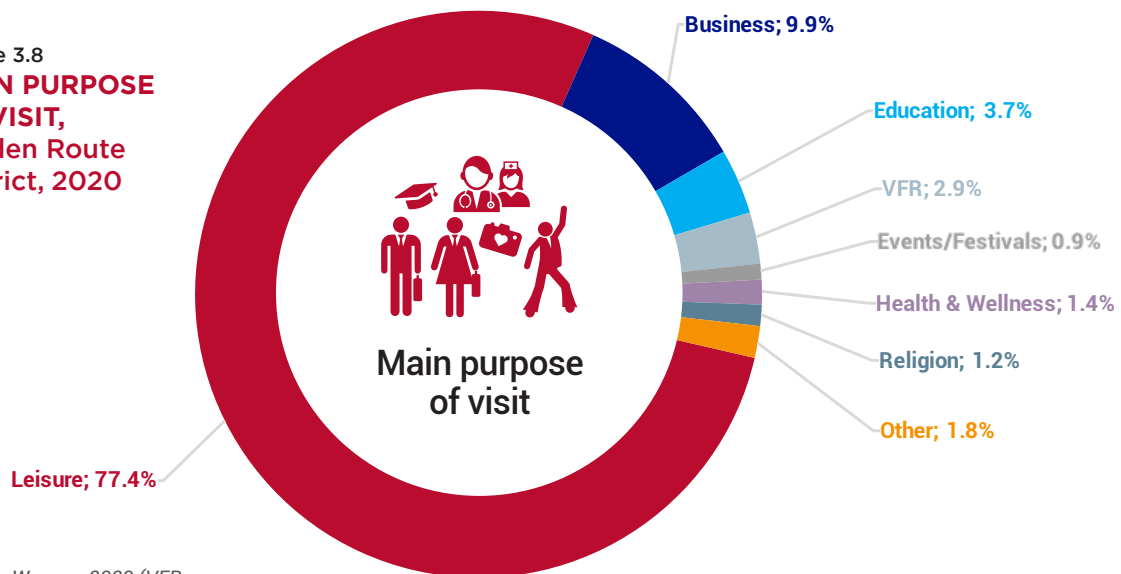


The top three domestic source markets to the GRD in 2020 were the Western Cape (38.2 per cent), the Eastern Cape (13.4 per cent) and Gauteng (7.8 per cent). Despite the COVID-19 regulations on travel, the trends indicate that the domestic market started to travel to this region once the restrictions were eased, confirming that the Garden Route area is a popular destination for leisure activities for domestic tourists. However, the poor performance of the economy is negatively impacting household income, and spending by domestic tourists is therefore likely to be affected.

3.3.3 Purpose and duration of visit

Figure 3.8 illustrates the main purpose of visits to the GRD in 2020. The GRD is primarily considered a leisure destination, with 77.4 per cent of visitors travelling to the District for leisure in 2020.

Figure 3.8
MAIN PURPOSE OF VISIT, Garden Route District, 2020

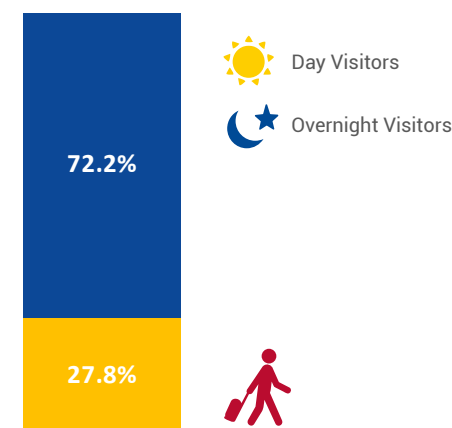


Source: Wesgro, 2020 (VFR denotes visiting friends or relatives)

Apart from leisure travel, 9.9 per cent of travel was for business and 3.7 per cent was for educational purposes.

Figure 3.9 illustrates the spread of day and overnight visitors to the GRD in 2020.

Figure 3.9
OVERNIGHT VS DAY VISITORS, Garden Route, District, 2020



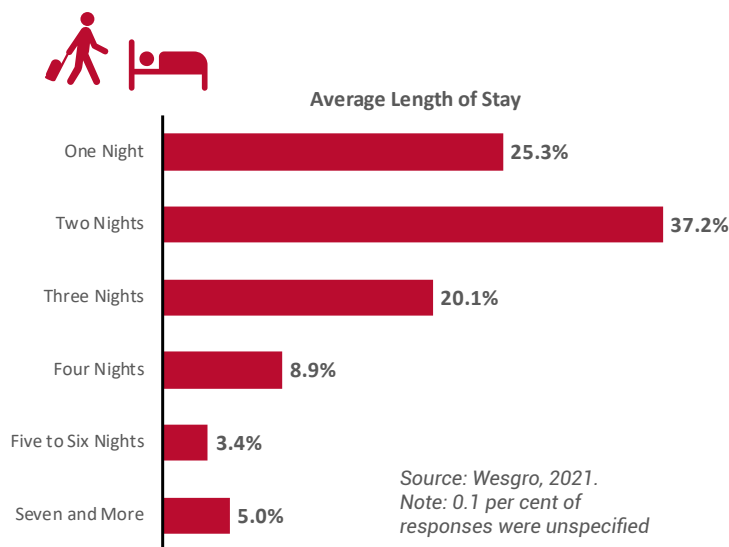
Source: Wesgro, 2021



The GRD is a popular destination for overnight visitors, accounting for 72.2 per cent of visits in 2020, while day visitors accounted for 27.8 per cent. This confirms that visitors like to visit for short getaways or weekends.

Figure 3.10 illustrates the average length of stay of visitors to the GRD in 2020.

Figure 3.10
AVERAGE LENGTH OF STAY BY VISITORS, Garden Route District, 2020

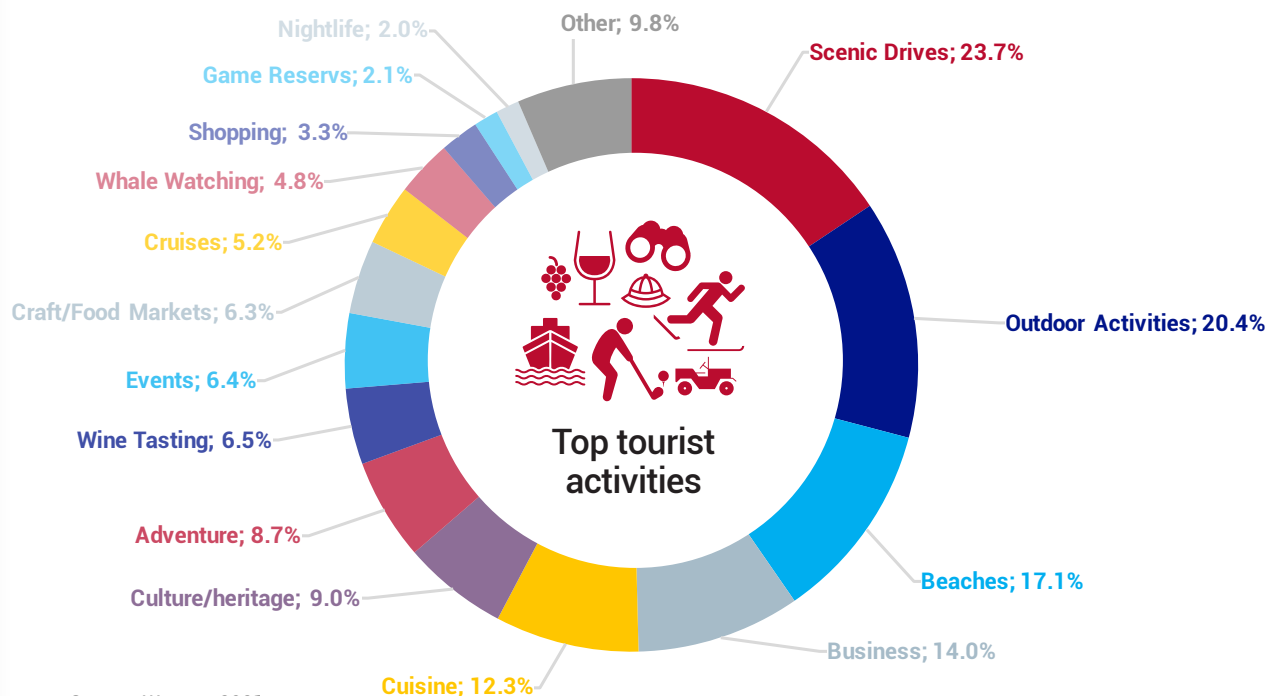


The region is popular for getaways of between one and three nights, and tourists make use of self-catering accommodation, guest houses, B&Bs and hotels. The length of stay is one of the key elements in a tourist's decision-making process and is of great economic importance for the tourist destination. Therefore, promoting longer stays would have a positive economic impact, especially when targeting the international markets, as they tend to spend more.

3.3.4 Activities, expenditure and transport

Figure 3.11 indicates the top activities undertaken by visitors in the GRD in 2020.

Figure 3.11
TOP TOURIST ACTIVITIES UNDERTAKEN, Garden Route District, 2020



Source: Wesgro, 2021

Activities enjoyed in 2020 by tourists to the GRD included scenic drives (23.7 per cent), outdoor activities (20.4 per cent) and beaches (17.1 per cent). Activities participated in the least by tourists included nightlife (2.0 per cent) and game reserves (2.1 per cent).

Figure 3.12 shows the daily expenditure patterns among the visitors who travel to the GRD.

Figure 3.12

AVERAGE DAILY EXPENDITURE BY VISITORS, Garden Route District, 2020

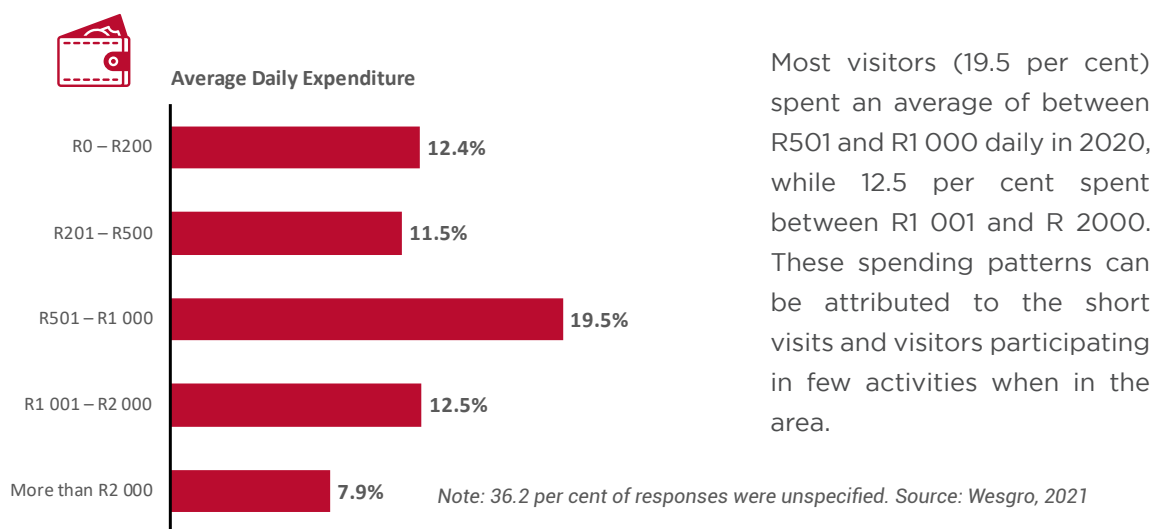
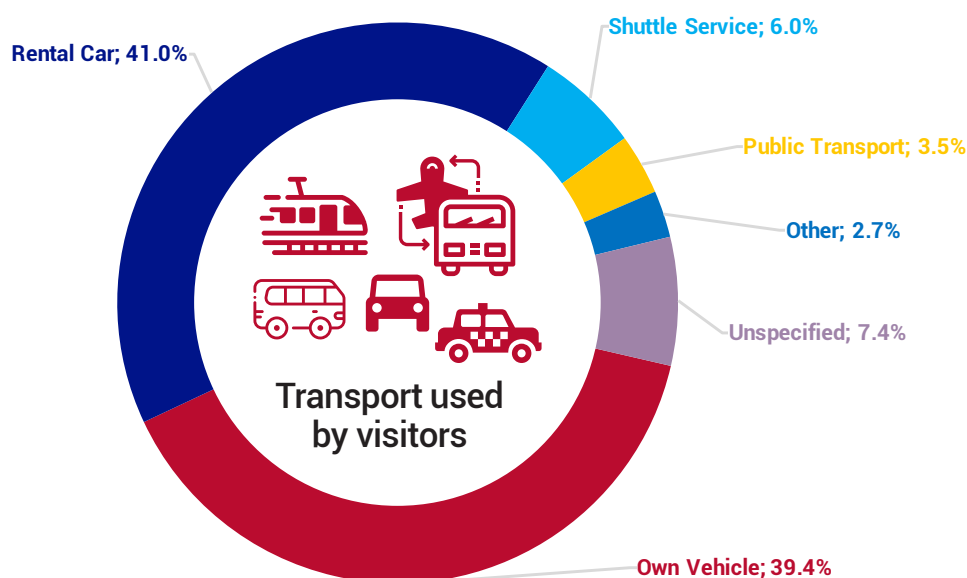


Figure 3.13 illustrates the mode of transport used by visitors to travel to and within the GRD.

Figure 3.13

MODE OF TRANSPORT USED BY VISITORS, Garden Route District, 2020



Source: Wesgro, 2020

In terms of the preferred mode of transport, most tourists made use of rental cars (41.0 per cent), followed by their own vehicle (39.4 per cent). The high rental car percentage could indicate that a high number of international tourists made trips to the Garden Route region.


3.4 COMPARATIVE ADVANTAGE AND EMPLOYMENT POTENTIAL

The purpose of this section is to analyse the comparative advantage of the various economic sectors within the GRD by exploring the historic growth of the respective sectors to identify growth opportunities for the District economy.

A location quotient is used to determine the level of specialisation in the different economic sectors of the GRD. The location quotient is a ratio between two economies – in this case, the national and District economies – that indicates whether the District is exporting, is self-sufficient or is importing goods and services from a particular sector.

Table 3.3 provides further details about the classification and interpretation of the location quotient. A location quotient of more than one indicates that a comparative advantage exists in the local economy compared with the national economy, whereas a location quotient of less than one indicates that the representation of the sector is weaker in the local economy than in the national economy.⁵⁴ Furthermore, a location quotient of one indicates that the representation of the sector in the local economy is the same as its representation in South Africa.

Table 3.3
LOCATION QUOTIENT INTERPRETATION

LOCATION QUOTIENT	Classification	 Interpretation
Less than 0.75	Low	Regional needs are probably not being met by the sector, resulting in an import of goods and services in this sector.
0.75 to 1.24	Medium	The sector is meeting most local needs. The region will probably be both importing and exporting goods and services in this sector.
1.25 to 4.99	High	The sector is serving needs beyond the border, exporting goods and services in this sector to other regions or provinces.
More than 5.00	Very High	This is indicative of a very high level of local dependence on the sector, typically in a "single-industry" community.

Source: *Urban-Econ*, 2021

A location quotient does not consider external factors such as government policies, investment incentives, proximity to markets, etc. These factors could influence the comparative advantage of an area in a given economic space. Additionally, the location quotient indicates the relative importance of the local economy to the Provincial economy and does not necessarily indicate that the sector is small or large within a local economy, nor does it indicate the value of importance. A value between 0.75 and 1.24 does not necessarily indicate that the local economy is exporting goods or services and does not indicate that local needs are not being met.

⁵⁴ (Fennig & DaCosta, 2010).

Table 3.4 provides the location quotient for the GRD in terms of GDPR and employment.

Table 3.4

**LOCATION QUOTIENT IN TERMS
OF GDPR AND EMPLOYMENT,
Garden Route District, 2019**



SECTOR	In terms of GDPR	In terms of employment
PS Primary Sector		
Agriculture, forestry & fishing	2.1	1.7
Mining & quarrying	0.0	0.0
SS Secondary Sector		
Manufacturing	1.1	0.9
Electricity, gas & water	0.8	0.9
Construction	1.6	1.1
TS Tertiary Sector		
Wholesale & retail trade, catering & accommodation	1.2	1.1
Transport, storage & communication	1.0	0.9
Finance, insurance, real estate & business services	1.3	1.0
General government	0.6	0.8
Community, social & personal services	1.2	0.9

Source: Quantec Research, 2021

The sector in which the GRD had the highest comparative advantage in 2019 was the agriculture sector (in terms of GDPR and employment). The GRD also had a high comparative advantage in terms of GDPR in the trade sector, the finance sector and the construction sector. The location quotient for these three sectors in terms of employment was also one or greater than one, which shows that these sectors are also of relative importance to employment.

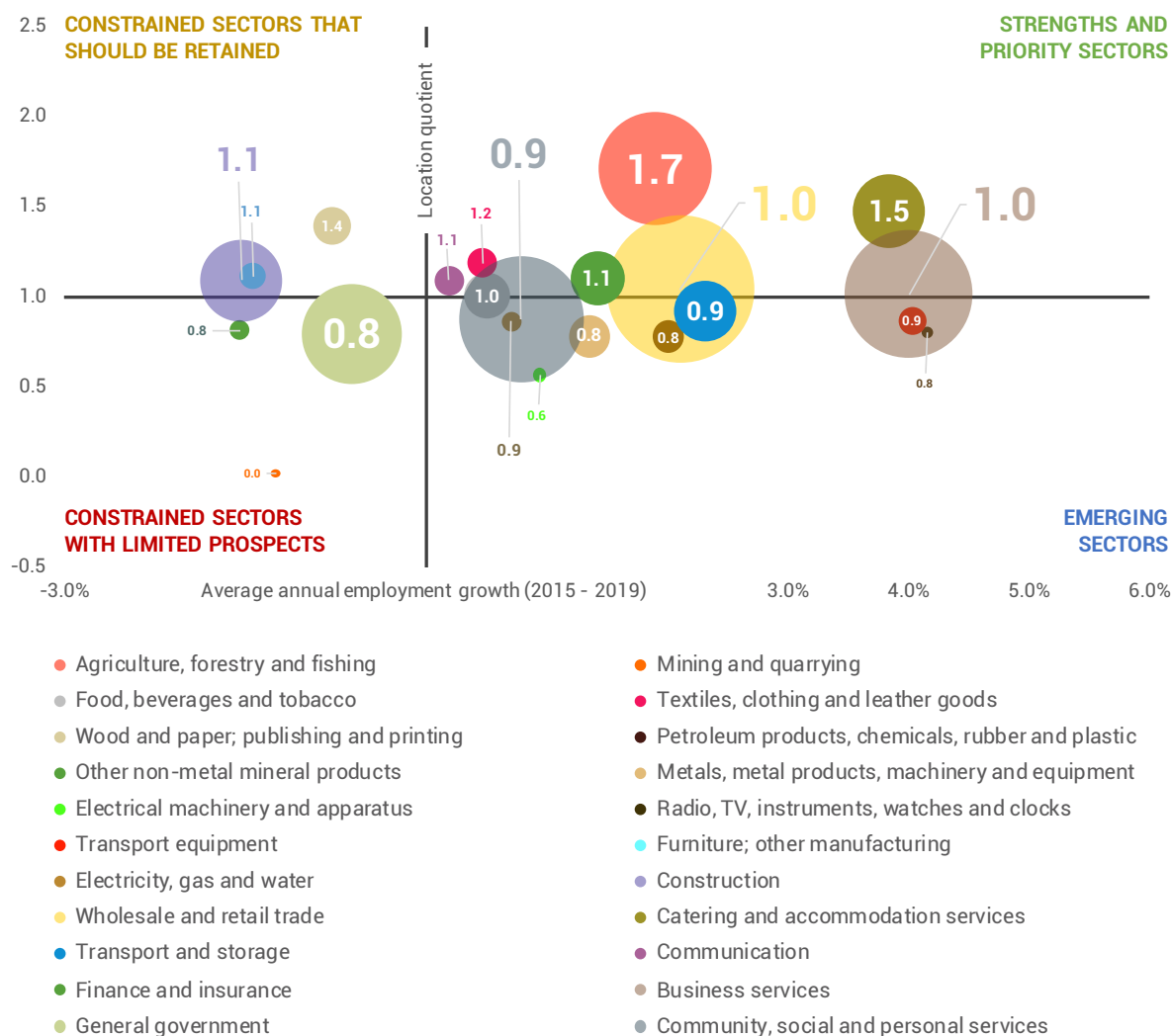
The sector with the smallest location quotient was the mining sector. Compared with the country, the GRD has very few mining resources, but compared with the Province, this sector is still of relative importance. The local mining industry has forward linkages to the construction sector, which is a key local sector, as illustrated above.



In order to assess the sectoral development opportunities in the GRD, the comparative advantage in sectors is further analysed, together with the historical sectoral employment growth rate. Figure 3.14 illustrates the comparative advantage and the average sectoral employment growth in the GRD.

Figure 3.14

COMPARATIVE ADVANTAGE AND SECTORAL EMPLOYMENT GROWTH, Garden Route District, 2019



Note: Size of bubble illustrates the contribution to total employment (2019). Source: Quantec Research, 2021

Sectors that have a location quotient greater than one and that recorded positive employment growth during the period from 2015 to 2019 are priority sectors for employment growth. Sectors that have a location quotient greater than one but have shed jobs over the period under analysis may require intervention, whether it be financial, regulatory or capacity-building, to benefit from the comparative advantage.

Sectors in which the GRD does not have a comparative advantage (a location quotient less than one) but that have shown positive employment growth are considered to be emerging sectors, but prospects may be limited owing to the size of the sector or external trends.

The table below provides further information relating to the sectors that are considered to be strengths in terms of job creation based on historic trends, as well as the sectors that should be retained, despite their lack of employment growth.

Table 3.5
PRIORITY SECTORS
FOR EMPLOYMENT,
Garden Route District, 2019

SECTOR	GDPR R million 2019	GDPR trend 2015 – 2019	Number of jobs 2019	% informal jobs 2019	Average annual change in employment 2015 – 2019	Average gross fixed capital formation growth 2015 – 2019
Agriculture, forestry and fishing	2 015.2	-4.2%	28 042	26.8%	404	-4.7%
Food, beverages and tobacco	2 342.1	1.9%	4 546	21.4%	21	2.6%
Textiles, clothing and leather goods	234.1	-1.3%	1 843	24.5%	8	0.5%
Wood and paper; publishing and printing	931.6	-0.9%	3 287	21.9%	-27	-1.0%
Furniture; other manufacturing	730.7	1.7%	1 512	28.8%	-24	-0.9%
Construction	2 811.2	-1.7%	14 577	33.8%	-250	2.8%
Wholesale and retail trade	7 898.2	1.2%	47 646	40.1%	934	2.2%
Catering and accommodation services	701.7	-2.7%	11 607	42.4%	397	-2.4%
Communication	990.5	3.3%	1 870	27.3%	2	5.7%
Finance and insurance	3 322.7	3.3%	6 488	9.2%	85	-0.9%
Business services	8 344.3	3.1%	35 289	21.9%	1 254	-0.5%

Source: Quantec Research, 2021

Agriculture, forestry and fishing

The agriculture sector's output shrank between 2015 and 2019, in large part as a result of the Provincial drought. Some of the main crops in the GRD include fruit, vegetables and wheat. Livestock farming (for dairy production purposes) and ostrich farming are also prevalent in the GRD. The sector created jobs while the value of this output declined, indicating a reduction in capital intensity as farmers divested from their expansion and maintenance budgets. Despite this lacklustre performance, it remains a high priority retention target sector given the area's latent natural resource endowment attributes. Furthermore, approximately 26.8 per cent of workers in this sector were informally employed in 2019. Initiatives such as the Klein Karoo Calitzdorp Pomegranate Export Agri Hub and the proposed Garden Route Fresh Produce Market will support smallholder farmers' future access to retail markets and improved prices. Similarly, platforms such as the recently hosted Garden Route Waste and Biomass Beneficiation Conference, and the Garden Route District Municipality Home Composting Pilot Project show the importance of considering circular economy opportunities in the forestry and other subsectors.

Food, beverages and tobacco

The value of this sector's GDP contribution (R2.3 billion) was larger than that of agriculture, underscoring the importance of value-adding activities to transform raw produce into various food products. Activities in this sector include honeybush, aloe, nut, ostrich, dairy and fishmeal processing. The food, beverages and tobacco sector grew by an average annual rate of 1.9 per cent between 2015 and 2019. In 2019 the sector employed 4 546 people, 21.4 per cent of whom were informally employed. Investment in this sector has grown substantially since 2015, with an average annual gross fixed capital formation of 2.6 per cent between 2015 and 2019. Creating an enabling environment for development, such as ensuring the availability of serviced land for industrial purposes, can serve as a catalyst for attracting new investment. Furthermore, supporting small-scale and emerging processors through export support and market linkages can further strengthen the sector to create new employment opportunities.

Other manufacturing subsectors

Other manufacturing subsectors in which the GRD has a comparative advantage, and which have recorded a positive employment growth trend, include the textiles, clothing and leather goods sector. The GRD also has a comparative advantage in the wood and paper, publishing and printing sector, as well as the furniture and other manufacturing sector, but these two sectors shed jobs between 2015 and 2019. The textiles, clothing and leather goods sector, the wood and paper, publishing and printing sector, and the furniture and other manufacturing sector contributed R234.1 million, R931.6 million and R730.7 million respectively to the GDP of the GRD in 2019. Furthermore, the textiles, clothing and leather goods sector and the wood and paper, publishing and printing sector contracted by an average annual rate of 1.3 per cent and 0.9 per cent respectively between 2015 and 2019. The wood and paper, publishing and printing sector is of particular importance in the Knysna municipal area. The fires of 2017 resulted in a severe loss of commercial forests, which dampened the industry's performance and outlook.

The export-oriented leather industry in Mossel Bay, Oudtshoorn and surrounding areas is key to the performance of the textiles, clothing and leather goods sector. This in turn is derived from the local ostrich- and cattle-farming industry. Support measures for this sector at the national level (Department of Trade, Industry and Competition [DTIC] incentives) and Provincial scale create linkages with the fashion industry, which is largely clustered around Cape Town.

Local furniture manufacturing is typically from indigenous woods. Prospects for this sector's growth are currently limited, with municipal support possibly advancing retention of existing light industry and niche enterprises (rather than seeking new investment attraction).

Construction

This sector shed a large number of jobs between 2015 and 2019 (the highest sectoral rate of job loss in the District), mirroring the overheating property industry. Prospects for this sector are limited until the broader national macroeconomic leading indicator conditions improve significantly.

The ongoing Garden Route Dam spillway reconstruction and drainage channel excavation in George Municipality, which began in May 2021, will provide temporary relief for the sector, albeit only until the middle of 2022. It is anticipated that some of the short-term employment opportunities from this project would have accrued to graduates from the GRD Municipality National Qualifications Framework-rated construction process supervision learnership programme. The GRD Municipality's human settlement capabilities were bolstered in 2021 by the achievement of several administrative, planning and capacity milestones. These augur well for the local construction sector, as some housing opportunities may arise in the coming year.

Catering and accommodation services

The tourism sector interfaces strongly with the catering and accommodation sector, and contributes to this sector's high location quotient. This sector had a GDPR of R701.7 million in 2019 and provided employment for 11 607 people, 42.4 per cent of whom were informally employed. Furthermore, between 2015 and 2019, the catering and accommodation sector created 397 jobs on average per annum. The COVID-19 restrictions had a significant impact on the sector and led to large-scale job losses. Promoting domestic tourism will play a valuable role in reviving the local industry.

Other services sectors

The George municipal area is a growing commercial hub in the GRD, and many of the tertiary sectors are therefore becoming increasingly important for creating sustainable jobs. Skills mismatches between the demand and supply for labour should therefore be addressed. Key sectors include the trade sector, the communication sector and the finance sector. The community services sector is also an emerging sector in terms of job creation, particularly in the Bitou and Knysna municipal areas.

Information and communications technology (ICT) infrastructure, as well as electricity and public transport infrastructure, are key public-sector investments that will make the services sectors in the GRD attractive for investment.



3.5 INVESTMENTS

This subsection discusses various forms of investments occurring in the GRD, including building plans passed and completed, new investments from prominent local companies and a consolidated overview of municipal spending on contracted services.

3.5.1 Private-sector investment

3.5.1.1 Sectoral investments and business expansion

Two foreign investments were made into the District between July 2019 and July 2021. The first was by Klinger South Africa of Austria, which invested USD3.0 million in the industrial equipment industry. Klinger is the world's leading manufacturer and provider of industrial gaskets and valves. The company is a pioneer in gasket technology and is currently a globally active group made up of 45 independent global manufacturing, sales and service companies offering consultancy services in numerous countries worldwide. Its customers comprise leading companies belonging to the following industries and sectors: manufacturing, infrastructure, automotive, marine, oil and gas, chemical, pulp and paper, energy, food and beverages, and pharmaceutical.⁵⁵

The second investment was by the company Mallcomm from the United Kingdom, which invested USD5.2 million in the software and information technology services industry. Mallcomm is a business-to-business and business-to-consumer communications medium created by the Toolbox Group. The company enables real-estate owners to manage and engage their communities efficiently through instant communication between the management team and retailers. The platform has been implemented by leading retail asset managers across the globe.⁵⁶

3.5.1.2 Building plans passed and completed

Building plans passed and completed are a couple of the indicators used to measure economic activity and business cycle changes. The value of building plans passed⁵⁷ can be used as a leading indicator, while building plans completed⁵⁸ can be used as a lagging indicator. Building plans passed and completed have further implications for municipal spatial planning and budgeting. Furthermore, building plans passed indicate the private sector's willingness to invest in an area, while business plans completed highlight money that has been spent. The development of non-residential buildings has a positive impact on the local economy during the construction phase, as well as the operational phase.

Stats SA's information on building plans passed and completed is only available for the George, Mossel Bay, Oudtshoorn, Knysna and Bitou municipal areas.

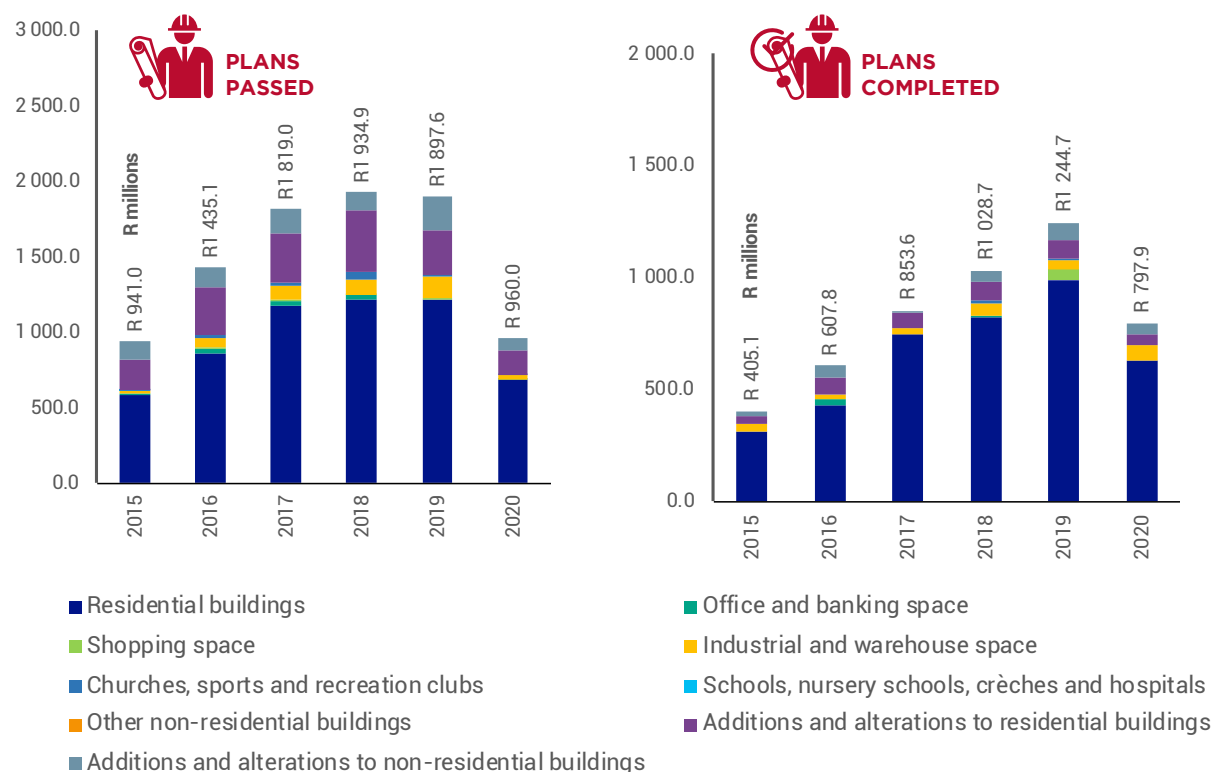
⁵⁷ Number of residential building plans passed larger than 80m².

⁵⁸ Value of non-residential buildings completed (constant prices).

Figure 3.15 illustrates the value of building plans passed and completed in the George municipal area between 2015 and 2020. The values of building plans passed and completed are expressed in current prices.

Figure 3.15

VALUE OF BUILDING PLANS PASSED AND COMPLETED, George, 2015 – 2020 (R million)



Source: Stats SA & Quantec Research, 2021

In the George municipal area, the total value of building plans passed increased from R941.0 million in 2015 to R1.9 billion in 2018, before declining to R960.0 million in 2020. During the period under review, residential building plans made up most of all building plans passed. This was followed by additions and alterations to residential buildings, and additions and alterations to non-residential buildings. Household income and demand for residential property in the George municipal area therefore play a significant role in economic activities associated with property development.

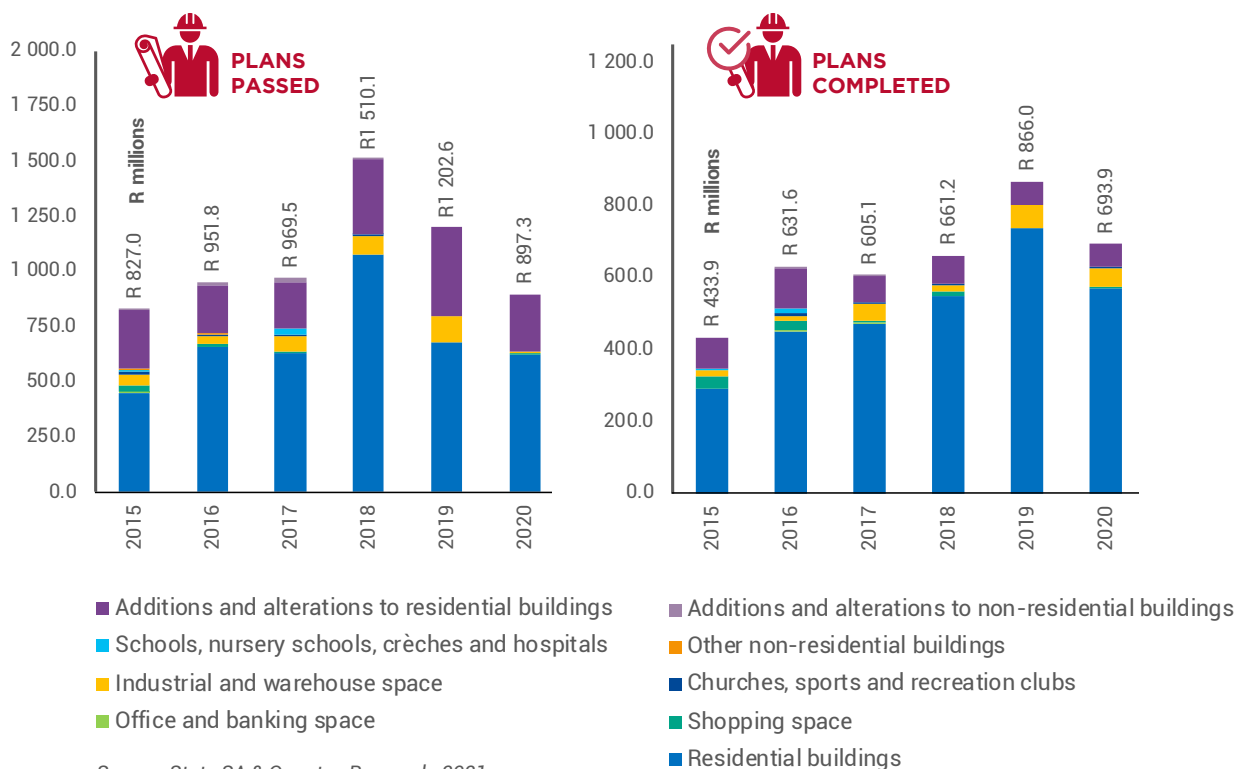
Building plans passed for residential buildings increased from R589.8 million in 2015 to R1.2 billion in 2019, before declining to R684.5 million in 2020. Building plans passed for industrial and warehouse space had a value of R29.6 million in 2020, which was notably lower than previous years, peaking at R134.7 million in 2019. In 2020 the value of building plans passed decreased significantly compared with 2019. This could be attributed to the global COVID-19 pandemic, which resulted in strict regulations and restrictions.

The value of building plans completed increased from R405.1 million to R1.2 billion in 2019, before declining to R797.9 million in 2020. Most building plans completed between 2015 and 2020 were for residential buildings. The value of building plans completed for residential developments increased from R312.6 million in 2015 to R990.0 million in 2019 before declining to R628.2 million in 2020. Other building plans completed in 2020 included industrial and warehouse space (R70.2 million), additions and alterations to residential buildings (R51.4 million), as well as additions and alterations to non-residential buildings (R48.1 million).

Figure 3.16 illustrates the value of building plans passed and completed in the Mossel Bay municipal area between 2015 and 2020.

Figure 3.16

**VALUE OF BUILDING PLANS PASSED AND COMPLETED,
Mossel Bay, 2015 – 2020 (R million)**



In the Mossel Bay municipal area, the total value of building plans passed increased from R827.0 million in 2015 to R1.5 billion in 2018, before declining to R897.3 million in 2020. During the period under review, residential building plans made up most of all building plans passed. This was followed by additions and alterations to residential buildings, and additions and alterations to non-residential buildings. In 2020, building plans passed for residential buildings were valued at R622.6 million, while building plans passed for additions and alterations to residential buildings were valued at R257.3 million.

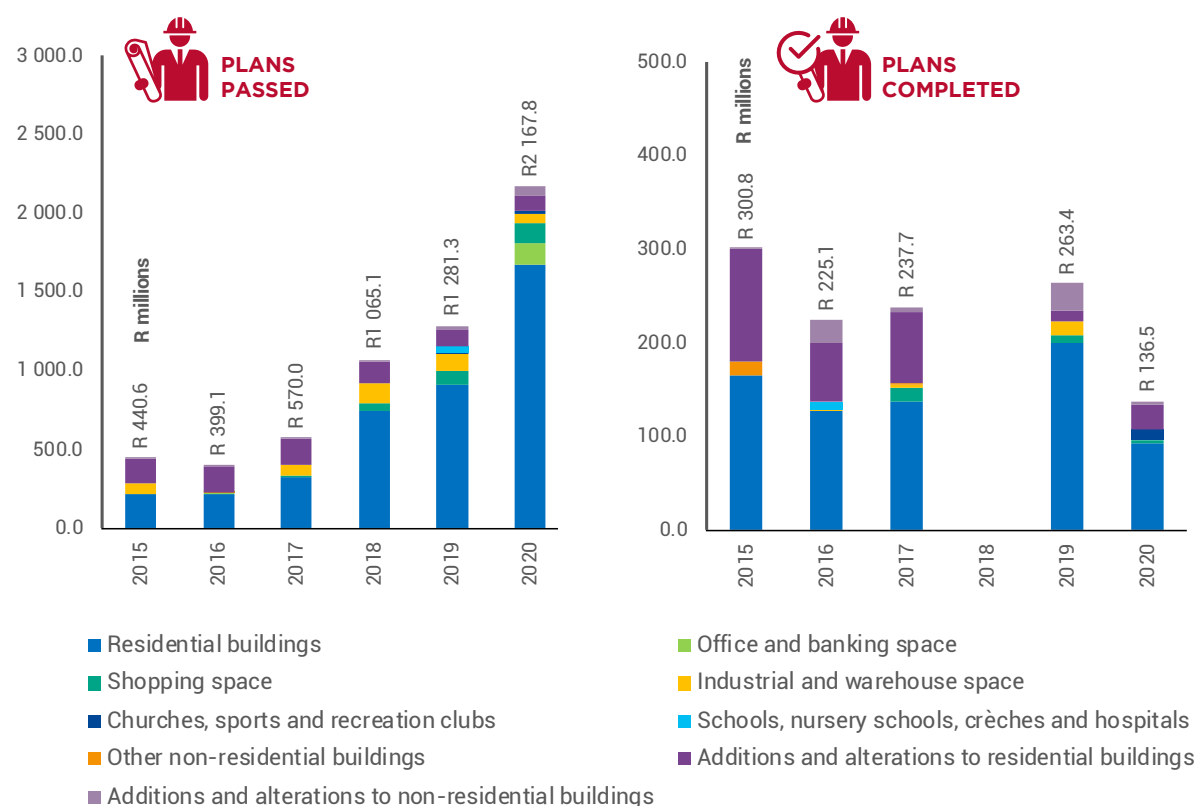
In terms of commercial property, most building plans passed during the reference period were for industrial and warehouse space. This is a positive indicator for manufacturing and transport sector development. However, the value of building plans passed declined from R112.0 million in 2019 to R13.2 million in 2020.

The value of building plans completed in the Mossel Bay municipal area increased from R433.9 million in 2015 to R866.0 million in 2019 before declining to R693.9 million in 2020. This decline was mainly attributed to a decline in building plans completed for residential and industrial buildings. Building plans completed for shopping space have consistently declined from R35.0 million to zero in 2019. However, they increased to R2.6 million in 2020. This would have been a valuable injection for the trade sector, despite the tough economic conditions.

Figure 3.17 illustrates the value of building plans passed and completed in the Knysna municipal area between 2015 and 2020.

Figure 3.17

VALUE OF BUILDING PLANS PASSED AND COMPLETED, Knysna, 2015 – 2020 (R million)



Note: No data for building plans completed in 2018. Source: Stats SA & Quantec Research, 2021

Building plans passed steadily increased over the reference period, peaking at R2.2 billion in 2020. In 2020, building plans passed for residential buildings were valued at R1.7 billion, shopping space building plans passed were valued at R130.3 million and plans for office and banking space were valued at R129.5 million. If these projects are realised, it will be a substantial boost not only to the local construction industry but also to tertiary sector activities. Despite the tough economic conditions, additions and alterations to non-residential buildings increased from R18.8 million in 2019 to R61.1 million in 2020.

Building plans completed declined from R300.8 million in 2015 to R237.7 million in 2017, and from R263.4 million in 2019 to R136.5 million in 2020. The lockdown restrictions likely affected construction projects. Building plans completed for residential buildings declined from R200.5 million in 2019 to R92.8 million in 2020. However, building plans completed for additions and alterations to residential buildings increased from R10.7 million in 2019 to R25.1 million in 2020. Smaller construction works such as additions and alterations to residential property would have boosted SMMEs in the construction industry as well as retail sales of hardware and other inputs required for small-scale renovations.

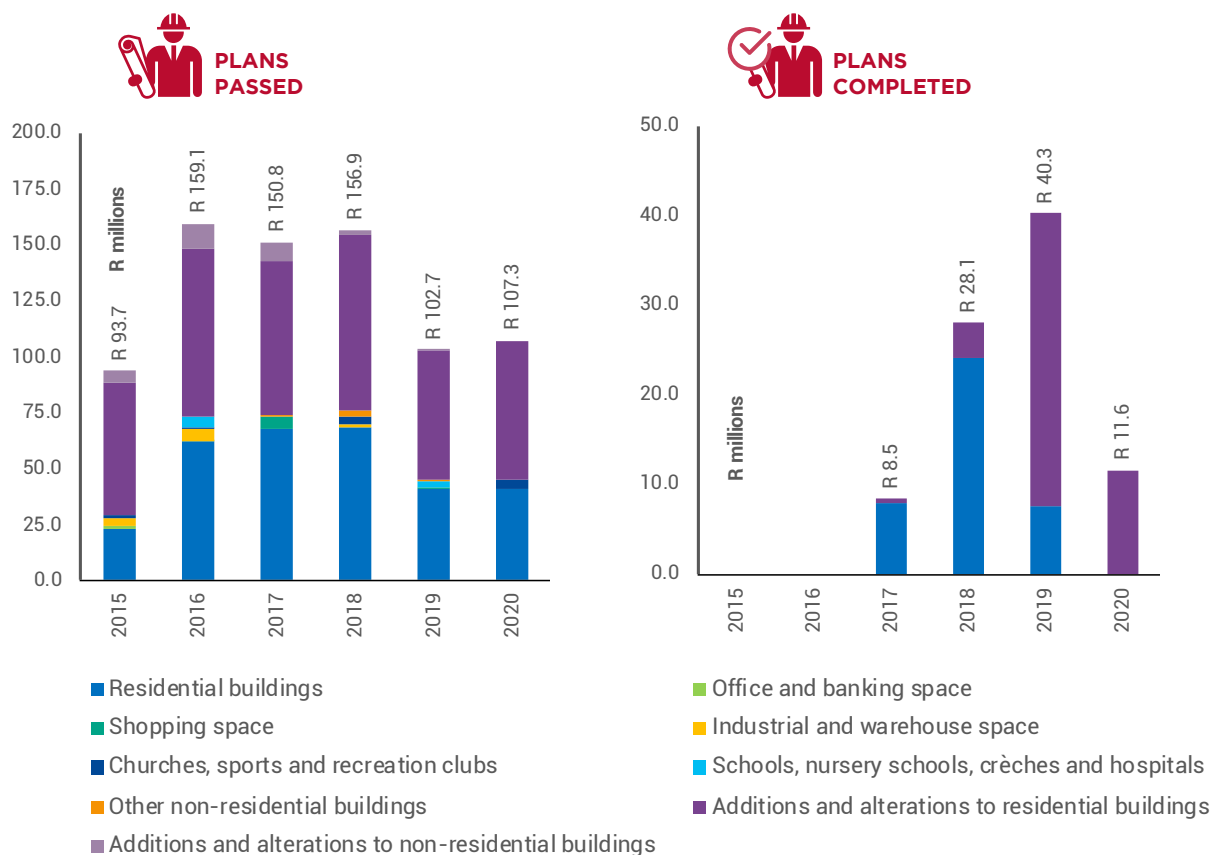
However, future large-scale developments in the Knysna municipal area will be constrained by shortages of well-located land for housing and urban development, as well as capacity constraints in the municipal planning and building control departments.⁵⁹

⁵⁹ (Knysna Municipality, 2021).

Figure 3.18 illustrates the value of building plans passed and completed in the Oudtshoorn municipal area between 2015 and 2020.

Figure 3.18

**VALUE OF BUILDING PLANS PASSED AND COMPLETED,
Oudtshoorn, 2015 - 2020 (R million)**



Note: No data for building plans completed for 2015 and 2016. Source: Stats SA & Quantec Research, 2021

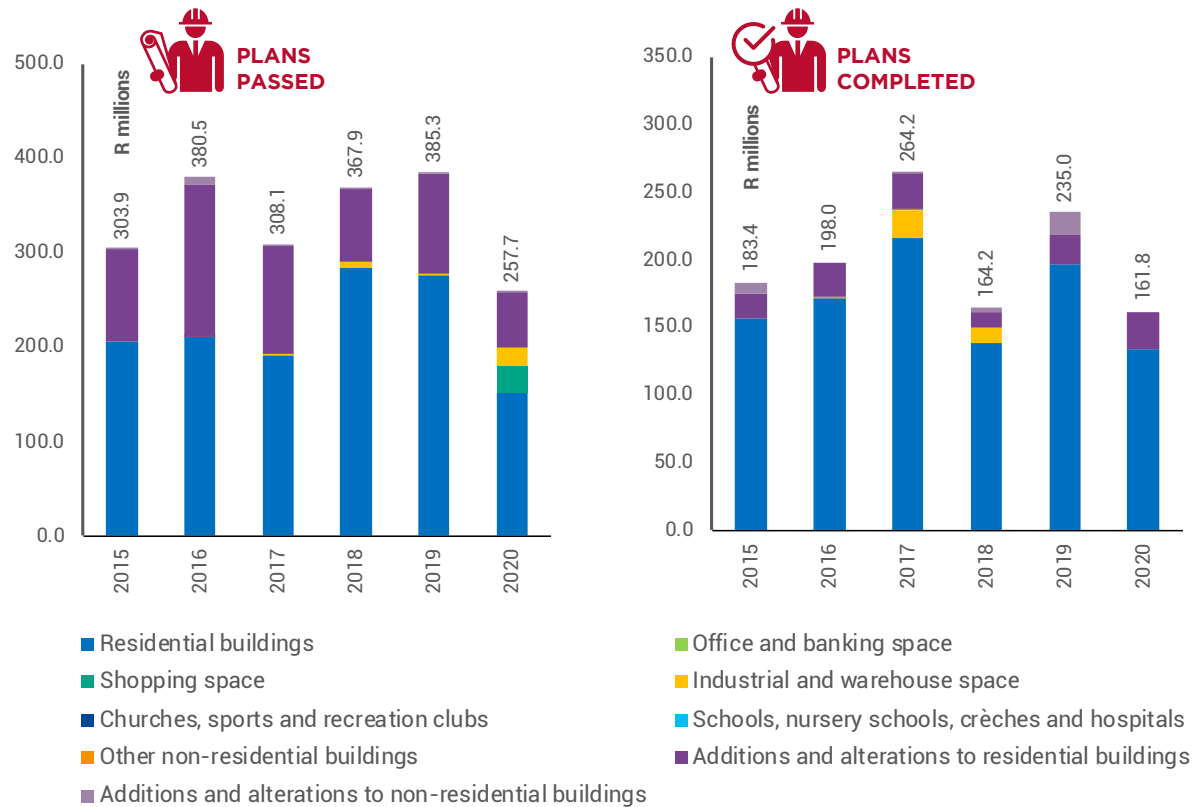
Building plans passed increased substantially from R93.7 million in 2015 to R159.1 million in 2016, from where they decreased to R156.9 million in 2018. They declined again to R102.7 million in 2019 before increasing marginally to R107.3 million in 2020. For the period under review, most of the building plans passed were for additions and alterations to residential buildings. These increased from R57.2 million in 2019 to R62.0 million in 2020.

Building plans completed increased from R8.5 million in 2017 to R40.3 million in 2019 before declining to R11.6 million in 2020. In line with building plans passed, most building plans completed are for additions and alterations to non-residential buildings. Between 2019 and 2020 building plans completed for additions and alterations to residential buildings declined from R32.7 million to R11.6 million.

Figure 3.19 illustrates the value of building plans passed and completed in the Bitou municipal area between 2015 and 2020.

Figure 3.19

**VALUE OF BUILDING PLANS PASSED AND COMPLETED,
Bitou, 2015 – 2020 (R million)**



Source: Stats SA & Quantec Research, 2021

In the Bitou municipal area, the total value of building plans passed increased from R303.9 million in 2015 to R385.3 million in 2019 before declining to R257.7 million in 2020. Throughout the period under review, most building plans passed were for residential buildings, the value of which decreased from R275.4 million in 2019 to R152.8 million in 2020. Building plans passed for shopping space increased to R26.8 million in 2020, while building plans for industrial and warehouse space increased from R2.1 million in 2019 to R20.1 million in 2020. Building plans passed in Bitou in recent years therefore show favourable growth patterns for the region's commercial sector.

The value of building plans completed peaked in 2017 (R264.2 million) and 2019 (R235.0 million). The majority of building plans completed were for residential buildings, the value of which decreased from R156.9 million in 2015 to R133.9 million in 2020. Other building plans completed in 2020 were mainly for additions and alterations to residential buildings (R27.9 million).

Real-estate development promotes the economic value and growth of an area. Capital is already being pushed into the economy before the physical construction activities. The services of various people from different industries, including lawyers, engineers, architects and designers, benefit from the planning of real-estate development. An increase in the development of housing naturally creates new jobs for businesses in an area. Furthermore, an increase in the

development of housing may also mean an increase in residents in an area, which translates into an increase in the labour force and economic growth.

While building plan data from Stats SA does not include the Kannaland municipal area, indications from the municipality are that residential building approvals were significantly higher in 2020 than in the previous year. There was also an increase in retail building applications, albeit from a small base, while commercial and industrial property supply remained muted.⁶⁰

3.5.2 Public-sector investment

3.5.2.1 Municipal contracted services

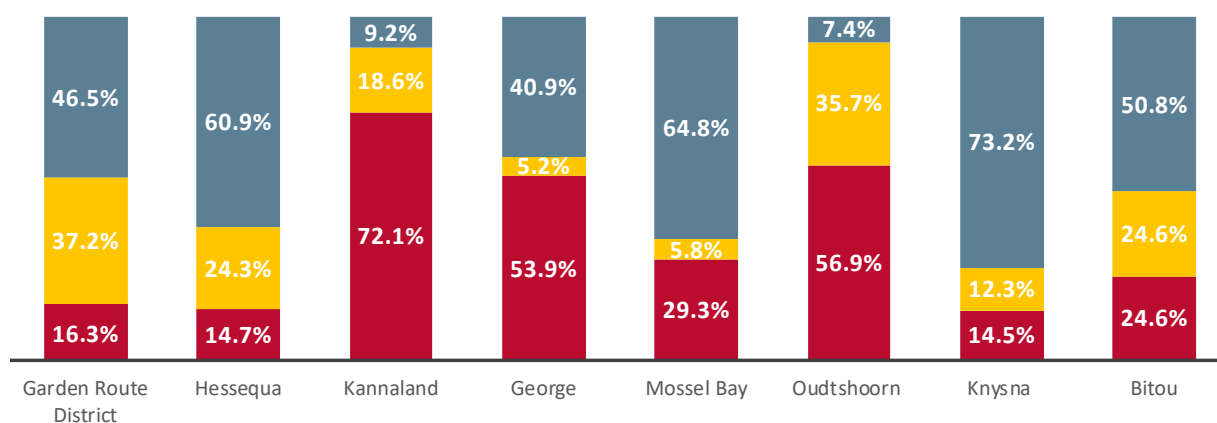
The procurement processes of local municipalities can facilitate the development of local SMMEs that provide goods and services, while spending on infrastructure promotes the creation of an enabling environment for households and businesses to function optimally. Figure 3.20 indicates the distribution of municipal spending on contracted services in 2019/20.

Figure 3.20

PROPORTION OF SPENDING ON CONTRACTED SERVICES PER MUNICIPAL AREA, Garden Route District, 2019/20⁶¹



- Outsourced services
- Consulting and professional services
- Contractors



Source: National Treasury, 2021

For the District, the largest proportion of contracted service was allocated to contractors (46.5 per cent), followed by consulting and professional services (37.2 per cent) and outsourced services (16.3 per cent). The local municipalities in the GRD have very different spending patterns, based on the individual needs of each local municipal area.

In 2019/20, the Hessequa Municipality spent most of its contracted services on contractors (60.9 per cent), followed by consulting and professional services (24.3 per cent) and outsourced services (14.7 per cent).

⁶⁰ (Kannaland Municipality, 2021).

⁶¹ According to the Municipal Standard Chart of Accounts (mSCOA), municipalities should have the capacity and expertise to carry out certain services. Outsourced services are therefore services procured by the municipality when it temporarily does not have the capacity to perform these functions, or to save costs. Consulting services refer to specialist services and skills provided to a municipality for the achievement of a specific objective. It is unnecessary to maintain these skills in-house since they are often only required on a once-off or temporary basis. Contractors are utilised for services that are not the core business of the municipality.

For the Kannaland Municipality, most of the contracted spending in 2019/20 was allocated to outsourced services (72.1 per cent) and consulting and professional services (18.6 per cent), followed by contractors (9.2 per cent). Outsourced services were mainly for accounting and auditing services (R6.2 million). The construction of a library currently under way in Bergsig represents important new infrastructure for the municipal area.⁶² Not only will this boost the local construction industry, it can also improve education outcomes in the municipal area.

In the George Municipality, most of the contracted spending was allocated to outsourced services (53.9 per cent) and contractors (40.9 per cent), followed by consulting and professional services (5.2 per cent). Contracted services in the George Municipality were mainly for transport services (R175.9 million). Initiatives such as the Go George bus service play an integral role for the economy of the George municipal area, as the availability of public transport ensures ease of access to employment opportunities. In 2019/20, the George Municipality also spent R106.2 million on the maintenance of buildings, informal settlements, equipment and other assets, which is a valuable boost to the economy, as local contractors would have been utilised for these services.

Most of the Mossel Bay Municipality's spending on contracted services was on contractors (64.8 per cent), followed by outsourced services (29.3 per cent) and consulting and professional services (5.8 per cent). Spending on contractors comprised mainly building contractors (R50.4 million) and maintenance (R39.8 million). The municipality also spent R12.2 million on cleaning services and R10.5 million on grass-cutting and -clearing services. These spending categories can be utilised to support local SMMEs, and enabling local service providers to provide services to the public sector can be a catalyst for employment creation in the municipal area.

In the Oudtshoorn Municipality, most of the contracted spending was allocated to outsourced services (56.9 per cent) and consulting and professional services (35.7 per cent), followed by contractors (7.4 per cent). Several investments have been made in the past two years to upgrade water-related infrastructure. These include, but are not limited to, the Blossoms Wellfield pipeline, the Raubenheimer Dam upgrade and the Calitzdorp Spa groundwater exploration. The Dysselsdorp Housing Project, which is currently under construction in the Oudtshoorn municipal area, will add more than 500 new residential units to the local housing stock, with associated indirect benefits for local labour and construction firms. It is expected that planned investments into a library, school, crèche and police station in the Rose Valley and Toekomsrus areas will also support the sector.⁶³

In 2019/20 the Knysna Municipality's spending on contracted services was mainly on contractors (73.2 per cent), followed by outsourced services (14.5 per cent) and consulting and professional services (12.3 per cent). Major contractor spending in the municipality included R58.6 million on building contractors and R54.5 million on maintenance. This can be a significant investment in the local construction sector if local suppliers are utilised.

The Bitou Municipality spent most of its contracted services on contractors (50.8 per cent), followed equally by consulting and professional services (24.6 per cent) and outsourced services (24.6 per cent). Contractors were mainly utilised for maintenance of buildings, equipment and other assets (R35.8 million), while spending on consultants and professional services was mainly for legal costs (R12.9 million). The municipality also spent R14.5 million on outsourcing security services.

⁶² (Kannaland Municipality, 2021).

⁶³ (Oudtshoorn Municipality, 2021).

Municipal procurement of goods and services benefits the local economy if local enterprises are utilised, particularly SMMEs. However, local government in the GRD also provides various support measures to help retain and attract SMMEs, including:

- Export capacity-building workshops.
- Connecting SMMEs to support organisations such as the Small Enterprise Development Agency.
- Utilisation of community development workers in instances where local economic development (LED) unit capacity is limited.⁶⁴
- Assisting local business with applications for COVID-19 relief grants.
- Provision of PPE and payment holidays for informal trader permits as COVID-19-specific responses.^{65,66}
- Incubator programmes.⁶⁷
- Preparatory research towards the establishment of the Kannaland Business Chamber.⁶⁸



⁶⁴ (Kannaland Municipality, 2021).

⁶⁵ (Oudtshoorn Municipality, 2021).

⁶⁶ (Bitou Municipality, 2021).

⁶⁷ (Knysna Municipality, 2021).

⁶⁸ (Kannaland Municipality, 2021).

3.5.2.2 Infrastructure

Infrastructure spending by local and Provincial governments is not only an important injection into the local economy, it also helps to create an enabling environment for economic and social development. Infrastructure capital spending has both short- and medium-term benefits. The capital injection not only boosts the economy but can also create numerous employment opportunities. Additionally, it can also stimulate economic activity from the operational activities that result from the initial capital spending. Despite the importance and necessity of maintaining existing infrastructure and investing in new infrastructure, local governments are under pressure, as generating their own revenue is becoming increasingly constrained owing to rising unemployment and poor economic growth, while income from Provincial and national grants is declining.



JOINT DISTRICT AND METRO APPROACH

The Joint District and Metro Approach (JDMA) promotes collaboration and is an essential governance instrument that will enable co-planning, co-budgeting and co-implementation to strengthen service delivery in communities. The JDMA provides an implementation plan for planning and strategic priorities, development initiatives, service delivery and capacity-building.

A co-ordinated and combined effort from all spheres of government, as well as the private sector, can successfully leverage infrastructure investment as a catalyst for broad-based economic growth and development.

The table below outlines the budgeted expenditure on infrastructure by the local municipalities in the GRD and by the Provincial government for 2021/22.

Table 3.6
SPENDING ON INFRASTRUCTURE,
Garden Route District, 2021/22

DESCRIPTION R million	2021/22 Municipal infrastructure spend (original budget)
Economic infrastructure	200.8
Road transport and public works	199.4
Environmental services	1.5
Social infrastructure	119.7
Education	-
Health	0.3
Social development	9.2
Housing	110.3
Trading services	663.1
Energy sources	141.2
Water management	164.6
Wastewater management	274.7
Waste management	82.7
Other	120.9
Total infrastructure spend	1 104.6

Source: Provincial Treasury, 2021

The local municipalities in the GRD have allocated R1.1 billion to the capital expenditure budgets for 2021/22. This includes allocations made towards economic, social and trading services infrastructure of R200.8 million, R119.7 million million and R663.1 million respectively. In addition, R120.9 million has been budgeted to be spent on other capital expenses, which include governance and administration, public safety, community services, sport and recreation, planning and development, and environmental protection services.

Most of the budget allocations originate from municipal budgets of the GRD. Key municipal expenditure categories include wastewater management (R274.7 million), and road transport and public works (R199.4 million).

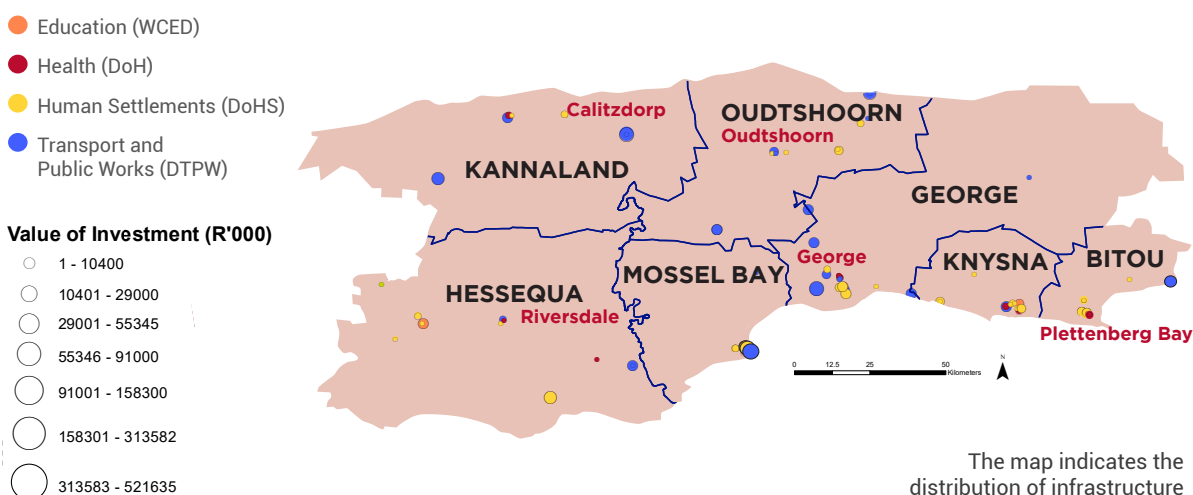


Information about the **2021/22 budgeted Provincial infrastructure spend** is provided in the *Overview of Provincial and Municipal Infrastructure Investment* (OPMII), published by Provincial Treasury.



Infrastructure investment by Provincial government departments in the GRD across the 2021 Medium Term Expenditure Framework (MTEF) accounts for 8.9 per cent or R3.1 billion of the Province's total investment of R27.2 billion. The per capita investment in this District amounts to R4 925, which is higher than the Provincial average. New infrastructure assets account for 10.4 per cent of the District's total 2021 MTEF infrastructure investment:

- Provincial infrastructure investment in the District for the 2021 MTEF is mainly focused on upgrades, refurbishments and maintenance of road transport infrastructure, providing for maintaining quality inter- and intra-regional regional economic connections. The District economy is highly dependent on connectivity, and the infrastructure investment response is dominated by road transport.
- The top 10 projects account for 37.4 per cent of the total 2021 MTEF District allocation, which mostly consists of roads infrastructure projects in various municipal areas. The clustering of infrastructure investment in socio-economic facilities follows the spatial trends and patterns of population growth consolidated in the economic growth nodes.



The map indicates the distribution of infrastructure projects over the MTEF period. The total value of investments (projects and programmes) is indicated in the accompanying table for the applicable region or District.

Map 3.1
TOTAL DEPARTMENTAL MTEF INFRASTRUCTURE BUDGET AND NUMBER OF PROJECTS, Garden Route District, 2021/24

	No of projects	2021/22 MTEF (R'000)	2022/23 MTEF (R'000)	2023/24 MTEF (R'000)	MTEF total (R'000)
WC PROVINCIAL DEPARTMENT					
Education (WCED)	4	25 000	60 000	34 000	119 000
Health (DoH)	19	24 652	56 513	33 358	114 523
Human Settlements (DoHS)	47	431 943	491 589	343 908	1 267 440
Transport and Public Works (DTPW)	29	571 659	491 050	495 970	1 558 679
Total	99	1 053 254	1 099 152	907 236	3 059 642

Note: WCED is the Western Cape Education Department, DoH is the Department of Health, DoHS is the Department of Human Settlements and DTPW is the Department of Transport and Public Works

Source: The Provincial Infrastructure Reporting Model (IRM) was used for the first time (except for the data of the Department of Human Settlements). There is room to improve on the accuracy in future publications.

3.6 CONCLUDING REMARKS

In 2020, the GRD experienced its first trade deficit since 2010, which can mainly be attributed to the steep decline in the manufacturing sector and the mining sector trade balances. On a municipal level, while the Knysna, Oudtshoorn and Bitou municipal areas experienced trade surpluses, George, Mossel Bay and Hessequa experienced trade deficits in 2020. In the Knysna, Oudtshoorn, George, Mossel Bay and Hessequa municipal areas, the trade balances were mainly driven by the manufacturing sector.

India was the District's leading import partner in 2020, making a contribution of 19.0 per cent towards total imports. Petroleum oils and oils obtained from bituminous minerals, other than crude, made the largest import contribution (49.2 per cent) to the GRD and were valued at R3.1 billion in 2020. The Netherlands was the District's leading export partner in 2020, contributing 11.7 per cent towards total exports. Citrus fruit was the District's top exported product in 2020, with a value of more than R1.0 billion and contributing 24.6 per cent to total exports.

In terms of tourism, the GRD is a popular leisure destination among both international and domestic markets that enjoy short or weekend getaways. The top three international source markets to the GRD in 2020 were Germany (37.4 per cent), the United Kingdom (19.6 per cent) and the Netherlands (7.8 per cent), while the top three domestic source markets were the Western Cape (38.2 per cent), the Eastern Cape (13.4 per cent) and Gauteng (7.8 per cent).

Activities enjoyed in 2020 by tourists to the GRD included scenic drives (23.7 per cent), outdoor activities (20.4 per cent) and beaches (17.1 per cent). The impact of COVID-19 on the GRD tourism industry indicates a decline in income as well as job losses and business closures, putting many tourism businesses under severe pressure to sustain livelihoods.

In 2020, two sectors with high location quotient values were the agriculture sector and the mining sector, indicating a comparative advantage. These sectors can be used to leverage benefits and expand on economic opportunities and potential in the GRD.

Building plans passed and completed in the George, Oudtshoorn and Bitou municipal areas fell in 2020 compared with previous years. The Mossel Bay municipal area's building plans passed and completed in 2020 increased compared with 2019. In the Knysna municipal area building plans increased slightly in 2020, while building plans completed fell in 2020.

In terms of infrastructure budget allocations in the District, key municipal expenditure categories include water management (R164.6 million), wastewater management (R274.7 million) and road transport and public works (R199.4 million).



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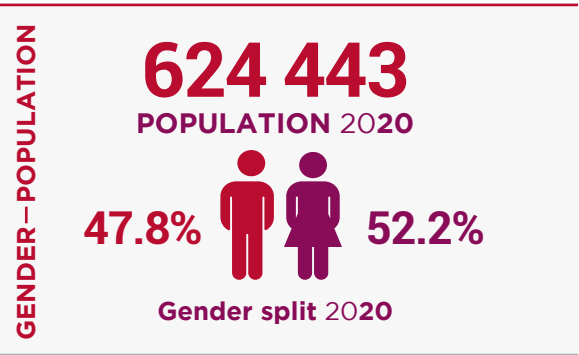
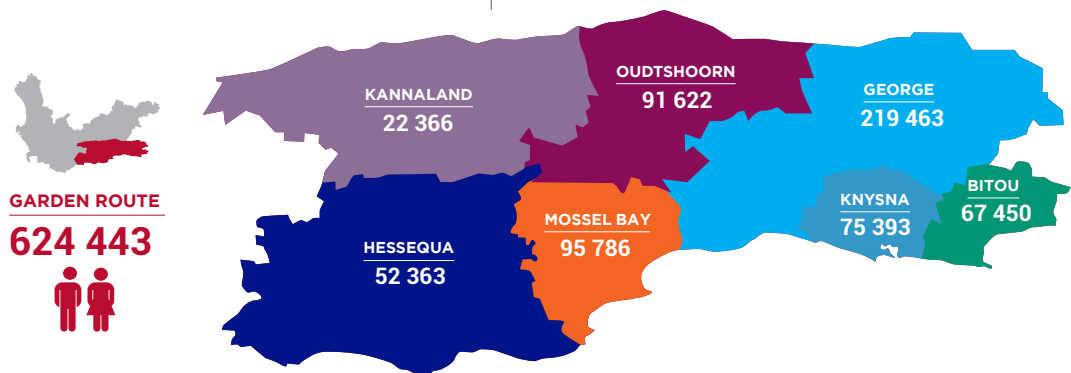
MUNICIPAL SOCIO- ECONOMIC ANALYSIS

4.1 INTRODUCTION

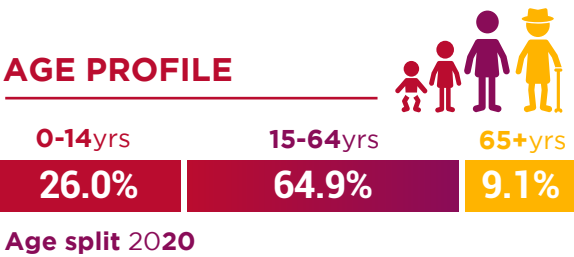
This chapter provides an overview of the economic and social circumstances of households living in the GRD by analysing population, human development, housing, crime and access to basic services. More specifically, human development in the region is assessed by exploring education levels, health and income.

GARDEN ROUTE DEMOGRAPHICS

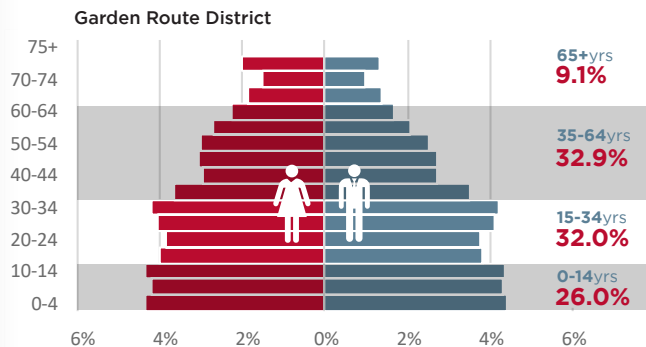
CURRENT POPULATION, Garden Route District, 2020



Some of the key indicators used in the socio-economic analysis include the population growth rate, GDP per capita, household income, the Gini coefficient, the HDI, educational development and dwelling types. These indicators are discussed in detail in the sections below.



GENDER AND AGE DYNAMICS



HOUSEHOLDS

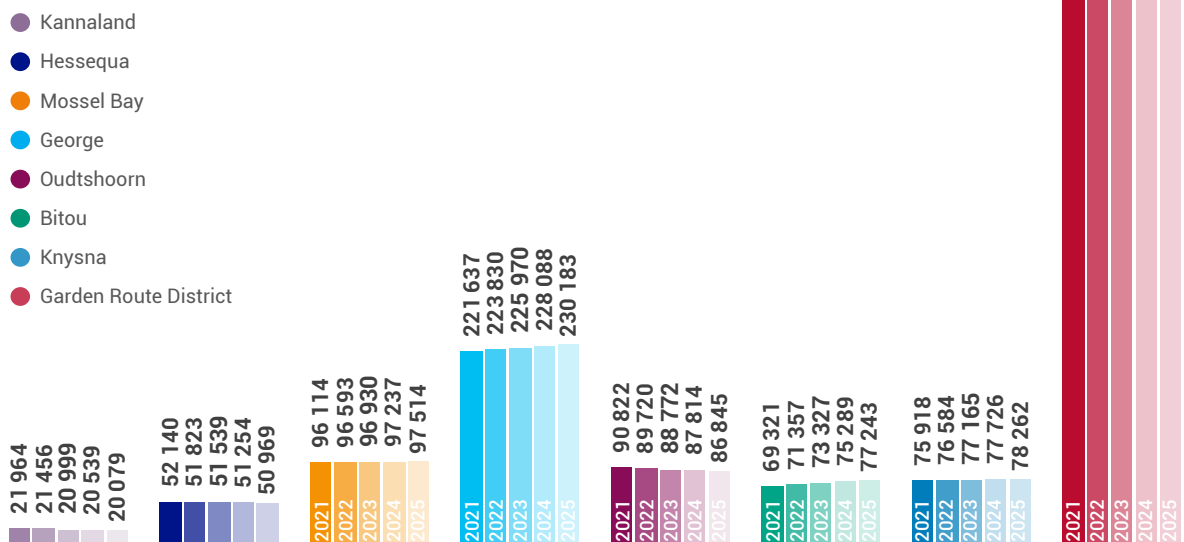


4.2 POPULATION PROFILE

Figure 4.1 illustrates the projected growth of the population in the GRD between 2021 and 2025.

Figure 4.1

FUTURE POPULATION GROWTH, Garden Route District, 2021 – 2025



Source: Western Cape Government PPU, 2021. Provincial, district and local municipality population estimates by sex and age (2002 – 2036) based on Stats SA MYPE series 2021 and 2020

The GRD is the third most populated District in the Western Cape, after the Cape Metro and the CWD. The population in the GRD is expected to increase by an annual average growth rate of 0.5 per cent from 627 917 people in 2021 to 641 094 people in 2025. The slow District population growth is a result of expected population declines in the Kannaland, Hessequa and Oudtshoorn municipal areas. The populations in these municipal areas are expected to decline by an average annual rate of 2.1 per cent, 0.5 per cent and 1.1 per cent respectively for the period between 2021 and 2025.

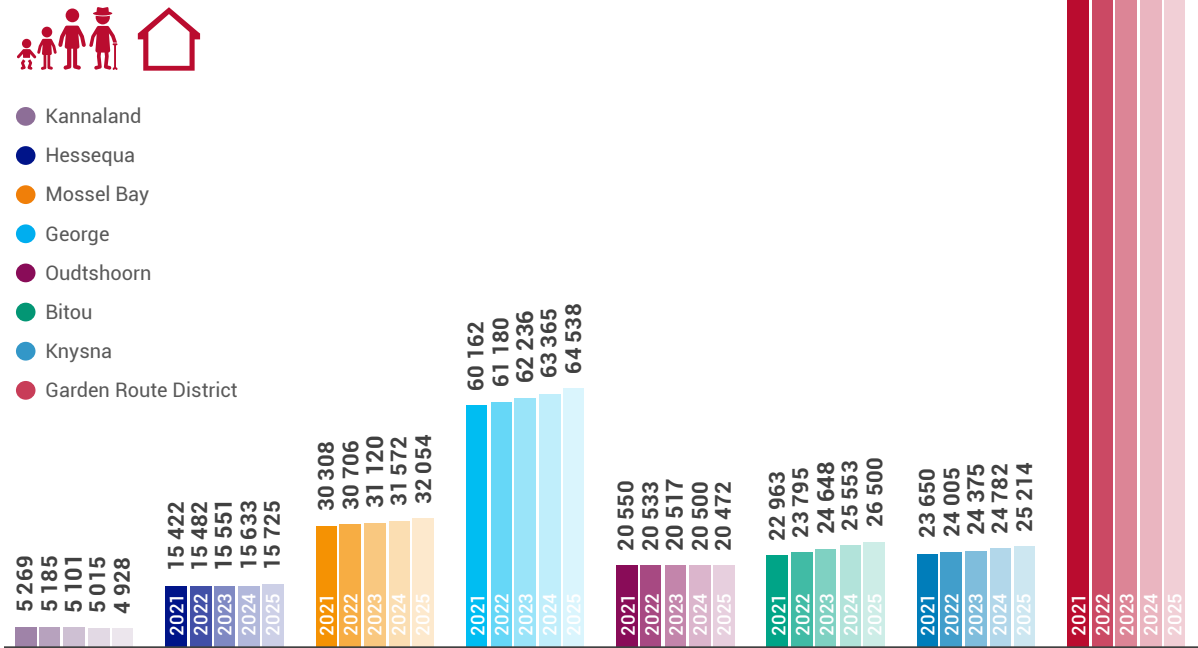
This could be attributed to young people seeking job opportunities elsewhere. The decline in the working-age population has a negative implication for future economic growth in these municipal areas, as a lack of labour will influence production capabilities.

The populations of the Mossel Bay, George, Bitou and Knysna municipal areas are expected to increase by an average annual rate of 0.4 per cent, 1.0 per cent, 2.7 per cent and 0.7 per cent respectively for the period between 2021 and 2025. The George and Bitou municipal areas are anticipated to have the highest population growth in absolute numbers, with an expected increase of 8 547 people and 7 921 people respectively by 2025.

Households are the central point of various demographic, social and economic processes owing to decisions regarding education, lifestyles and standards, healthcare and labour force participation. An increase in household growth and the establishment of new households provide a diverse consumer market.

Figure 4.2 illustrates the projected household growth in the GRD between 2021 and 2025.

Figure 4.2
FUTURE HOUSEHOLD GROWTH,
Garden Route District, 2021 - 2025



Source: Western Cape Government PPU, 2021. Provincial, District and local municipality population estimates by sex and age (2002 – 2036) based on Stats SA MYPE series 2021 and 2020

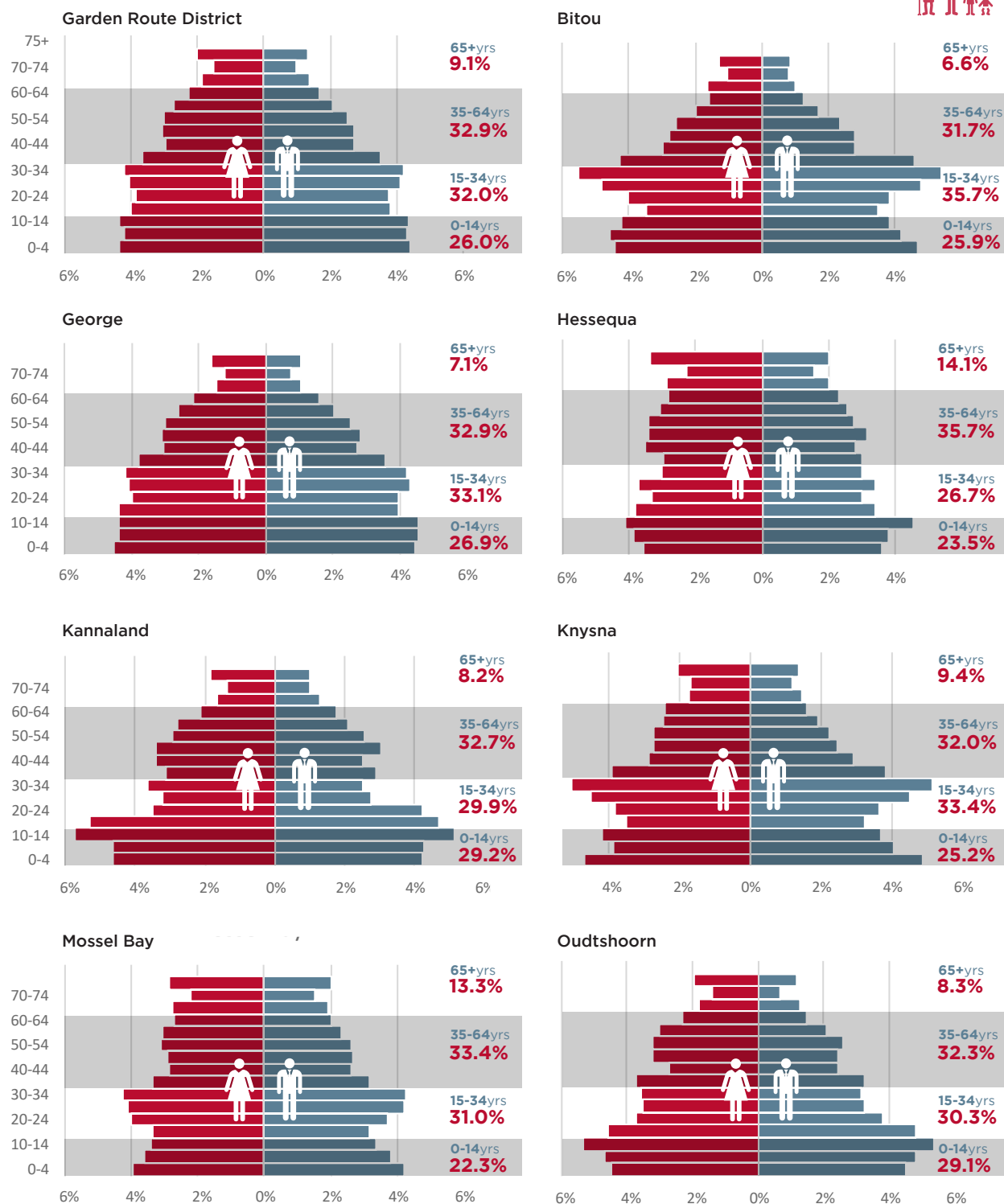
The number of households in the GRD is expected to increase by an average annual rate of 1.5 per cent, from 178 823 households in 2021 to 189 430 households in 2025. The Bitou and George municipal areas are expected to have the highest household growth of 3.6 per cent and 1.8 per cent respectively. Areas such as Plettenberg Bay and George are becoming increasingly popular among retirees as well as young families from Gauteng and Cape Town thanks to the area's slower pace of life and scenic country life.⁶⁹ The number of households in the Knysna, Mossel Bay and Hessequa municipal areas are also expected to increase by an average annual rate of 1.6 per cent, 1.4 per cent and 0.5 per cent respectively for the period between 2021 and 2025. The number of households in the Kannaland and Oudtshoorn municipal areas are expected to decrease by an average annual rate of 1.6 per cent and 0.1 per cent respectively.



⁶⁹ (Everything Property, 2020).

Figure 4.3 uses population pyramids to illustrate the gender and age cohorts of the municipal areas in the GRD in 2020.

Figure 4.3
GENDER AND AGE DYNAMICS,
Garden Route District, 2020



Source: Western Cape Government PPU, 2021. Provincial, District and local municipality population estimates by sex and age (2002 – 2036) based on Stats SA MYPE series 2021 and 2020

The population of the Kannaland municipal area consists largely of people between the ages of 35 and 64 (32.7 per cent in 2020), followed by those between the ages of 15 and 34 (29.9 per cent). There is, however, a large dependency on those of the working-age population, as 29.2 per cent of the population is made up of people younger than 15. Population growth forecasts indicate a large decline in the youth and child population in the Kannaland municipal area. This will have an impact on future labour supply in this area.

The Hessequa municipal area consists mainly of people between the ages of 35 and 64 (35.7 per cent in 2020). Compared with other municipal areas, the Hessequa municipal area also has a large cohort of people older than 64 (14.1 per cent). The Hessequa municipal area is also anticipated to experience a decline in the child and youth population as young people and families move away from the area.

The majority of the population in the Mossel Bay municipal area are between the ages of 35 and 64 (33.4 per cent in 2020), followed by those between the ages of 15 and 34 (31.0 per cent). The Mossel Bay area is a popular retirement population, with 13.3 per cent of the population being older than 64. Population growth trends in the Mossel Bay municipal area indicate an increase in families with children in this area. This increase in the working-age population not only leads to an increase in demand for employment but will also influence the demand for social infrastructure such as schools.

The youth (15 to 34 years) make up the largest proportion of people in the George municipal area (33.1 per cent in 2020), followed by those between the ages of 35 and 64 (32.9 per cent). The growing economy of the George municipal area makes it an attractive area for youth from smaller towns and rural areas who are looking for jobs.

People between the ages of 35 and 64 make up the majority (32.3 per cent in 2020) of the Oudtshoorn municipal area's population, followed by those between the ages of 15 and 34 (30.3 per cent). Compared with the broader GRD, the Oudtshoorn municipal area also has a large population of those younger than 15 (29.1 per cent). This emphasises the importance of the availability of education infrastructure, as there will be a large increase of youth in the labour force in future.

The Bitou municipal area has a large youth population (35.7 per cent in 2020), followed by those between the ages of 35 and 64 (31.7 per cent). The youth population typically has less work experience and lower skill levels, which contributes to the high unemployment rate of the Bitou municipal area.

The Knysna municipal area has a similar age distribution, with the majority of people being between the ages of 15 and 34 (33.4 per cent in 2020). However, the Knysna municipal area has proportionally more people older than 64 (9.4 per cent) compared with other municipal areas, indicating that the Knysna municipal area is another popular area for retirement.

4.3 HUMAN DEVELOPMENT

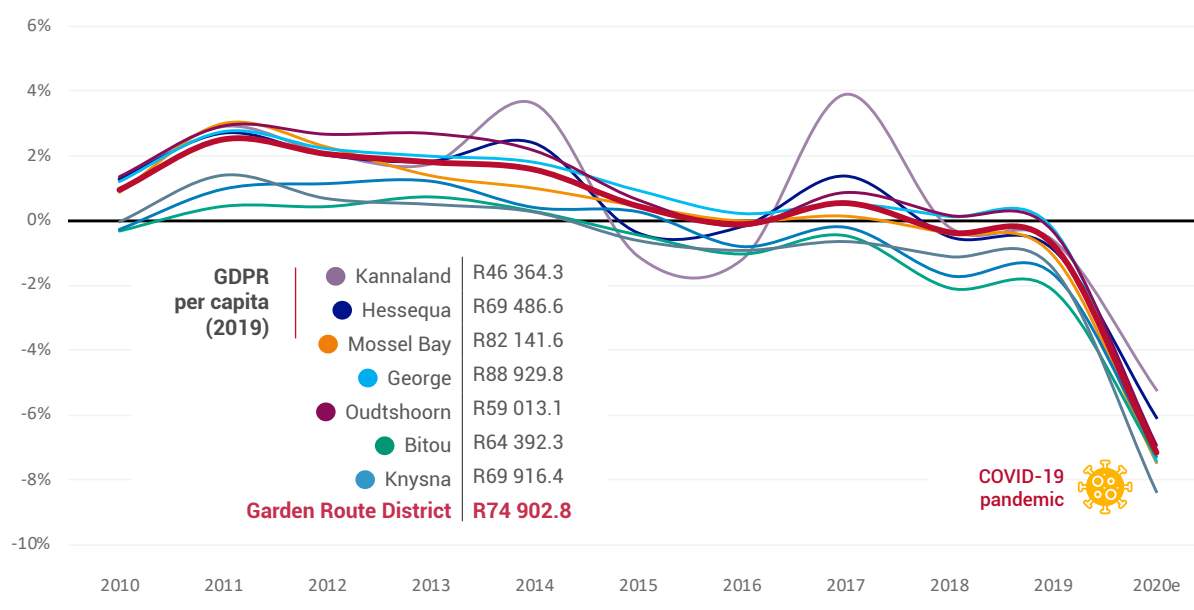
Economists expect economic growth to result in improvements in human development, and economic decline to have an adverse effect on human development. The United Nations uses the HDI to assess the level of socio-economic development in countries. The performance of the economy plays a major role in determining the quality of life for citizens, which is measured by the standards of education, health, dwellings, access to basic services and crime levels.

4.3.1 Income

In 2019, the GRD had a GDPR per capita of R74 902.8, which was lower than the Province's R88 953.0. The municipal areas with the highest GDPR per capita were George (R88 929.8) and Mossel Bay (R82 141.6).

Figure 4.4 illustrates the GDPR per capita growth for the GRD and its municipal areas between 2010 and 2020.

Figure 4.4
GDPR PER CAPITA GROWTH, Garden Route District, 2010 - 2020



	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020e
Western Cape	0.0%	1.4%	0.7%	0.5%	0.3%	-0.6%	-0.9%	-0.6%	-1.1%	-1.5%	-8.4%
Garden Route District	0.9%	2.5%	2.0%	1.8%	1.6%	0.4%	-0.1%	0.5%	-0.4%	-0.7%	-7.2%
Kannaland	1.2%	2.9%	2.1%	1.7%	3.6%	-1.1%	-1.2%	3.9%	-0.2%	-0.6%	-5.2%
Hessequa	1.3%	2.7%	2.0%	1.8%	2.4%	-0.4%	-0.2%	1.4%	-0.5%	-0.9%	-6.1%
Mossel Bay	0.9%	3.0%	2.3%	1.4%	1.0%	0.5%	0.0%	0.1%	-0.4%	-1.1%	-7.5%
George	1.2%	2.7%	2.2%	2.0%	1.8%	0.9%	0.2%	0.5%	0.1%	-0.2%	-7.4%
Oudtshoorn	1.3%	2.9%	2.6%	2.7%	2.1%	0.6%	-0.2%	0.9%	0.2%	-0.3%	-6.9%
Bitou	-0.3%	0.4%	0.4%	0.7%	0.3%	-0.4%	-1.0%	-0.5%	-2.1%	-2.1%	-7.3%
Knysna	-0.3%	0.9%	1.1%	1.2%	0.4%	0.3%	-0.8%	-0.2%	-1.7%	-1.7%	-7.1%

Source: Quantec Research, 2021 (e denotes estimate)

In the GRD, it is estimated that the GDPR per capita experienced a significant decrease of 7.2 per cent in 2020, which was less than the Western Cape's 8.4 per cent decrease. The GDPR per capita experienced major decreases in all municipal areas. This could be attributed to the COVID-19 pandemic and the associated lockdown regulations and restrictions imposed on movement and labour, which have led to many job losses or decreased household income, thereby affecting the GDPR per capita. The GDPR per capita growth for all municipal areas follows a similar trend between 2010 and 2020.

Table 4.1 illustrates the average monthly household income of the GRD and its municipal areas in 2019.

Table 4.1

**AVERAGE MONTHLY HOUSEHOLD INCOME (CURRENT PRICES),
Garden Route District, 2019**

MUNICIPALITY	Average household income 2019 (current prices)	Trend 2015 – 2019
● Kannaland	R13 524	1.5%
● Hessequa	R16 079	1.3%
● Mossel Bay	R18 731	0.8%
● George	R20 650	0.8%
● Oudtshoorn	R20 199	0.7%
● Bitou	R13 259	0.1%
● Knysna	R16 694	0.5%
Garden Route District	R18 253	0.7%
Western Cape	R19 430	-0.3%

Source: Urban-Econ calculations based on Quantec Research, 2021

In 2019, the average household income in the GRD (R18 253) was lower than that of the Province (R19 430). However, the average household income experienced a 0.7 per cent average annual increase between 2015 and 2019 in the GRD, while that of the Province declined by an average annual rate of 0.3 per cent. Households in the George (R20 650), Oudtshoorn (R20 199) and Mossel Bay (R18 731) municipal areas had higher levels of income compared with the other municipal areas in the GRD. The Bitou municipal area recorded the lowest average household income in 2019 (R13 259). Although the average household income in the municipal areas of the GRD is on an increasing trend, growth remains below inflation. The average inflation over the period was recorded at 5.0 per cent,⁷⁰ and household income in the GRD is therefore not growing sufficiently to compensate for higher prices caused by inflation. Since 2016, annual inflation has been on a declining trend, while remaining within the targets set by the SARB. With a rate of 3.3 per cent in 2020, inflation was at its lowest level in more than a decade. However, the job losses caused by the economic downturn in 2020 are likely to result in a decline in household income.

Stats SA utilises a cost-of-basic-needs approach to produce three poverty lines, namely the food poverty line (FPL), the lower-bound poverty line (LBPL) and the upper-bound poverty line (UBPL). This allows monitoring of poverty at different levels. The FPL is the rand value below which individuals are not able to afford sufficient food that is required for adequate health. The LBPL and the UBPL use the FPL as a base, but they also have a non-food component.

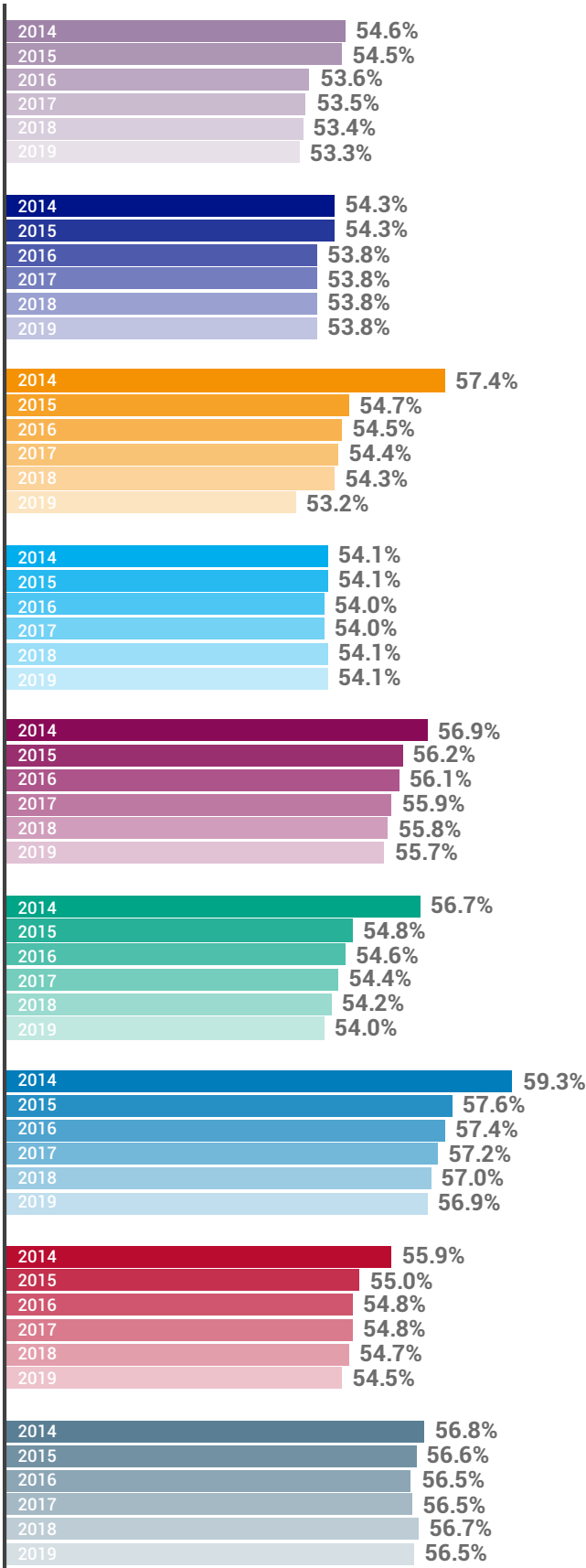
⁷⁰ (Stats SA, 2021).

Individuals at the LBPL do not have enough resources to purchase both adequate levels of food and non-food items, and must therefore sacrifice food to obtain essential non-food items. Those at the UBPL can afford both adequate food and non-food items.⁷¹ Between 2019 and 2020, the FPL increased from R561 to R585, the LBPL increased from R810 to R840, and the UBPL increased from R1 227 to R1 268 per person per month.⁷²

The figure below details the proportion of the population that are considered to be at the UBPL.

Figure 4.5
PROPORTION OF
POPULATION AT
UBPL, Garden Route
District, 2014 - 2019

- Kannaland
- Hessequa
- Mossel Bay
- George
- Oudtshoorn
- Bitou
- Knysna
- Garden Route District
- Western Cape



⁷¹ (Stats SA, 2017).

⁷² (Stats SA, 2020).

Source: Quantec Research, 2021

There is a smaller proportion of the population at the UBPL in the GRD compared with the Province over the reference period. Furthermore, between 2014 and 2019, the proportion of the District's population at the UBPL declined by 1.5 percentage points, compared with 0.3 per cent in the Province. All municipal areas recorded a declining trend in the proportion of the population from 2014, with the largest declines recorded in the Mossel Bay (4.2 percentage points), Bitou (2.7 percentage points) and Knysna (2.4 percentage points) municipal areas. However, the Knysna municipal area had the largest proportion of the population at the UBPL (56.9 per cent) in 2020, followed by the Oudtshoorn municipal area (55.7 per cent).

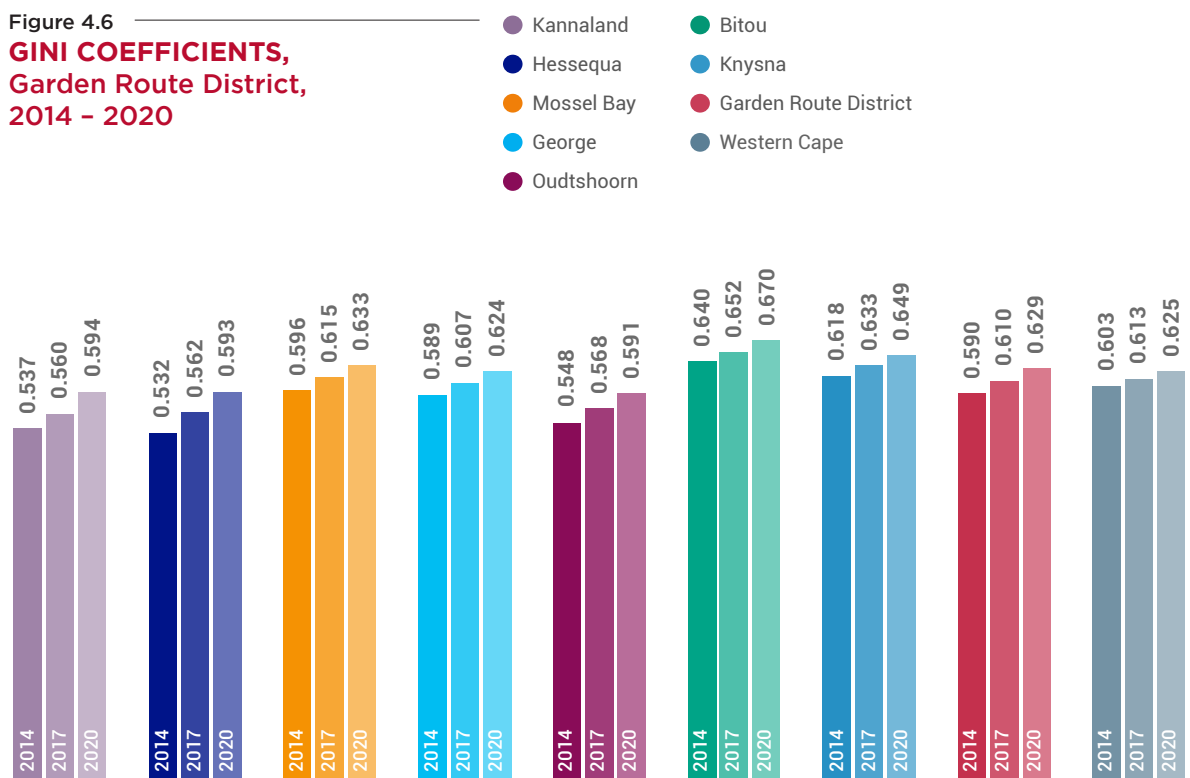


There are numerous measurements of inequality in a society, including income, expenditure, asset, employment, education, health, basic services and social mobility inequality. By utilising a multidimensional view of inequality, the broader context of the challenges South Africans face can be analysed. Ratios and indices that measure inequality include the Gini coefficient, the Theil index, general entropy, the Palma ratio and the Atkinson index.⁷³ However, on a local municipal level, data that is readily available and most widely used is the Gini coefficient, which can therefore be utilised to analyse income inequality on a local level.



⁷³ (Stats SA, 2019).

Figure 4.6 illustrates the Gini coefficients for the municipal areas within the GRD between 2014 and 2020.



Source: IHS Markit, 2021

The Gini coefficient is an indicator of income inequality and ranges between 0 and 1, with 0 representing complete equality and 1 representing complete inequality.

The GRD's Gini coefficient increased from 0.590 in 2014 to 0.629 in 2020, it was also higher than that of the Western Cape (0.625) in 2020. The income inequality in the Bitou, Knysna and Mossel Bay municipal areas, with Gini coefficients of 0.670, 0.649 and 0.633 respectively in 2020, is higher than the average of the District. The Oudtshoorn municipal area had the lowest income inequality of all municipal areas in the District, with a Gini coefficient of 0.591 in 2020. This is followed by the Hessequa, Kannaland and George municipal areas, with Gini coefficients of 0.593, 0.594 and 0.624 respectively in 2020. The income inequality in all municipal areas increased between 2014 and 2020.

The job losses as a result of the COVID-19 pandemic would have contributed to income inequality. Workers who were able to work from home would have been able to continue earning an income, while those who were unable to, either owing to a lack of internet connectivity or because their jobs require physical labour, would have been left without income. This also emphasises the importance of COVID-19 relief measures such as TERS.

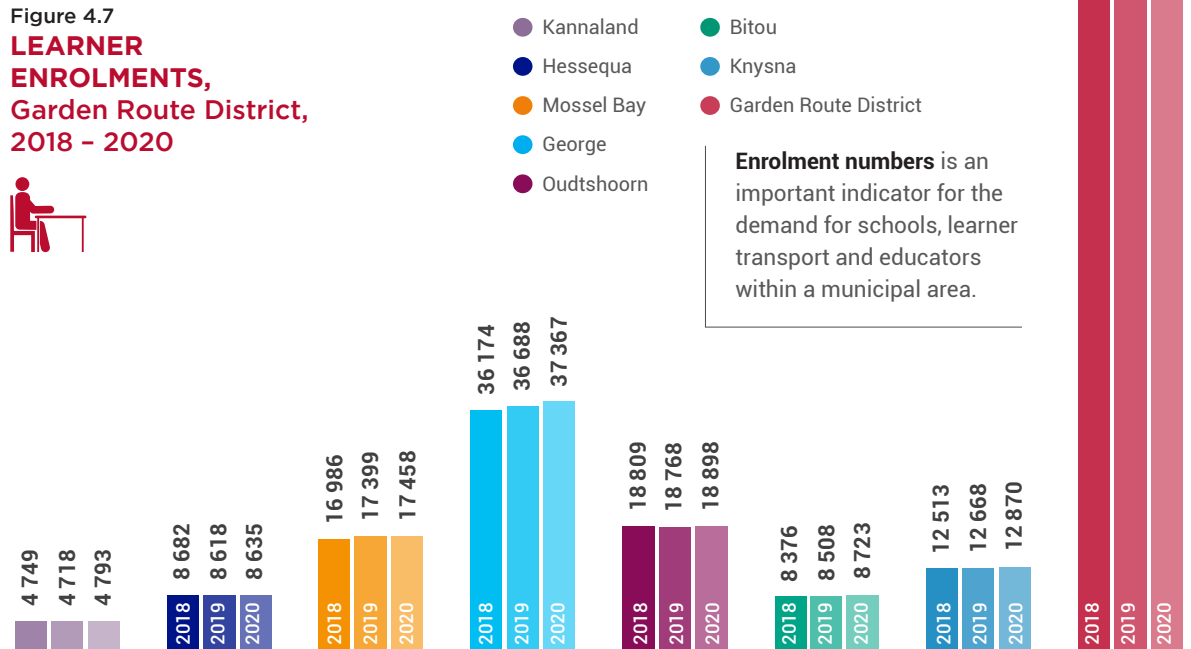
4.3.2 Education

This section discusses the extent of improvement in educational circumstances of households in the GRD using data on learner enrolment, the Grade 10 to 12 retention rate, matric pass rates and learner-teacher ratios.

Figure 4.7 illustrates the learner enrolment for the GRD and its municipal areas from 2018 to 2020.

Figure 4.7

LEARNER ENROLMENTS, Garden Route District, 2018 - 2020



Source: Western Cape Education Department, 2021

Between 2019 and 2020, all municipal areas in the GRD experienced an increase in learner enrolments. The George municipal area recorded the largest increase, with 679 more learners enrolled in 2020 than in 2019. Learner enrolments in Bitou and Knysna increased by 215 learners and 202 learners respectively in 2020. The smallest increase in learner enrolments was recorded in the Hessequa municipal area (17 more learners in 2020 than in 2019). This is in line with the population trends in the area of a declining child population.



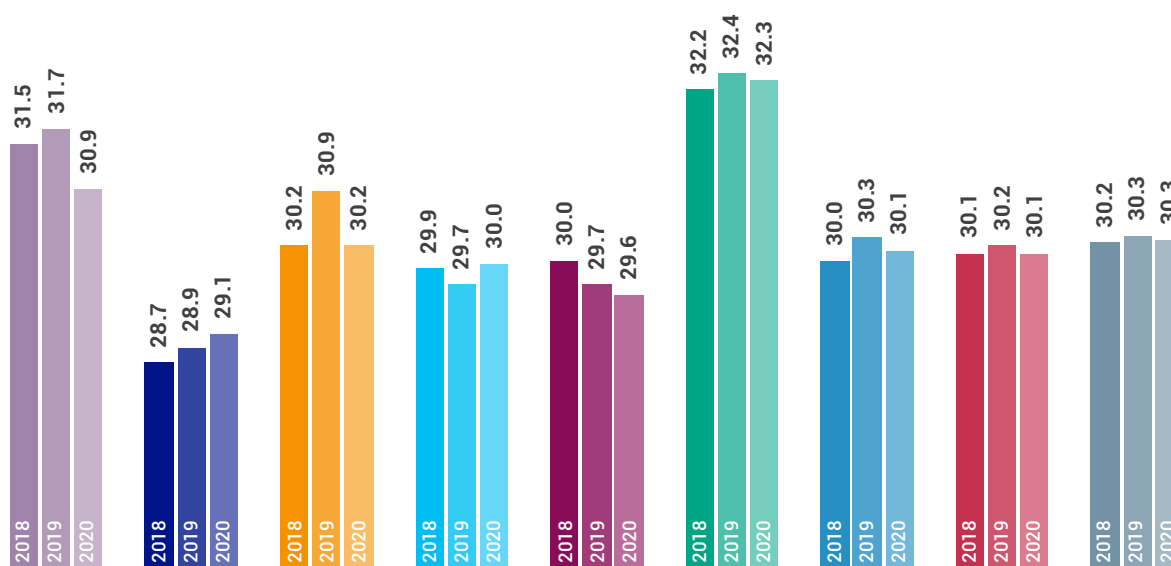
Figure 4.8 illustrates the learner-teacher ratio within the Western Cape, the GRD and its municipal areas between 2018 and 2020.

Figure 4.8

LEARNER-TEACHER RATIO, Garden Route District, 2018 - 2020



- Kannaland
- Hessequa
- Mossel Bay
- George
- Oudtshoorn
- Bitou
- Knysna
- Garden Route District
- Western Cape



Source: Western Cape Education Department, 2021

Learner-teacher ratios are indicative of the capacity of schools to accommodate more learners. Learner-teacher ratio upper limits of 40:1 in ordinary primary schools and 35:1 in ordinary high schools are set by the Department of Education.⁷⁴ Lower learner-teacher ratios are associated with more interaction between teachers and learners, which could contribute to better-quality education.⁷⁵

The learner-teacher ratio in the GRD increased from 30.1 learners per teacher in 2018 to 30.2 learners per teacher in 2019, after which it decreased to 30.1 learners per teacher in 2020. Throughout this period, the learner-teacher ratio for the GRD remained lower than the Western Cape's ratio, meaning that there are fewer learners per teacher, and more focused and personalised teaching, which should translate into improved academic achievements. The learner-teacher ratio in the Kannaland, Mossel Bay, Oudtshoorn, Bitou and Knysna municipal areas improved from 2019 to 2020, showing that the number of educators increased sufficiently to accommodate the increased number of learners. In the Hessequa and George municipal areas the learner-teacher ratio increased, meaning that there are more learners per teacher.



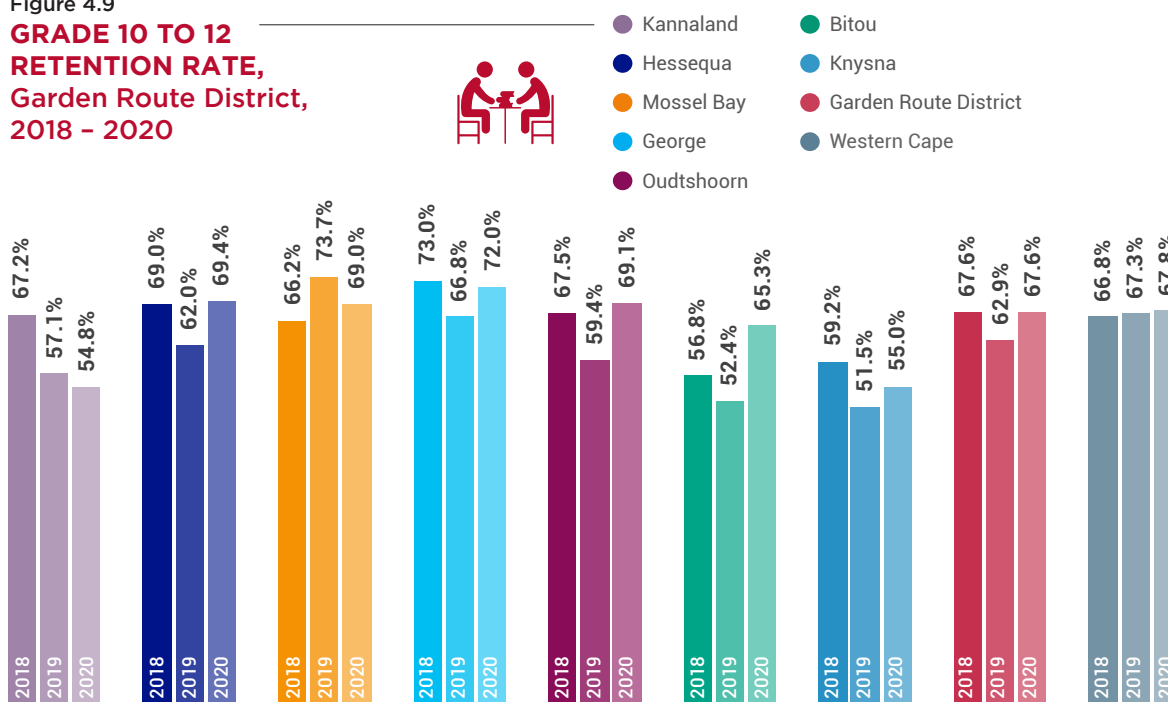
⁷⁴ (Sephton, S, 2017).

⁷⁵ (Southern and Eastern Africa Consortium for Monitoring Educational Quality, 2011).

Figure 4.9 illustrates the retention rate of students from Grade 10 to 12 in the Western Cape, the GRD and its municipal areas between 2018 and 2020.

Figure 4.9

**GRADE 10 TO 12
RETENTION RATE,
Garden Route District,
2018 – 2020**



Source: Western Cape Education Department, 2021

The Grade 10 to 12 retention rate is determined by obtaining the proportion of Grade 12 learners in a particular year compared with the number of Grade 10 learners two years prior. This shows the proportion of students who progressed to Grade 12, compared with those enrolled in Grade 10 two years before.

Although the Grade 10 to 12 learner retention rate in the GRD is marginally lower compared with the Western Cape's Grade 10 to 12 retention rate, it improved from 62.9 per cent in 2019 to 67.6 per cent in 2020. In 2020, the George municipal area recorded the highest Grade 10 to 12 retention rate (72.0 per cent), while the Hessequa (69.4 per cent), Oudtshoorn (69.1 per cent) and Mossel Bay (69.0 per cent) municipal areas recorded above-average Grade 10 to 12 retention rates.

The retention rate in the Kannaland and Mossel Bay municipal areas declined between 2019 and 2020 by 2.3 percentage points and 4.7 percentage points respectively. In the Hessequa, George, Oudtshoorn, Bitou and Knysna municipal areas the retention rate improved between 2019 and 2020. The largest improvement was recorded in the Bitou municipal area (12.9 percentage points).

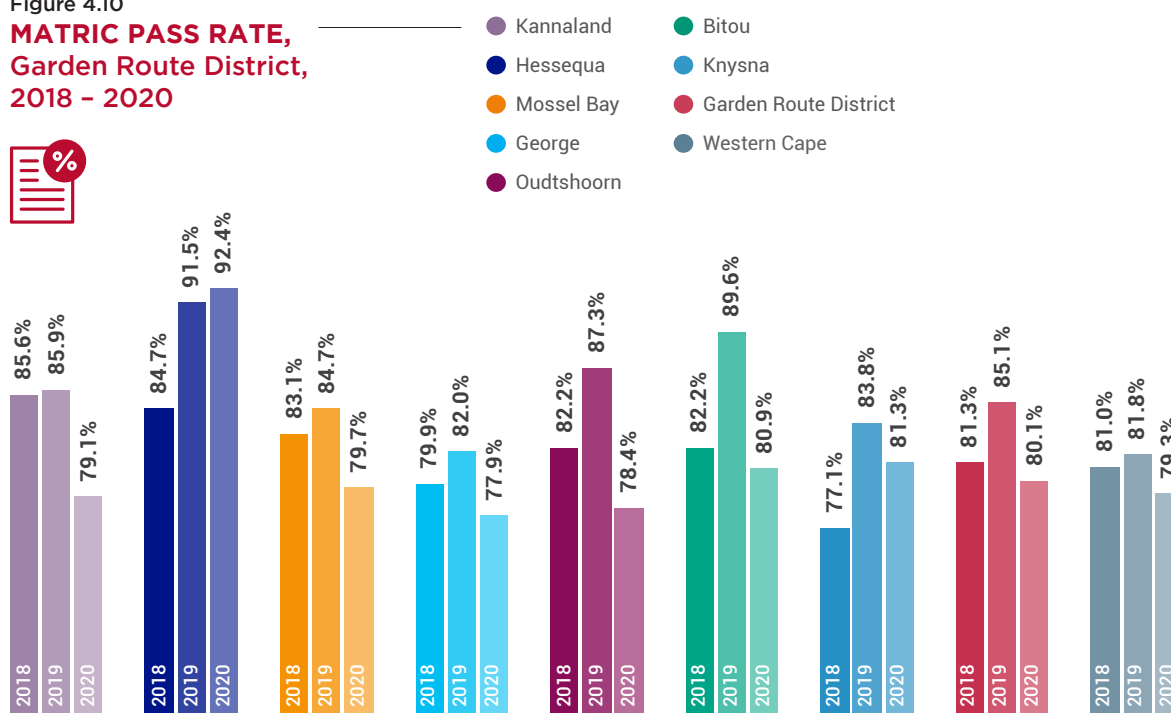
Access to education is an important indicator for labour market skills and access to economic opportunity. Local challenges that result in learners leaving school before Grade 12 need to be assessed, especially considering that most sectors require semi-skilled and skilled labour.

Together with several other variables not considered in this section, learner enrolments, learner-teacher ratios and Grade 10 to 12 retention rates all contribute towards an area's Grade 12 pass rate.

Figure 4.10 illustrates the matric pass rate of Grade 12 students in the Western Cape, the GRD and its municipal areas between 2018 and 2020.

Figure 4.10

MATRIC PASS RATE, Garden Route District, 2018 – 2020



Source: Western Cape Education Department, 2021

For the period under review, the matric pass rate in the GRD is higher than that of the Western Cape for each respective year. In the GRD, the matric pass rate increased from 81.3 per cent in 2018 to 85.1 per cent in 2019, before declining to 80.1 per cent in 2020.

The Hessequa municipal area has recorded improvements in the matric pass rate for three consecutive years. Between 2019 and 2020, the matric pass rate in the Hessequa municipal area increased by 0.9 percentage points, while the learner retention rate improved by 7.4 percentage points. This is a positive indicator for future labour supply in the municipal area.

All other municipal areas experienced a decline in the matric pass rate from 2019 to 2020. The Oudtshoorn municipal area experienced the largest decrease in the matric pass rate (8.9 percentage points), followed by the Bitou (8.7 percentage points), Kannaland (6.8 percentage points) and Mossel Bay (5.0 percentage points) municipal areas. The decrease in the matric pass rate can significantly affect the learners' ability to access higher education and thereby improve their chances of better employment opportunities and a better income.⁷⁶

⁷⁶ (Western Cape Government, 2020).

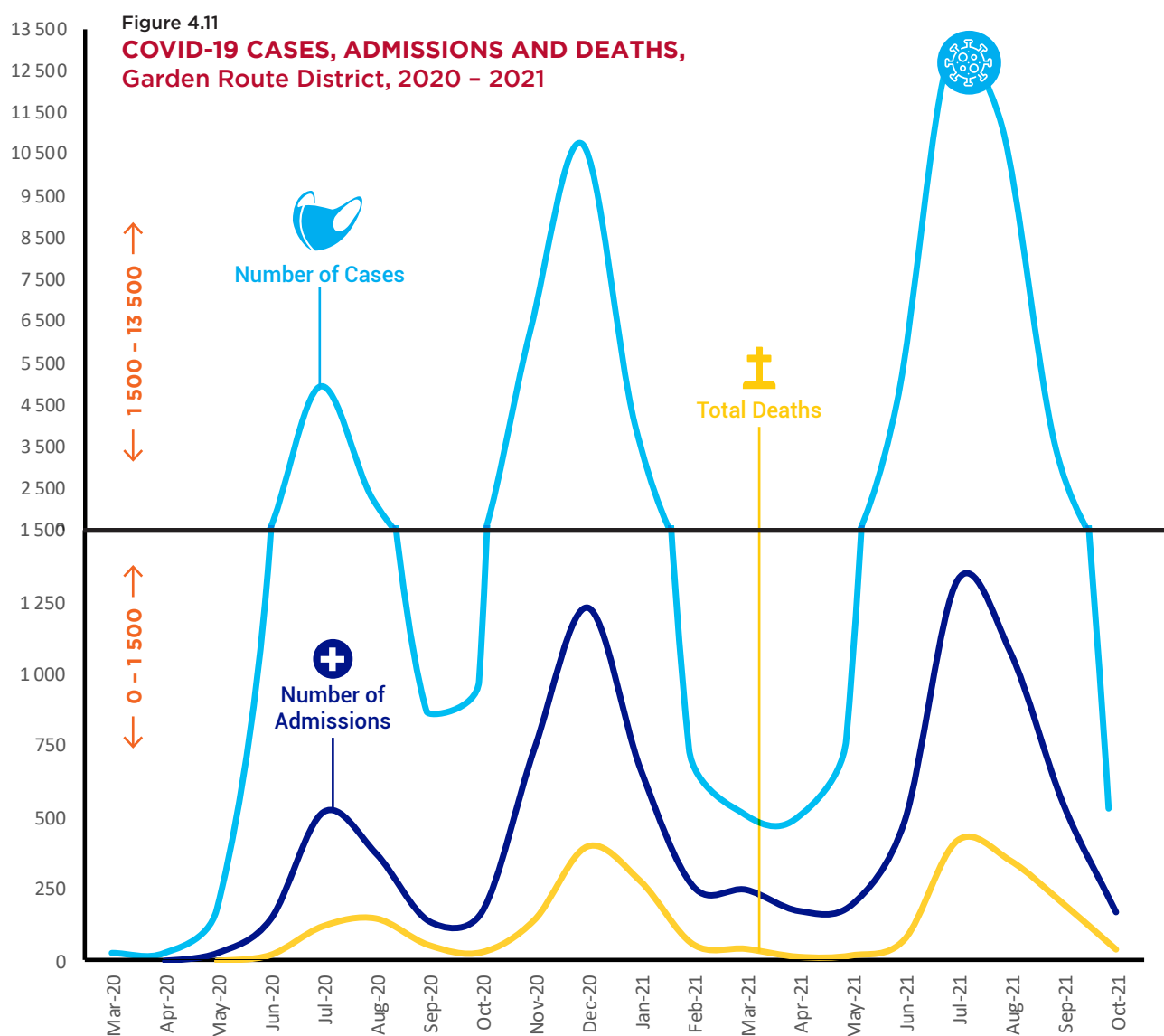


4.3.3 Health

The health conditions of people living within the GRD are analysed in this subsection by reviewing COVID-19, mortality, the prevalence of TB, HIV, infant mortality rates, maternal death rates and teenage pregnancies.

4.3.3.1 COVID-19

Figure 4.11 indicates the number of COVID-19 cases, admissions and deaths, as well as the distribution of deaths per age group, in the GRD since the start of the COVID-19 pandemic in March 2020.⁷⁷



	Mar 20	Apr 20	May 20	Jun 20	Jul 20	Aug 20	Sep 20	Oct 20	Nov 20	Dec 20	Jan 21	Feb 21	Mar 21	Apr 21	May 21	Jun 21	Jul 21	Aug 21	Sep 21	Oct 21
Cases	31	31	181	1 408	4 929	2 234	865	970	6 236	10 738	4 020	738	517	490	771	4 573	12 879	11 153	3 570	530
Admissions		3	31	149	522	376	141	174	748	1 234	671	262	251	177	199	491	1 330	1 079	551	173
Total deaths			3	23	124	151	58	33	146	402	282	61	45	17	22	78	423	353	203	43

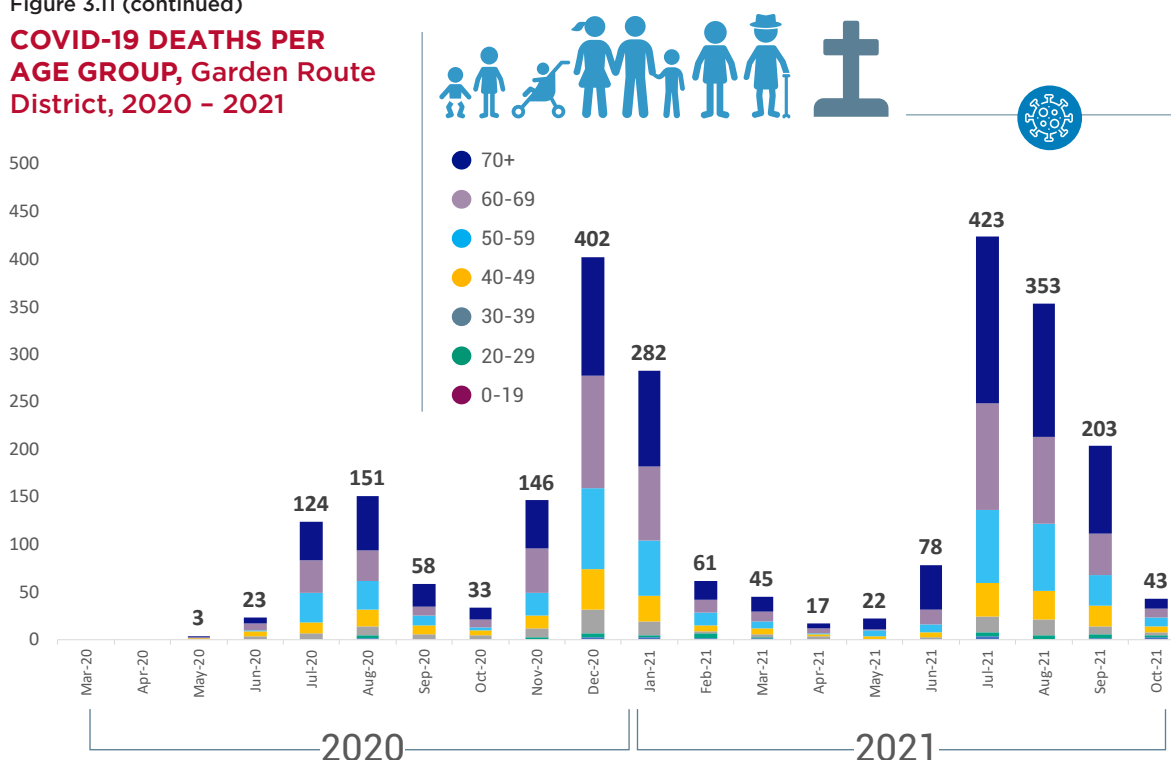
⁷⁷ Data for COVID-19 cases, admissions and deaths was extracted in November 2021.

The number of COVID-19 cases increased drastically after May 2020, reaching 4 929 cases in July 2020, which was the peak of the first wave, defined as the period from weekly incidence of 30 cases per 100 000 persons to peak weekly incidence (week 24 to week 28). The number of cases declined in August and September 2020. The second wave of COVID-19 cases is evident between the period of October 2020 and January 2021, with cases peaking at 10 738 in December 2020. With the onset of the third wave, the number of COVID-19 cases reached a peak of 12 879 in July 2021. There is a direct correlation between the number of recorded cases, admissions and the number of deaths. It is evident that with an increase in the number of cases, the number of admissions and deaths also increases. The number of admissions reached a peak of 1 330 in July 2021, while deaths peaked at 423 in the same month.

From the data presented it is evident that age plays a significant role in the recovery of COVID-19, as the number of deaths increases with each age category. According to the World Health Organization, older people are more severely affected by COVID-19 and this can mainly be attributed to the physiological changes associated with ageing, along with underlying health conditions.⁷⁸ Most of the deaths recorded were for people older than 70 (37.9 per cent), followed by those between the ages of 60 and 69 (25.8 per cent).

Figure 3.11 (continued)

COVID-19 DEATHS PER AGE GROUP, Garden Route District, 2020 – 2021



Source: Western Cape Department of Health, 2021



By mid-August 2021, 60.9 per cent of persons older than 60 had received at least one vaccine dose in the GRD, while 33.7 per cent of persons between the ages of 50 and 59, and 14.1 per cent of persons between the ages of 35 and 49, had received at least one vaccine dose. Provincially, 39.4 per cent of people between the ages of 50 and 59 had received at least one vaccine dose and 18.7 per cent of people between the ages of 35 and 49 had received at least one dose.

⁷⁸ (World Health Organization, 2020).

4.3.3.2 Mortality

Table 4.2 provides an overview of the top 10 natural causes of death in the GRD in 2018.

Table 4.2

TOP 10 NATURAL CAUSES OF DEATH, Garden Route District, 2018



Garden Route District			Western Cape	
Rank	Cause of death	%	Cause of death	%
1	Cerebrovascular disease	7.6%	Diabetes mellitus	7.6%
2	Diabetes mellitus	7.3%	Ischaemic heart disease	6.1%
3	TB	6.7%	Cerebrovascular disease	5.9%
4	HIV	6.2%	HIV	5.7%
5	Chronic lower respiratory diseases	5.9%	Chronic lower respiratory diseases	5.1%
6	Ischaemic heart disease	5.7%	TB	4.9%
7	Malignant neoplasms of respiratory and intrathoracic organs	4.4%	Malignant neoplasms of digestive organs	4.5%
8	Malignant neoplasms of digestive organs	4.2%	Malignant neoplasms of respiratory and intrathoracic organs	4.5%
9	Hypertensive diseases	3.8%	Hypertensive diseases	3.8%
10	Other forms of heart disease	3.6%	Other forms of heart disease	3.3%
Other natural		35.1%		35.6%
Non-natural		9.5%		13.0%

Source: Stats SA, 2021

The leading natural causes of death in the GRD in 2018 included cerebrovascular disease, diabetes mellitus, TB and HIV, which accounted for 7.6 per cent, 7.3 per cent, 6.7 per cent and 6.2 per cent of deaths in the GRD respectively. Proportionally more people died from TB and HIV compared with the Province, emphasising the importance of public health services targeted at the treatment of these diseases in the GRD. A smaller proportion of people died from non-natural causes (9.5 per cent) in the GRD compared with the Province (13.0 per cent).



WELLBEING

Diabetes mellitus is considered a lifestyle disease that places severe strain on the public healthcare system. Obesity, caused by poor diet and lack of physical activity, is one of the leading causes of Type 2 diabetes. One of the focus areas of the Western Cape Recovery Plan is increasing the wellbeing of citizens by promoting nutrition, exercise and psycho-social support, and it can therefore play a critical role in reducing the burden of lifestyle diseases, as well as mortalities, on the healthcare system.

4.3.3.3 HIV/AIDS and TB

Table 4.3 provides the trends in HIV testing, treatment and outcomes in the GRD between 2017/18 and 2020/21.

Table 4.3

TRENDS IN HIV TESTING, TREATMENT AND OUTCOMES, Garden Route District, 2017/18 – 2020/21



	2017/18	2018/19	2019/20	2020/21
Known HIV+ (Tested; n)	38 342	38 874	37 731	39 828
Of which: Clients started but no longer on ART	41.2%	50.3%	39.2%	38.9%
Of which: Clients on ART	60.6%	62.8%	48.9%	47.0%
Of which: Clients with confirmed viral suppression	73.1%	70.9%	63.9%	67.3%

Source: Western Cape Department of Health, 2021

The data trends for the GRD show that the number of people who tested positive for HIV increased from 38 342 in 2017/18 to 39 828 in 2020/21.

The Joint United Nations Programme on HIV/AIDS (UNAIDS) targeted that by 2020, 90.0 per cent of all people living with HIV would know their status, 90.0 per cent of people diagnosed with HIV would be receiving antiretroviral treatment (ART) and 90.0 per cent of people receiving ART would have viral suppression.⁷⁹ Although the number of HIV-positive cases increased over the reference period, the number of patients receiving ART declined from 62.8 per cent in 2018/19 to 47.0 per cent in 2020/21. Patients starting ART but no longer on the treatment also decreased from 41.2 per cent in 2017/18 to 38.9 per cent in 2020/21.

Viral suppression is when HIV medicine is used to reduce the viral load in the body in such a way that the immune system is able to function. Patients with confirmed viral suppression have decreased from 73.1 per cent in 2017/18 to 63.9 per cent in 2019/20, before increasing to 67.3 per cent in 2020/21. ART and viral suppression are important and play a critical role in the wellbeing of patients with HIV, as they can improve their health. These patients could therefore earn an income and also contribute to the local economy.



⁷⁹ (Centers for Disease Control and Prevention, 2021).

Table 4.4 shows the trends in TB notification and outcomes in the GRD between 2018/19 and 2020/21.

Table 4.4

**TRENDS IN TB NOTIFICATION AND OUTCOMES,
Garden Route District, 2018/19 – 2020/21**



	2018/19	2019/20	2020/21
TB programme success rate	78.3%	75.9%	75.8%
TB clients lost to follow-up	13.1%	17.7%	17.7%
TB client death rate	5.0%	5.8%	5.1%
TB/HIV co-infected	33.7%	42.6%	42.3%
TB MDR treatment success rate	43.4%	55.7%	58.2%

Source: Western Cape Department of Health, 2021

The TB programme success rate decreased from 78.3 per cent in 2018/19 to 75.8 per cent in 2020/21, while the death rate and TB/HIV co-infected rate also declined between 2018/19 and 2020/21. TB clients lost to follow-up experienced an increase from 13.1 per cent in 2018/19 to 17.7 per cent in 2020/21. Despite the decline in the TB programme success rate, the TB multidrug-resistant (MDR) treatment success rate improved from 43.4 per cent in 2017/18 to 58.2 per cent in 2020/21.

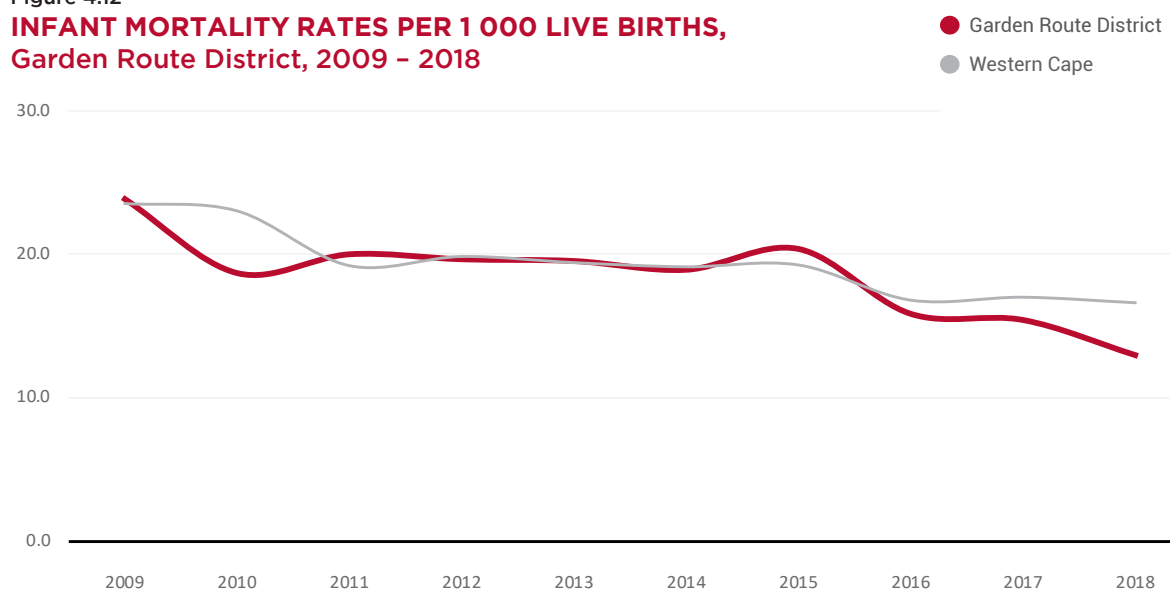


4.3.3.4 Infant, child and maternal health

Figure 4.12 provides the infant mortality rates per 1 000 live births in the GRD and the Western Cape between 2009 and 2018.

Figure 4.12

INFANT MORTALITY RATES PER 1 000 LIVE BIRTHS, Garden Route District, 2009 – 2018



Source: Western Cape Department of Health, 2021

The infant mortality rate per 1 000 live births experienced a similar trend in the GRD and the Western Cape. Generally, the infant mortality rate decreased in both the District and the Province over the reference period. The GRD experienced an average annual decrease of 5.9 per cent from 23.9 deaths per 1 000 live births in 2009 to 13.0 deaths per 1 000 live births in 2018. The rate at which infant mortality has declined in the GRD is higher compared with the Western Cape's average annual decline of 3.6 per cent.



Table 4.5 provides the maternal death rates per 100 000 live births in the GRD between 2018 and 2020.

Table 4.5

**MATERNAL DEATH RATES PER 100 000 LIVE BIRTHS,
Garden Route District, 2018 – 2020**

MUNICIPALITY	2018	2019	2020
● Kannaland	0	0	0
● Hessequa	0	0	0
● Mossel Bay	0	0	0
● George	92.4	85.9	230.6
● Oudtshoorn	59.9	0	55.5
● Bitou	0	0	0
● Knysna	57.7	0	119.5
Garden Route District	57.6	33.4	121.5

Source: Western Cape Department of Health, 2021

The maternal death rate is defined as maternal deaths per 100 000 live births in health facilities. Maternal death is death occurring during pregnancy, childbirth and the puerperium of a woman while pregnant or within 42 days of termination of pregnancy, irrespective of the duration and site of pregnancy and irrespective of the cause of death (obstetric and non-obstetric).

The recorded maternal death rate in the GRD in 2018 was 57.6 deaths per 100 000 live births, which decreased to 33.4 deaths per 100 000 live births in 2019. A major increase in the maternal death rate is seen in 2020, reaching 121.5 deaths per 100 000 live births. Various studies indicate that the risk of mortality increases for women contracting COVID-19 during pregnancy, especially women with underlying conditions such as HIV, hypertension, etc.⁸⁰ In 2020, maternal death rates were particularly high in the George (230.6 deaths per 100 000 live births) and Knysna (119.5 deaths per 100 000 live births) municipal areas.



⁸⁰ (Basu, Chauke & Magoro, 2021).

4.3.3.5 Teenage pregnancy

Table 4.6 provides the delivery rate of women between the age of 10 and 19 years in the GRD between 2018 and 2020.

Table 4.6

DELIVERY RATE TO WOMEN 10 - 19 YEARS, Garden Route District, 2018 - 2020

MUNICIPALITY	2018	2019	2020
● Kannaland	10.0%	12.1%	13.2%
● Hessequa	20.2%	18.6%	18.5%
● Mossel Bay	14.9%	16.8%	15.2%
● George	13.7%	15.0%	13.2%
● Oudtshoorn	22.9%	19.1%	17.9%
● Bitou	0.0%	0.0%	0.0%
● Knysna	13.0%	11.7%	12.7%
Garden Route District	15.9%	15.6%	14.7%

Source: Western Cape Department of Health, 2021

The delivery rate to teenagers in the GRD experienced a continuous decrease from 15.9 per cent in 2018 to 14.7 per cent in 2020. The George and Mossel Bay municipal areas recorded increases in the delivery rates to teenagers between 2018 and 2019, before declining to 13.2 per cent and 15.2 per cent respectively in 2020. In the Hessequa and Oudtshoorn municipal areas, the delivery rates to teenagers have been on a declining trend since 2018, but remain the highest in the GRD, at 18.5 per cent and 17.9 per cent respectively. The Kannaland municipal area recorded the lowest delivery rate to teenagers over the reference period. However, the rate increased from 10.0 per cent in 2018 to 13.2 per cent in 2020.



4.3.4 Human Development Index

The HDI is a composite indicator reflecting education levels, health and income to assess the relative level of socio-economic development in countries. Economic performance plays an important role in determining the quality of life of citizens; economists expect economic growth to result in improvements in human development and economic decline to have an adverse effect on human development.

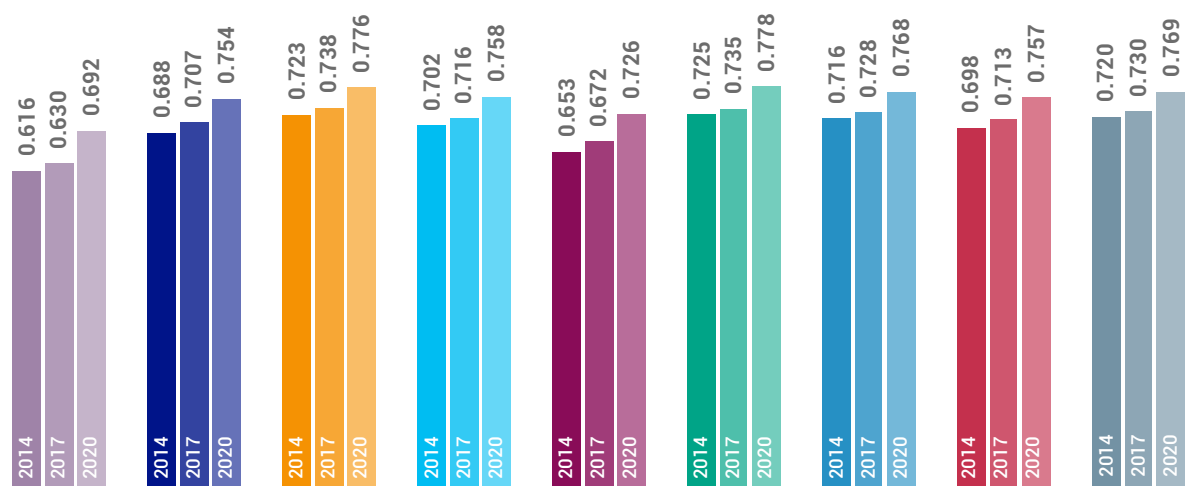
Figure 4.13 illustrates changes in the HDI between 2014 and 2020.

Figure 4.13

**HDI PER MUNICIPAL AREA,
Garden Route District,
2014 – 2020**



- Kannaland
- Hessequa
- Mossel Bay
- George
- Oudtshoorn
- Bitou
- Knysna
- Garden Route District
- Western Cape



Source: IHS Markit, 2021

The HDI is a measure of people's ability to live a long and healthy life, to communicate, to participate in the community and to have sufficient means to afford a decent standard of living. The HDI is represented by a number between 0 and 1, where 1 indicates a high level of human development and 0 represents no human development. Capturing and evaluating HDI can be useful in developing policies and can also be used as a means to assess the development of the population, as this plays a critical role in the development of the economy.

For the period under review, the HDI in the GRD was lower than that of the Western Cape's HDI. However, an improvement in the HDI level is evident in the GRD, increasing from 0.698 in 2014 to 0.757 in 2020. All municipal areas have improved in terms of their HDI. The Bitou municipal area had the highest HDI, whereas Kannaland had the lowest.

GLOBAL HDI COMPARISON

According to the United Nations Development Programme (UNDP),⁸¹ South Africa was ranked 114th in the world in 2019, with an HDI of 0.709, which was lower than the average world HDI of 0.737. However, the HDI in South Africa was still considered to be high and was above the average HDI of developing countries (0.689). Globally, Norway had the highest HDI in 2019 (0.957), while Niger was ranked lowest at 0.394. In 2019, the HDI in the Western Cape (0.757) was also considered to be high according to the UNDP classification and was above the world average. The 2019 HDI in the GRD (0.744) was considered to be high according to the HDI classification and on a par with that of Lebanon (0.744).

⁸¹ (UNDP, 2021).

4.4 HOUSING AND ACCESS TO BASIC SERVICES

Access to decent formal housing is regarded as a basic human right and an important indicator of the level of human development within an economy. Table 4.7 shows the different types of dwellings for households living within the GRD in 2020.

Table 4.7

NUMBER AND PROPORTION OF DWELLINGS, Garden Route District, 2020



	Garden Route District		● Kannaland		● Hessequa		● Mossel Bay	
	Number	% of total	Number	% of total	Number	% of total	Number	% of total
Formal	145 268	82.7%	6 841	96.4%	16 112	93.4%	25 381	84.6%
Informal	27 155	15.5%	176	2.5%	860	5.0%	4 088	13.6%
Other	3 257	1.9%	77	1.1%	284	1.6%	547	1.8%

	● George		● Oudtshoorn		● Bitou		● Knysna	
	Number	% of total	Number	% of total	Number	% of total	Number	% of total
Formal	47 388	82.5%	20 180	88.2%	12 715	71.1%	16 650	72.1%
Informal	9 123	15.9%	2 349	10.3%	4 594	25.7%	5 965	25.8%
Other	936	1.6%	355	1.6%	583	3.3%	476	2.1%

Source: Quantec Research, 2021

Formal dwelling refers to a structure built according to approved plans, i.e. house on a separate stand, flat or apartment, townhouse, room in back yard, room or flatlet elsewhere.

Informal dwelling is a makeshift structure not erected according to approved architectural plans, e.g. shacks or shanties in informal settlements or in back yards.

In the GRD, 82.7 per cent of households lived in formal dwellings while 15.5 per cent of households lived in informal dwellings in 2020. The Knysna (25.8 per cent) and Bitou (25.7 per cent) municipal areas had the highest prevalence of households living in informal dwellings. Unemployment estimates indicate that these two municipal areas also had the highest unemployment rates in the GRD. High levels of unemployment, together with a large proportion of households living in informal dwellings, indicate that there is a high prevalence of poverty in the municipal areas, which puts additional pressure on municipalities, as income-generating capabilities are reduced, but the demand for services remains high.

The housing pipeline in Bitou has more than 6 000 new units planned to service the low-income, Finance Linked Individual Subsidy Programme and mixed-use bonded markets. When considered together with recent infrastructure upgrades to the area's roads, water, sewers and recreational facilities, it is evident that the municipality has invested significantly in sustainable human settlements.⁸²

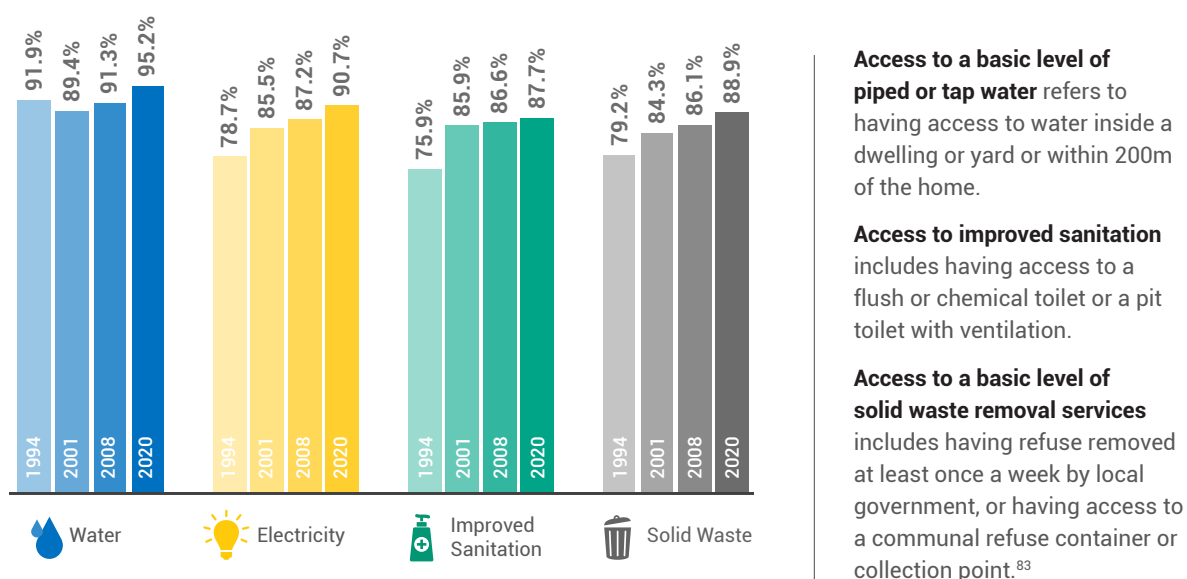
⁸² (Bitou Municipality, 2021).

Access to basic services, particularly water and sanitation, can influence the health, safety and wellbeing of communities. Furthermore, by providing basic services to communities, municipalities are creating an enabling environment that will allow for private investment and entrepreneurship that can create local economic opportunities. In some instances, households have access to electricity directly from Eskom, and not through a local authority.

Figure 4.14 illustrates the access to basic services in the GRD.

Figure 4.14

ACCESS TO BASIC SERVICES, Garden Route District. 1994 - 2020



Source: Urban-Econ calculations based on Quantec Research, 2021

Access to piped water declined between 1994 (91.9 per cent) and 2001 (89.4 per cent). However, it increased steadily since then, with 95.2 per cent of households having access to piped water in 2020. Access to electricity improved the most over the reference period (11.9 percentage points), from 78.7 per cent in 1994 to 90.7 per cent in 2020. Solid waste removal services have also improved steadily over the reference period (9.8 percentage points). Access to improved sanitation services lags that of other services. The high prevalence of informal dwellings in the Bitou and Knysna municipal areas influences the access levels to improved sanitation. Despite these challenges, access to improved sanitation has improved by 11.8 percentage points since 1994.

⁸³ (Stats SA, 2017).

INDIGENT HOUSEHOLDS

A household is classified as indigent when the occupants of the household earn a combined income of less than a certain amount as specified by each local municipality in an indigent policy.

Table 4.8

NUMBER OF INDIGENT HOUSEHOLDS, Garden Route District, 2018 – 2020

	2018		2019		2020	
	Number	% of households	Number	% of households	Number	% of households
● Kannaland	2 192	39.9%	2 572	47.5%	2 497	46.7%
● Hessequa	5 179	34.2%	5 359	35.3%	5 471	35.6%
● Mossel Bay	11 677	40.2%	10 858	36.9%	9 063	30.3%
● George	15 749	27.5%	15 832	27.2%	19 730	33.3%
● Oudtshoorn	6 100	29.7%	6 199	30.3%	7 237	35.2%
● Bitou	4 381	21.3%	1 891	8.8%	2 357	10.6%
● Knysna	8 357	37.0%	8 780	38.2%	1 924	8.3%
Garden Route District	53 635	31.5%	51 491	29.8%	48 279	27.5%

Source: Department of Local Government, 2021

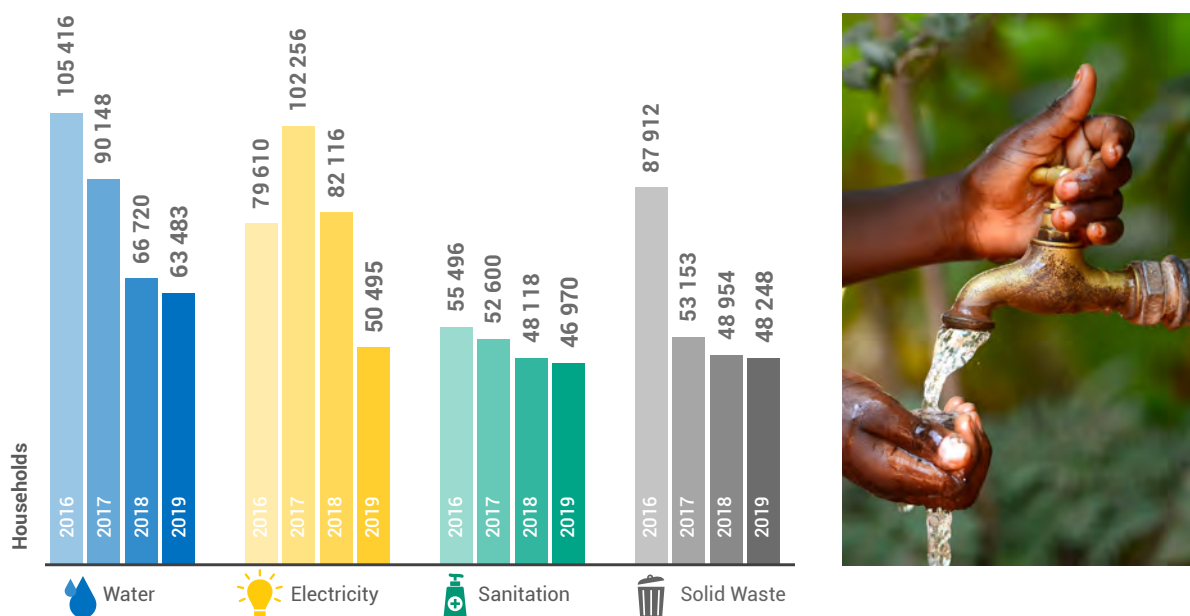
The share of indigent households in the GRD decreased from 31.5 per cent in 2018 to 27.5 per cent in 2020. In 2020, the Kannaland municipal area had the largest share of indigent households, accounting for 46.7 per cent of households in the municipal area. This was followed by the Hessequa, Oudtshoorn and George municipal areas, where 35.6 per cent, 35.2 per cent and 33.3 per cent of households, respectively, were considered indigent. Between 2019 and 2020 the George and Oudtshoorn municipal areas recorded the highest increase in indigent households, with 3 898 and 1 038 more households, respectively, classified as indigent.



Figure 4.15 illustrates the number of households with access to free basic services. Indigent households qualify for free basic water, electricity, sanitation and waste removal services.

Figure 4.15

ACCESS TO FREE BASIC SERVICES, Garden Route District, 2016 – 2019



Source: Non-financial Census of Municipalities, Stats SA, 2021

The extent of free basic services support is determined by the indigent policy of each local municipality. Most municipalities offer free basic water services (up to 6kl) and free electricity up to 50kWh – with some providing partial support for sanitation and solid waste services as well. The provision of free basic services therefore differs according to the type of service, as access levels and policies differ across municipalities. Access to free basic services has been on a declining trend in the GRD. Access to free water decreased from 105 416 households in 2016 to 63 483 in 2019. After the number of households receiving free access to electricity increased between 2016 (79 610 households) and 2017 (102 256 households), households with access to free electricity have been on a declining trend. Households with access to free sanitation declined from 55 496 households in 2016 to 46 970 households in 2019, while households with access to free solid waste removals services declined from 87 912 households in 2016 to 48 248 households in 2019.

In Kannaland, ageing bulk infrastructure (e.g. sewerage wastewater treatment pumps in need of replacement) is identified as a major constraint negatively affecting the local economy. This would have been exacerbated by a recent increase in informal settlement population, driven in part by farm evictions.⁸⁴

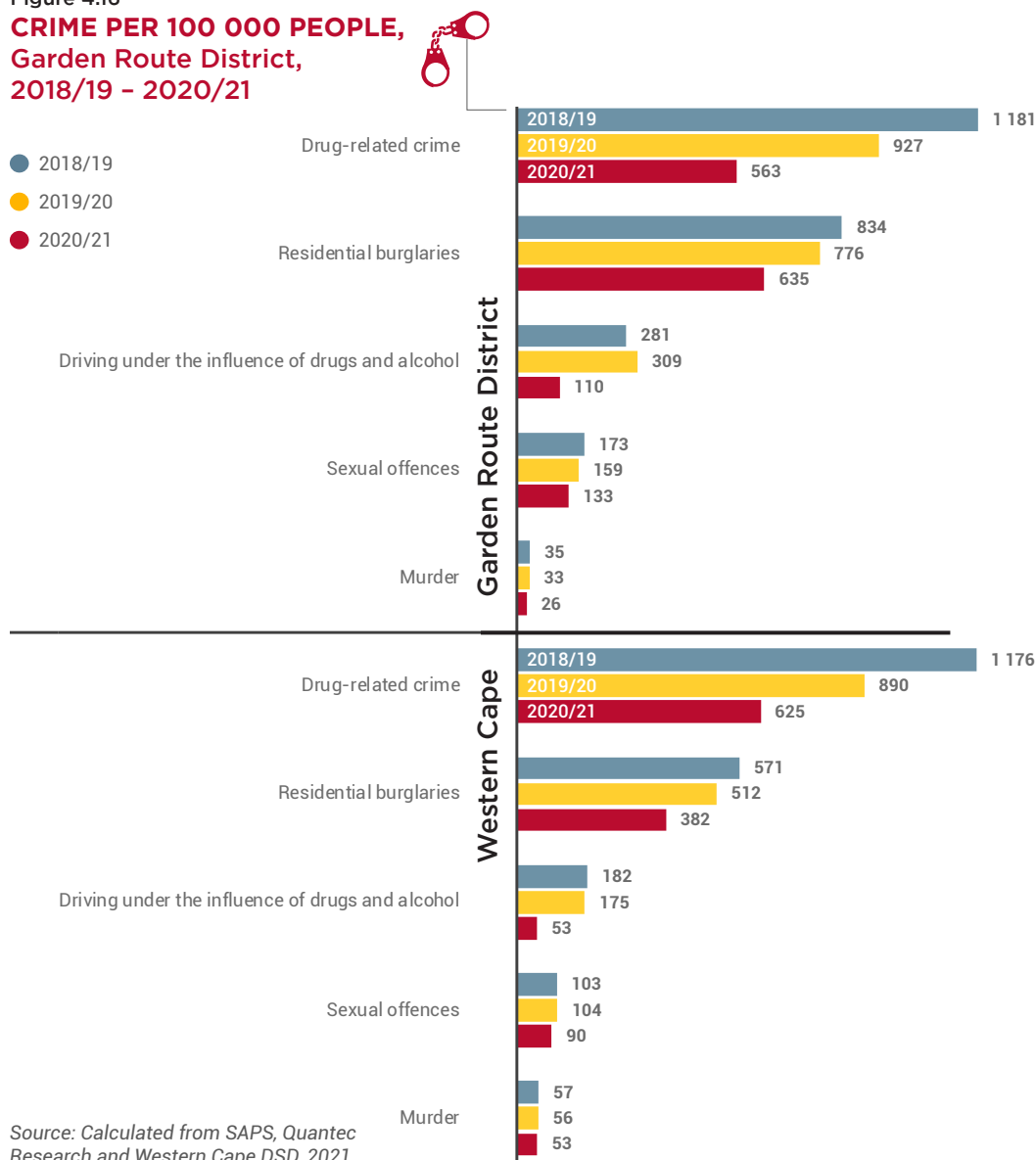
⁸⁴ (Kannaland Municipality, 2021).

4.5 CRIME

Figure 4.16 depicts the incidence of selected crime categories in the GRD and Western Cape between 2018/19 and 2020/21.

Figure 4.16

**CRIME PER 100 000 PEOPLE,
Garden Route District,
2018/19 – 2020/21**



For all crime categories under review, except murder and drug-related crime, more instances per 100 000 people were recorded in the GRD compared with the Province in 2020/21. However, crime rates have reduced substantially between 2019/20 and 2020/21. The lockdown measures implemented to curb the spread of the COVID-19 pandemic are likely to have reduced crime levels.

The murder rate in the GRD declined from 35 incidents per 100 000 people in 2018/19 to 26 incidents per 100 000 people in 2020/21. Between 2019/20 and 2020/21, most municipal areas recorded a decline in the murder rate, except Kannaland, where the murder rate increased from

17 incidents per 100 000 people to 30 incidents per 100 000 people. High levels of murder were also recorded in the Mossel Bay (47 incidents per 100 000 people) and George (31 murders per 100 000 people) municipal areas in 2020/21. However, these rates are still lower than that of the Province (53 incidents per 100 000 people).

The number of sexual offences in the GRD declined from 173 incidents per 100 000 people in 2018/19 to 133 incidents per 100 000 people in 2020/21. The Knysna, Hessequa and Kannaland municipal areas recorded an increase in the number of sexual offences between 2018/19 and 2019/20, while all municipal areas recorded a decline between 2019/20 and 2020/21. In 2020/21, the Kannaland, Mossel Bay and Knysna municipal areas recorded above-average rates of sexual offences, with 193 incidents per 100 000 people, 95 incidents per 100 000 people and 155 incidents per 100 000 people respectively.

Restrictions on the sale of alcohol in 2020 reduced the incidences of driving under the influence of drugs or alcohol significantly, from 309 incidents per 100 000 people in 2019/20 to 110 incidents per 100 000 in 2020/21. However, the Kannaland (214 incidents per 100 000 people), Mossel Bay (184 incidents per 100 000 people), Hessequa and Knysna (140 incidents per 100 000 people each) municipal areas recorded above-average rates. The Oudtshoorn municipal area recorded a low rate of 48 incidents per 100 000 people.

Residential burglary crimes in the GRD declined from 834 incidents per 100 000 people in 2018/19 to 635 incidents per 100 000 people in 2020/21. Between 2019/20 and 2020/21, all municipal areas, except Hessequa, recorded a decline in the number of residential burglaries per 100 000 people. However, despite the decline, the Knysna (831 incidents per 100 000 people), Mossel Bay (789 incidents per 100 000 people) and Bitou (741 incidents per 100 000 people) municipal areas recorded high levels of residential burglary, while the George municipal area recorded the lowest levels (495 incidents per 100 000 people).

Drug-related crimes have also been on a declining trend since 2018/19. The Hessequa municipal area was the only municipal area to record an increase in drug-related crimes between 2019/20 (968 per 100 000 people) and 2020/21 (1 105 per 100 000 people).

4.6 CONCLUDING REMARKS

The GRD is the third most populated District in the Western Cape. The population in the GRD is expected to increase by an annual average growth of 0.5 per cent from 2021 to 2025. The number of households in the GRD is expected to increase by an average annual rate of 1.5 per cent between 2021 and 2025. In most municipal areas the largest portion of the population is potentially economically active.

The GRD had a lower GDP per capita compared with the Province and experienced a significant decrease in 2020. This could be attributed to the COVID-19 pandemic and the associated lockdown regulations and restrictions imposed on movement and labour. In 2019, the GRD's average household income was R18 253 and experienced an average annual increase of 0.7 per cent between 2015 and 2019. While the GRD's Gini coefficient increased from 0.590 in 2014 to 0.629 in 2020, it was also higher than the Western Cape's 0.625 in 2020. The income inequality in all municipal areas increased between 2014 and 2020.

In 2020, all municipal areas in the GRD experienced an increase in the number of learner enrolments. The learner-teacher ratio in the GRD decreased from 30.2 learners per teacher in 2019 to 30.1 learners per teacher in 2020. Throughout this period, the average learner-teacher ratio for the GRD remained lower than the Western Cape's ratio. The learner retention rate in the GRD is lower compared with that of the Western Cape but saw improvement in 2020. For the period under review, the matric pass rate in the GRD was higher than that of the Western Cape for each respective year. The matric pass rate in the GRD increased from 81.3 per cent in 2018 to 85.1 per cent in 2019, before declining to 80.1 per cent in 2020. The decrease in the matric pass rate can significantly affect the learners' ability to access higher education and thereby also improve their chances of better employment opportunities and a better income.

The leading natural causes of death in the GRD in 2018 included cerebrovascular disease, diabetes mellitus, TB and HIV, accounting for 7.6 per cent, 7.3 per cent, 6.7 per cent and 6.2 per cent of deaths in the GRD respectively. Non-natural deaths accounted for 9.5 per cent of deaths.

Despite the increase in the number of HIV-positive patients, there has been a decrease in the number of patients receiving ART for the period between 2019/2020 and 2020/21. Patients with confirmed viral suppression have decreased from 73.1 per cent in 2017/18 to 67.3 per cent in 2020/21. The TB programme success rate marginally decreased between 2018/19 and 2020/21, while the death rate and TB/HIV co-infected rate increased during the same period. While infant mortality and delivery rates to teenagers declined, the maternal mortality rate increased over the reference period.

For the period under review, the HDI in the GRD was lower than that of the Western Cape. Improved HDI is evident in the GRD for the period between 2018 and 2020.

In the GRD, 82.7 per cent of households lived in formal dwellings and 15.5 per cent of households lived in informal dwellings in 2020. Access to solid waste services, sanitation, electricity and water increased between 1994 and 2020. The share of indigent households in the GRD decreased from 31.4 per cent in 2018 to 27.5 per cent in 2020.

There was a decline from 2019/20 to 2020/21 in all the crime categories under review. Although the GRD had fewer cases of murder and drug-related crime per 100 000 people than the Western Cape in 2020/21, the District had more incidents of sexual offences, driving under the influence of drugs and alcohol, and residential burglaries per 100 000 people than the Province.





GARDEN ROUTE DISTRICT

GROWTH POTENTIAL STUDY 2018



The **GARDEN ROUTE** now has the **second-lowest overall growth potential in the Western Cape**. The trends reflect largely stable and declining performance, compared with better performance improvements in most other Districts. The District is the second-highest performer in the Economic and Physical Natural themes, and second-lowest in the Human Capital and Institutional themes. Some areas in the District still show signs of strong growth potential. The Garden Route District has a unique advantage that can create opportunities for economic growth through the coastal area, ocean economy, forestry and land for productive agriculture and farming purposes. Indicators show key challenges with institutional capacity and governance.

PRECONDITIONS FOR GROWTH

ECONOMIC



- Extent and diversity of retail and services sector
- Tourism potential
- Economic size and growth
- Economic diversity
- Market potential
- Change in labour force
- Property market

PHYSICAL NATURAL



- Availability and quality of water
- Natural potential

INFRASTRUCTURE



- Land availability and use
- Transport and communication
- Availability of municipal infrastructure

INNOVATION POTENTIAL



INSTITUTIONAL

- Quality of governance
- Safety and security
- Administrative and institutional function
- Availability of community and public institutions



HUMAN CAPITAL

- Poverty and inequality
- Human resources
- Population structure and growth



DEVELOPMENTAL POTENTIAL

- Development potential reflects inherent preconditions for growth and innovation potential.
- General improvement in physical environment conditions.
- General regression in infrastructure, economic and human capital conditions, and institutional components.

The Growth Potential Study (GPS) is an instrument for effective spatial decision-making and implementation. This support tool aims to inform strategic objectives, policy-making and spatially targeted investment, and strengthen allocative decisions for integrated management, service delivery and spatial alignment within the Provincial and municipal spheres of government in the Western Cape.

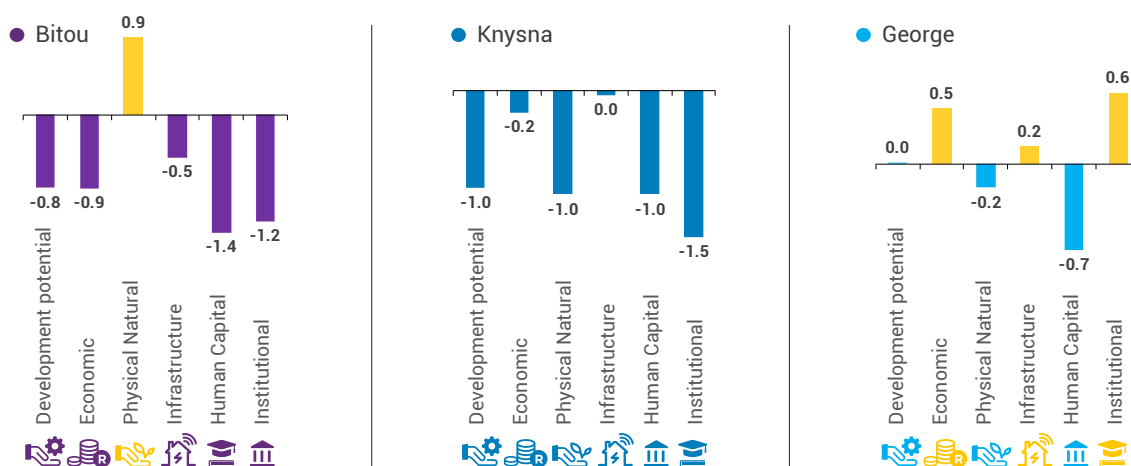
Economic, Infrastructure and Physical Natural composite thematic indices form the basis for modelling growth preconditions, and Institutional and Human Capital composite thematic indices model innovation potential, informed by local, national, and international literature, and are the premise for forecasting where economic growth is likely to occur, i.e. growth or development potential.

The GPS2018 shows that the George and Mossel Bay municipal areas have “very high” growth potential, Knysna has “high” growth potential, Bitou and Hessequa have “medium” growth potential, Oudtshoorn has “low” growth potential and Kannaland has “very low” growth potential. The Knysna and Bitou municipal areas have had a change in classification from GPS2013 to GPS2018, down from “very high” and “high” growth potential, respectively. In both municipal areas, declining trends are seen in almost all themes.

In **BITOU** indicators on education, unemployment, access to water and institutional capacity show challenges, and indicators on the state of wastewater infrastructure and access to electricity show opportunity for growth. **KNYSNA** too has seen declining trends in governance capacity, challenges in indicators on the labour force and unemployment, and strong performance in indicators on ICT innovation.

The **GEORGE** municipal area has the third-highest growth potential in the Province. Gains are seen in the Institutional and Infrastructure themes, and it is now the top performer in the Economic theme. Regression is seen in the Human Capital theme, with indicators on education showing some challenges. Indicators show balanced performance, with room for improvement.

Difference between GPS18 Z-score and GPS13 Z-score¹



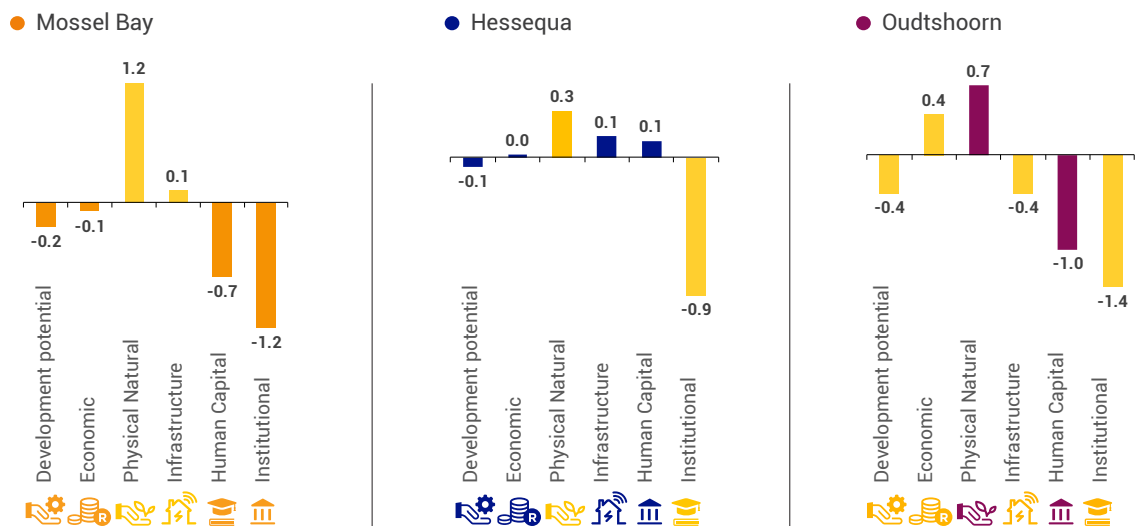
¹ The Z-score is a method (statistical test) that can denote the range (gap) between the lowest- and highest-scoring municipalities, i.e. the greater the difference, the greater the gap. It signifies the extent of relative municipal performance. For instance, the further away from zero the indicator scores, the further away from the average score for municipalities, relative to one another. This type of scoring is useful to identify outliers and indicate areas for improvement or praise.

MOSSEL BAY has had gains in the Infrastructure theme and regression in Institutional, Human Capital and Economic themes. Indicators show challenges with education and skilled labour, and unemployment. As with George, indicators show balanced performance with room for improvement.

Themed performance in **HESSEQUA** municipal area has remained stable, besides regression in the Institutional theme, due to declining trends in institutional capacity and access to amenities and social service organisations. Indicators show strong performance in access to services, with waste removal an area for improvement.

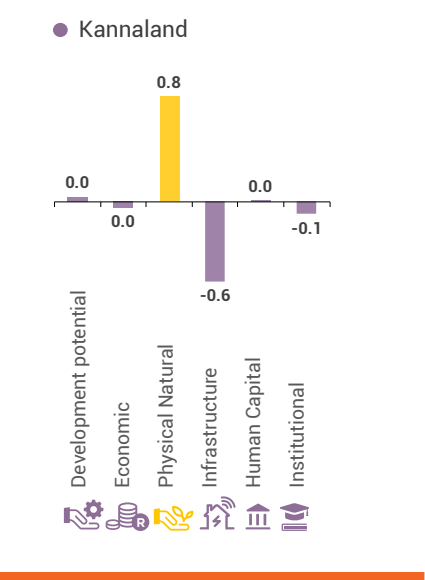
OUTDSHOORN has had regression in most themes, and gains in the economic theme, due to better performance in indicators on the labour force. Indicators on governance, state of wastewater infrastructure and economic empowerment show challenges.

Difference between GPS18 Z-Score and GPS13 Z-Score¹



¹ The Z-Score is a method (statistical test) that can denote the range (gap) between the lowest- and highest-scoring municipalities, i.e. the greater the difference, the greater the gap. It signifies the extent of relative municipal performance. For instance, the further away from zero the indicator scores, the further away from the average score for municipalities, relative to one another. This type of scoring is useful to identify outliers and indicate areas for improvement or praise.

KANNALAND municipal area has the third lowest growth potential in the province. Themed performance has remained similar; however, regression is seen in the infrastructure theme as result of performance in indicators on access to basic services and ICT innovation. Indicators on state of wastewater infrastructure and infrastructure backlog reduction show stronger performance.



CKD

CENTRAL KAROO DISTRICT

38 854KM²



BEAUFORT WEST

Beaufort West

PRINCE ALBERT

Laingsburg

LAINGSBURG

Prince Albert

CENTRAL KAROO DISTRICT

LAINGSBURG, PRINCE ALBERT,
BEAUFORT WEST

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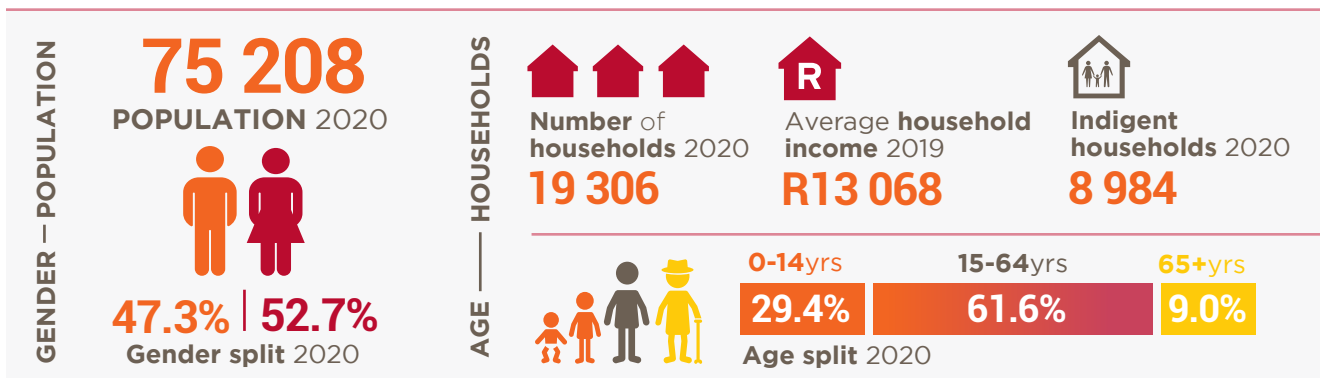


CKD CENTRAL KAROO DISTRICT

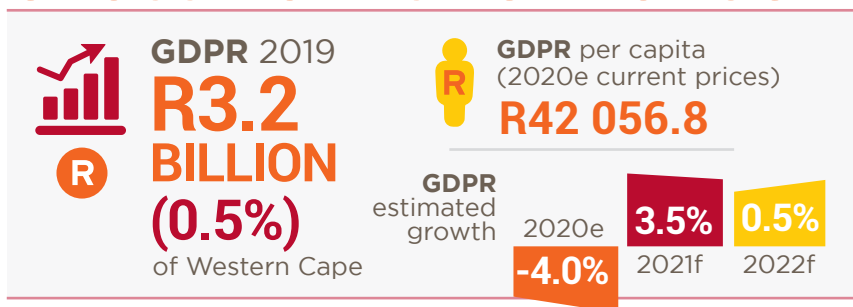
SEAT | AREA | DENSITY
Beaufort West | 38 854KM² | 1.8/KM²

MUNICIPALITIES | LAINGSBURG, PRINCE ALBERT, BEAUFORT WEST

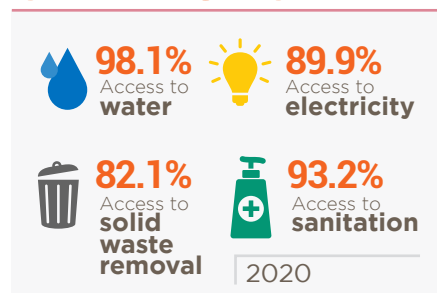
DEMOGRAPHICS



GROSS DOMESTIC PRODUCT



SERVICES



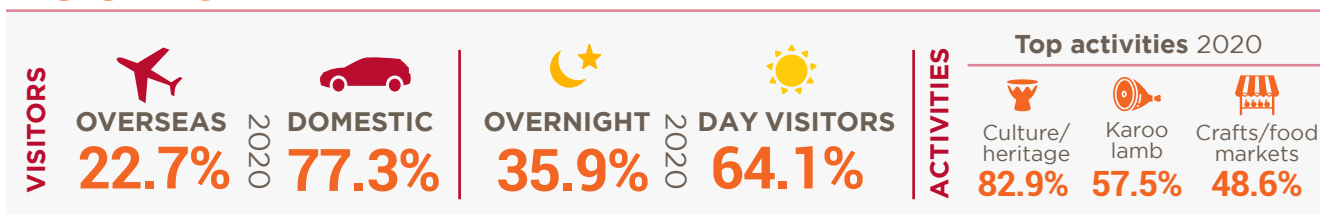
EMPLOYMENT



TRADE



TOURISM





GDPR

2019

2020







**GDPR
CONTRIBUTION**
**GDPR
GROWTH**


EMPLOYMENT

2019

2020

**EMPLOYMENT
CONTRIBUTION**
**EMPLOYMENT
GROWTH**

	^R 2019		2020		^R 2019		2020
PRIMARY SECTOR	12.6%		10.8%		24.1%		-3.1%
AGRICULTURE, FORESTRY & FISHING	12.5%	↗	10.9%		24.1%	↘	-3.1%
MINING & QUARRYING	0.1%	↘	-17.9%		0.0%	↘	0.0%
SECONDARY SECTOR	14.1%		-12.7%		6.7%		-12.2%
MANUFACTURING	2.7%	↘	-8.9%		1.5%	↘	-6.7%
ELECTRICITY, GAS & WATER	6.1%	↘	-5.9%		0.6%	↘	-4.5%
CONSTRUCTION	5.3%	↘	-21.3%		4.5%	↘	-15.1%
TERTIARY SECTOR	73.4%		-5.9%		69.2%		-5.7%
WHOLESALE & RETAIL TRADE, CATERING & ACCOMMODATION	15.3%	↘	-11.1%		22.9%	↘	-8.8%
TRANSPORT, STORAGE & COMMUNICATION	15.0%	↘	-16.6%		4.4%	↘	-5.2%
FINANCE, INSURANCE, REAL ESTATE & BUSINESS SERVICES	10.8%	↘	-3.5%		8.5%	↘	-6.1%
GENERAL GOVERNMENT	22.4%	↗	1.4%		17.5%	↗	1.4%
COMMUNITY, SOCIAL & PERSONAL SERVICES	9.8%	↘	-2.4%		16.0%	↘	-8.9%



1 REGIONAL ECONOMIC REVIEW AND OUTLOOK

1.1 INTRODUCTION

The CKD is situated in the north-eastern part of the Western Cape and constitutes a land area of 38 854km². The surface area encompassing the CKD constitutes 27.7 per cent of the total size of the Western Cape, making it the largest region in the Province. The CKD comprises three local municipal areas, namely Beaufort West, Laingsburg and Prince Albert, with Beaufort West being the largest commercial town in the District.

The CKD is distinguished by an arid climate and sparse population distribution, and the latter has a direct influence on the economic activity in the District. However, in the past few years the CKD has been plagued by persistent drought conditions, which influenced the economic activity in the region. The N1 is the main transport route that traverses the CKD and connects the Western Cape with the south-eastern parts of the Northern Cape, the Free State, Gauteng and Limpopo.

This chapter provides a macroeconomic overview and outlook of the CKD in terms of the GDPR performance and employment trends. The period under review for MERO 2021 is between 2015 and 2020, with 2020¹ figures being estimated. Economic forecasting is also done for 2021 and 2022.

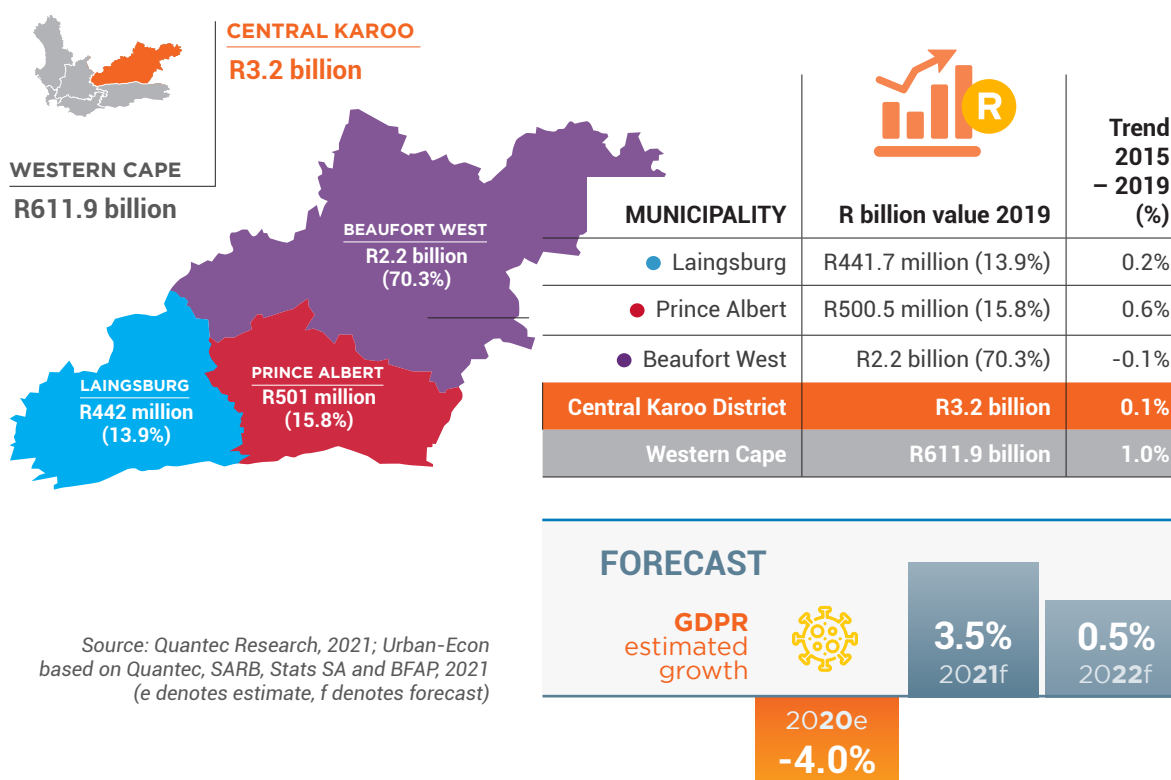
1.2 GROWTH IN GDPR PERFORMANCE

In this section, the size of the CKD's economy, average GDPR contribution and growth rates in the various municipal areas are discussed.

1.2.1 GDPR performance per municipal area

Diagram 1.1

GDPR CONTRIBUTION AND AVERAGE GROWTH RATES PER MUNICIPAL AREA, Central Karoo District



Valued at R3.2 billion, the economy of the CKD contributed 0.5 per cent to the Provincial economy in 2019. Between 2015 and 2019, the CKD experienced a near stagnant average annual growth rate of 0.1 per cent – lower than the 1.0 per cent growth rate of the Provincial economy.

Of the three municipal areas located in the CKD, the Beaufort West municipal area contributed the most to GDPR in 2019 at 70.3 per cent. The Prince Albert and Laingsburg municipal areas contributed 15.8 per cent and 13.9 per cent respectively to GDPR in the same year.

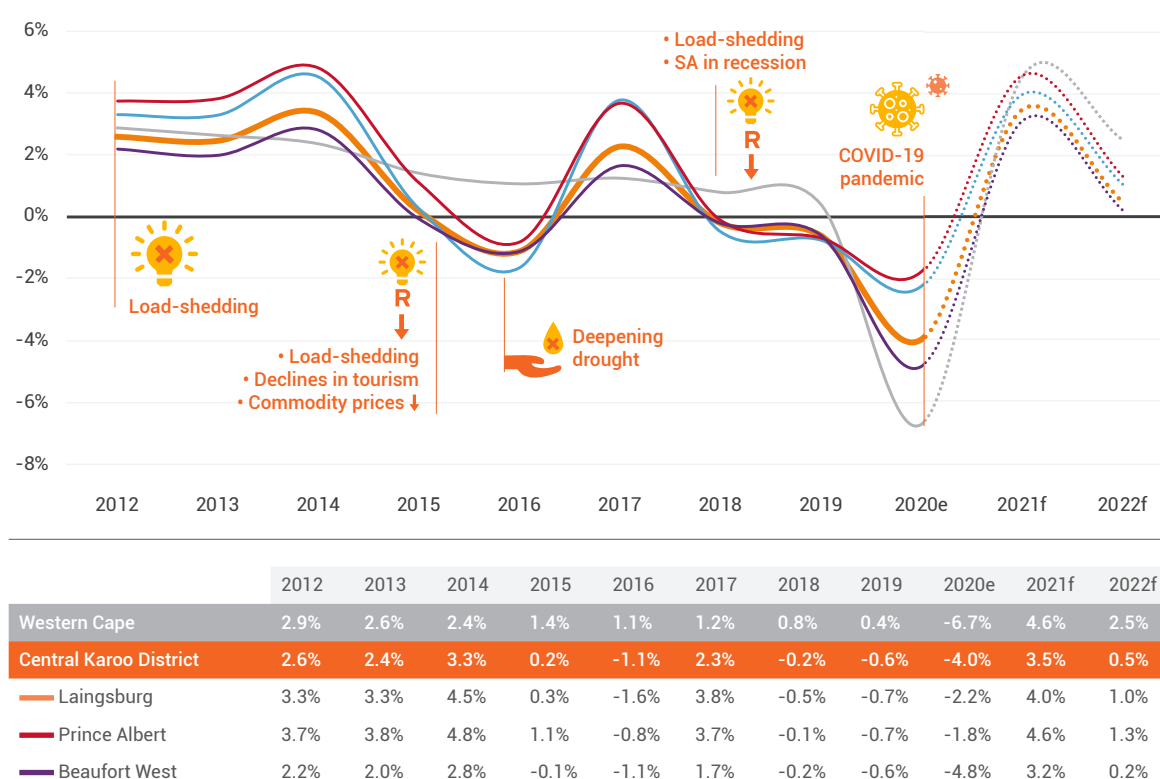
¹ Stats SA will only release official regional indicators for 2020 in 2022.

Over the five-year period, none of the municipal areas in the CKD experienced an average annual growth rate higher than that of the Provincial economy. The Prince Albert municipal area grew at an average annual rate of 0.6 per cent between 2015 and 2019, followed by the Laingsburg municipal area at 0.2 per cent. Valued at R2.2 billion in 2019, the Beaufort West municipal area was the largest contributor to the CKD's GDPR. However, the Beaufort West municipal area experienced an average annual decline of 0.1 per cent between 2015 and 2019. The Beaufort West municipal area's poor GDPR performance have contributed to the overall poor performance of the District economy, since it is the largest economy in the CKD.

The historical performances of the CKD economy and its municipal areas, as well as the Western Cape, are illustrated in Figure 1.1.

Figure 1.1

GDPR GROWTH PER MUNICIPAL AREA, Central Karoo District, 2012 – 2022



Source: Quantec Research, 2021; Urban-Econ based on Quantec, SARB, Stats SA and BFAR, 2021 (e denotes estimate, f denotes forecast)

Growth in the CKD increased from 2.4 per cent in 2013 to 3.3 per cent in 2014, which resulted in an increase in the number of employment opportunities in the District's labour market.

Following three years of strong growth, GDPR growth in the CKD slowed significantly to 0.2 per cent in 2015. This rate is significantly below that of the Provincial economy, which grew by 1.4 per cent in the same year. GDPR growth slowed further in 2016, registering a contraction of 1.1 per cent. The persistent drought conditions in the region were one of the

main factors that contributed to the poor performance of the CKD's economy between 2015 and 2016. Agricultural activities are one of the key drivers of the District economy and drought conditions adversely affected crop and livestock production in the District, resulting in a severe contraction of the agriculture sector.

In 2017, GDPR growth in the CKD improved to 2.3 per cent, which was higher than that of the Provincial economy, which only grew at 1.2 per cent. While all three municipal areas experienced an improvement in economic performance, the Laingsburg municipal area realised the largest increase in annual growth between 2016 and 2017. Growth in the Beaufort West municipal area increased to 1.7 per cent in 2017, contributing significantly to the District economy's recovery between 2016 and 2017. The agriculture sector showed strong growth in 2017 owing to higher production of field crops and horticultural products.² The South African economy also benefited from an unexpected recovery in global trade, especially from East Asian countries and the euro area,³ which indirectly contributed to growth in the District. All these factors had a positive impact on the CKD economy, which is heavily reliant on the agriculture sector.

Despite improved economic growth in the preceding two years, all municipal areas in the District experienced a contraction in GDPR in 2018, with the District economy contracting by 0.2 per cent. Annual growth in the District continued to deteriorate in 2019, contracting by 0.6 per cent during the same year. This could be attributed to drought conditions in the District and Province during this period. Furthermore, the South African economy entered a recession in both 2018 and 2019, further contributing to the poor performance of both the District and Province.

Estimates for 2020 indicate a further deterioration in annual growth in the District and Provincial economies. This can be attributed to the COVID-19 pandemic and the implementation of lockdown measures to limit its spread. In 2020, GDPR growth in the District economy is expected to register a contraction of 4.0 per cent, lower than that of the Provincial economy. The Beaufort West municipal area is expected to register an annual contraction of 4.8 per cent in 2020. This is largely driven by contractions in the secondary and tertiary sectors brought about by the national lockdown. The Prince Albert and Laingsburg municipal areas are expected to realise the smallest annual contractions in growth, at 1.8 per cent and 2.2 per cent respectively. It should be noted that the strong performance of the agriculture sector in 2020 somewhat mitigated the estimated contraction in the District's GDPR.

In 2021, GDPR growth in the CKD is forecast to increase to 3.5 per cent, before slowing to 0.5 per cent in 2022. However, the recovery is not sufficient to cover the losses since 2018. The Beaufort West municipal area's GDPR is forecast to grow by 3.2 per cent in 2021 before stagnating at 0.2 per cent in 2022 – emphasising the historical poor performance in this municipal area prior to 2020. The Prince Albert and Laingsburg municipal areas are anticipated to register significant recoveries in growth (4.6 per cent and 4.0 per cent respectively) in 2021 owing to the positive anticipated growth of the agriculture sector. However, owing to their small contributions to the District's GDPR, their positive impact on the District's GDPR is not as significant when compared with that of the Beaufort West municipal area. Despite the recovery in growth across all municipal areas in 2021, growth rates are expected to slow in 2022.

² (Stats SA, 2017).


³ (Constantinescu, Mattoo, Mulabdic & Ruta, 2018).

1.2.2 Sectoral GDPR performance

Table 1.1 below shows the GDPR performance of the CKD in 2019, GDPR trends between 2015 and 2019, and a growth estimate for 2020. Furthermore, growth forecasts for 2021 and 2022 are provided.

Table 1.1

GDPR PERFORMANCE PER SECTOR, Central Karoo District, 2019 – 2022 (%)

SECTOR		R million value 2019	Trend 2015 – 2019	Real GDPR growth		
				2020e	2021f	2022f
PS Primary Sector		R399.0 (12.6%)	-2.9%	10.8%	5.7%	-0.6%
Agriculture, forestry & fishing		R397.3 (12.5%)	-2.9%	10.9%	5.7%	-0.6%
Mining & quarrying		R1.7 (0.1%)	0.2%	-17.9%	9.8%	-0.6%
SS Secondary Sector		R446.5 (14.1%)	0.3%	-12.7%	0.4%	6.6%
Manufacturing		R86.7 (2.7%)	0.8%	-8.9%	1.2%	7.6%
Electricity, gas & water		R192.8 (6.1%)	0.7%	-5.9%	0.6%	5.0%
Construction		R167.0 (5.3%)	-0.3%	-21.3%	-0.2%	7.6%
TS Tertiary Sector		R2 327.9 (73.4%)	0.8%	-5.9%	3.4%	0.0%
Wholesale & retail trade, catering & accommodation		R484.3 (15.3%)	-0.1%	-11.1%	6.6%	2.0%
Transport, storage & communication		R474.9 (15.0%)	-0.8%	-16.6%	6.9%	-5.3%
Finance, insurance, real estate & business services		R343.9 (10.8%)	2.3%	-3.5%	3.8%	3.6%
General government		R712.3 (22.4%)	1.4%	1.4%	-1.4%	0.6%
Community, social & personal services		R312.4 (9.8%)	1.3%	-2.4%	4.9%	-2.7%
Total Central Karoo District		R3 173.4 (100.0%)	0.1%	-4.0%	3.5%	0.5%

Source: Quantec Research, 2021; Urban-Econ based on Quantec, SARB, Stats SA and BFAP, 2021 (e denotes estimate, f denotes forecast)

Valued at R2.3 billion in 2019, the tertiary sector was the largest contributor to the CKD's GDPR during the year, with a contribution of 73.4 per cent. The main driver of economic activity in the tertiary sector was the general government sector, with a contribution of 22.4 per cent in 2019. Over the five-year period, the general government sector realised an average annual growth rate of 1.4 per cent. This rate is higher than that of the tertiary sector (0.8 per cent), which highlights the importance of the general government sector to economic activity in the CKD. The trade sector contributed 15.3 per cent to the District's GDPR in 2019, followed by the transport sector (15.0 per cent). However, it should be noted that both sectors experienced average annual contractions between 2015 and 2019, which had a significant negative impact on the overall economic performance of the CKD.

Estimates for 2020 indicate that the tertiary sector contracted by 5.9 per cent. The trade sector contracted by 11.1 per cent in 2020, owing to the closure of most businesses during level

five of the national lockdown. The transport sector declined by 16.6 per cent in 2020. However, the general government sector grew 1.4 per cent in 2020. The positive performance of the general government sector is likely to be the result of increased fiscal expenditure to counter the economic fallout of the COVID-19 pandemic. The remaining sectors that form part of the tertiary sector all contracted in 2020.

The secondary sector was the second-largest contributor to the District economy's GDPR in 2019. Valued at R446.5 million, the secondary sector contributed 14.1 per cent to the CKD's GDPR in 2019. However, the sector realised an average annual growth rate of only 0.3 per cent between 2015 and 2019. This is due to the poor performance of the construction sector, which realised an average annual contraction of 0.3 per cent over the same period. Within the secondary sector, the electricity, gas and water sector was the largest contributor to the District's GDPR in 2019 at 6.1 per cent, followed by the construction sector at 5.3 per cent.

The secondary sector is estimated to have declined by 12.7 per cent in 2020, as all individual sectors are expected to have contracted during the year. The annual decline in growth estimated for the secondary sector is driven by a large decline in the construction sector (21.3 per cent). Disruptions to building activity as a result of lockdown restrictions, together with the decline in infrastructure investment, resulted in the significant decline in the sector. Furthermore, contractions of lesser magnitude are expected in the manufacturing sector and the electricity, gas and water sectors, at 8.9 per cent and 5.9 per cent respectively.

In 2019, the primary sector contributed 12.6 per cent to the CKD's GDPR and realised an average annual decline of 2.9 per cent over the five-year period. The agriculture sector was the fourth-largest overall driver of economic activity in the District, contributing 12.5 per cent in 2019. The agriculture sector experienced an average annual decline of 2.9 per cent between 2015 and 2019 owing to several periods of drought in the District over the evaluation period. The mining sector grew at an average annual rate of 0.2 per cent between 2015 and 2019. However, owing to the sector's negligible contribution to the District's GDPR, it is not expected that its performance will contribute significantly to the performance of the District economy.

The primary sector is estimated to have grown by 10.8 per cent in 2020 and was driven by growth in the agriculture sector (10.9 per cent). Improved growth expectations for the agriculture sector are likely to be driven by increased demand for healthy foods during the COVID-19 pandemic. Furthermore, improved weather conditions also contributed to positive growth within the agriculture sector during the year. Despite a significant contraction of 17.9 per cent for the mining sector in 2020, this is not anticipated to contribute extensively to the overall performance of the primary sector, given its small base.

In the 2021 forecast period, economic recovery is anticipated across all sectors, except the construction and general government sectors. The construction sector is forecast to contract by a marginal 0.2 per cent in 2021, rebounding with an anticipated 7.6 per cent growth in 2022. Planned public-sector infrastructure spending will be a valuable boost for the sector. The economic recovery in 2021 will mainly be driven by strong growth from the agriculture sector, which is forecast to grow by 5.7 per cent in 2021. This sector is anticipated to benefit from high commodity prices during the year. However, prices are expected to normalise in 2022, resulting

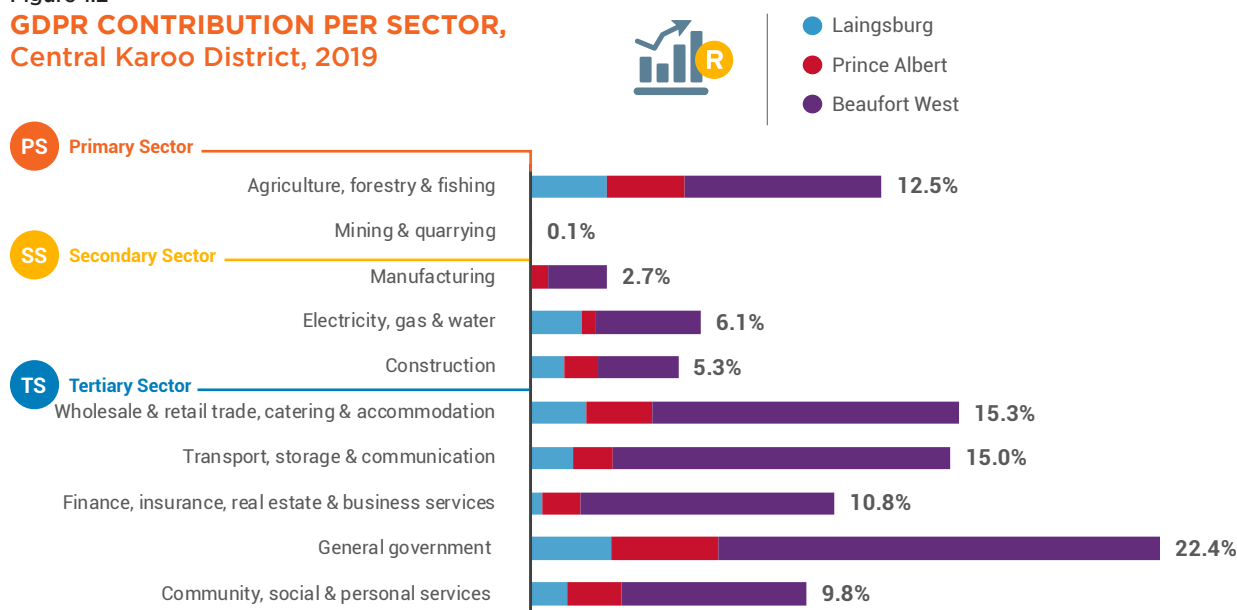
in a forecast contraction of 0.6 per cent in 2022. The anticipated growth of the trade sector (6.6 per cent) and transport sector (6.9 per cent) in 2021 will also have a positive impact on the local economy.

It should be noted that the slowdown in GDP growth between 2021 and 2022 is due to a strong recovery in GDP growth in 2021, which originated from the constrained economic base of 2020. The economy of the CKD will thus remain under pressure owing to its poor performance prior to 2020.

The CKD's sectoral GDP contribution per municipal area in 2019 is depicted in Figure 1.2.

Figure 1.2

**GDPR CONTRIBUTION PER SECTOR,
Central Karoo District, 2019**



Source: Quantec Research, 2021

The general government (22.4 per cent), trade, (15.3 per cent) and transport (15.0 per cent) sectors were the main contributors to the CKD's GDP in 2019. Furthermore, the agriculture sector contributed 12.5 per cent to the District economy in the same year. These sectors are largely concentrated in the Beaufort West municipal area.

The general government sector (3.8 per cent) was the dominant source of economic activity in the Prince Albert municipal area, followed by the agriculture sector (2.8 per cent). Similarly, in the Laingsburg municipal area, the general government sector contributed 2.9 per cent to GDP in 2019, while the agriculture sector contributed 2.7 per cent in the same year.

1.3 LABOUR TREND ANALYSIS

Key employment trends of the CKD are discussed in this section. An outline of the local municipal areas that contribute the largest share to employment creation is provided. Furthermore, an evaluation of the employment dynamics is provided by identifying which sectors employ the most people. Finally, the sectors that have contributed more to the creation of new job opportunities or job losses in the CKD are also highlighted.

1.3.1 Employment per municipal area

Table 1.2 provides an overview of employment growth in the CKD and its respective municipal areas between 2015 and 2020. In 2020, the CKD employed 19 376 workers and contributed 0.8 per cent to Provincial employment during the year. This is reflective of the District's GDP contribution to the Provincial economy.

Table 1.2

EMPLOYMENT GROWTH, Central Karoo District, 2019

MUNICIPALITY	Number of jobs 2019	Average annual change 2015 – 2019	Net change 2020e
● Laingsburg	2 946 (15.2%)	83	-149
● Prince Albert	3 878 (20.0%)	84	-192
● Beaufort West	12 552 (64.8%)	136	-725
Total Central Karoo District	19 376 (100.0%)	303	-1 066
Western Cape	2 581 736	40 794	-159 299

Source: Quantec Research, 2021 (e denotes estimate)

In 2019, the Beaufort West municipal area was the predominant contributor to employment in the CKD, with employment in this region accounting for 64.8 per cent of total employment in the District. The Prince Albert municipal area contributed 20.0 per cent to employment in the CKD in 2019, while the Laingsburg municipal area contributed 15.2 per cent.

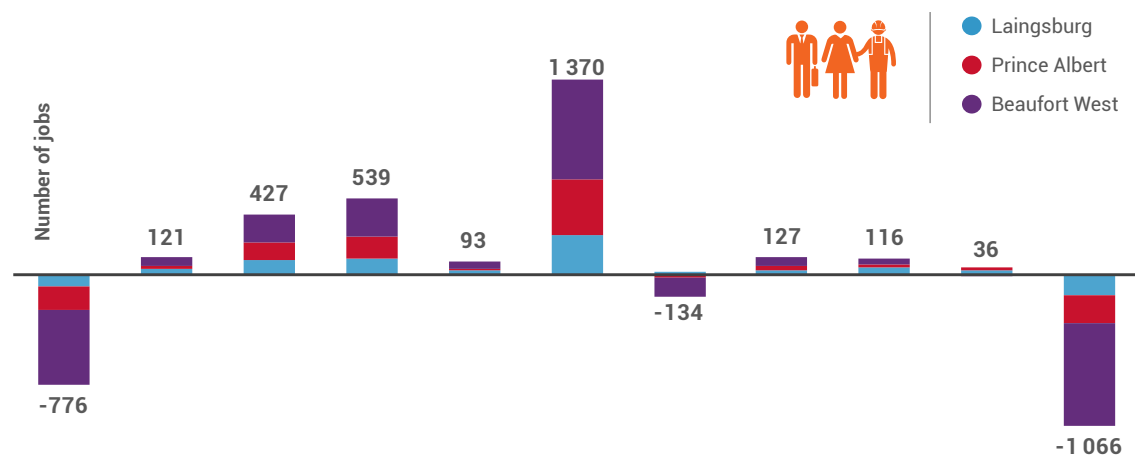
The CKD experienced an average annual increase of 303 jobs between 2015 and 2019. Over the five-year period, the Beaufort West municipal area created the highest number of employment opportunities in the District, with an average annual increase of 136 jobs. The Prince Albert and Laingsburg municipal areas experienced the least new employment opportunities over the period, with an average annual increase of 84 and 83 jobs respectively.

Estimates for 2020 indicate that a total of 1 066 jobs were lost in the District, with the Beaufort West municipal area contributing the largest share to this decline. Furthermore, job losses are also expected in the Prince Albert and Laingsburg municipal areas during the same year.

Figure 1.3 illustrates the annual changes in the level of employment in the municipal areas that comprise the CKD.

Figure 1.3

EMPLOYMENT CHANGE PER MUNICIPAL AREA, Central Karoo District, 2010 – 2020



Source: Quantec Research, 2021 (e denotes estimate)

A significant amount of job-shedding was experienced in the CKD in 2010, with a total of 776 jobs lost. This loss may be attributed to the ongoing effects of the global financial crisis and domestic electricity supply constraints. The Beaufort West municipal area accounted for the largest proportion of this job-shedding, with 523 jobs lost during the year.

The CKD experienced an improvement in job creation between 2011 and 2015, peaking at 1 370 new employment opportunities in 2015.⁴ This trend mirrors the economic performance of the District over the same period. Despite this improvement in job creation, 134 job opportunities were lost in the District in 2016 owing to worsening drought conditions. In 2017, employment opportunities in the CKD increased by 127 jobs. This is reflective of the recovery in the CKD's GDP growth rate in the same year.

Despite the recovery of new employment opportunities in 2017, a downward trend is evident during the two-year period thereafter. New employment opportunities declined from a net increase of 116 jobs in 2018 to a net increase of 36 jobs in 2019. This trend is due to the South African economy entering recessions in both 2018 and 2019, coupled with a drought in the District. The employment environment in the CKD is expected to have worsened substantially


⁴ It should be noted, however, that in 2015 a new master sample was implemented in the Quarterly Labour Force Survey (QLFS), which may have impacted the data owing to variations in its design (Stats SA, 2015).

in 2020 following the downward trend observed between 2017 and 2019. Estimates for 2020 indicate a net decrease of 1 066 jobs in the District. This is due to the economic impact of the COVID-19 pandemic on both the domestic and global economies. The Beaufort West municipal area is expected to have shed the largest number of jobs, with an estimated net decline of 725 jobs. Furthermore, 192 and 149 job losses are also expected in the Prince Albert and Laingsburg municipal areas respectively. It should be noted that job losses will result in a decline in household income, which in turn strains municipal revenue streams.

1.3.2 Sectoral employment

Table 1.3 indicates the contribution of each economic sector to the employment trend observed in the CKD.

Table 1.3
EMPLOYMENT PER SECTOR, Central Karoo District

		Number of jobs 2019	Average annual change 2015 – 2019	Net change 2020e
SECTOR				
PS Primary Sector		4 676 (24.1%)	144	-145
Agriculture, forestry & fishing		4 674 (24.1%)	144	-145
Mining & quarrying		2 (0.0%)	0	0
SS Secondary Sector		1 292 (6.7%)	-6	-158
Manufacturing		300 (1.5%)	-3	-20
Electricity, gas & water		112 (0.6%)	1	-5
Construction		880 (4.5%)	-4	-133
TS Tertiary Sector		13 408 (69.2%)	164	-763
Wholesale & retail trade, catering & accommodation		4 438 (22.9%)	73	-390
Transport, storage & communication		852 (4.4%)	3	-44
Finance, insurance, real estate & business services		1 639 (8.5%)	13	-100
General government		3 382 (17.5%)	21	46
Community, social & personal services		3 097 (16.0%)	54	-275
Total Central Karoo District		19 376 (100.0%)	303	-1 066

Source: Quantec Research, 2021 (e denotes estimate)

Accounting for 13 408 jobs, the tertiary sector contributed 69.2 per cent to total employment in the District in 2019. Furthermore, the tertiary sector experienced the largest average annual increase in new employment opportunities, with 164 new jobs per annum between 2015 and 2019. In terms of individual sectoral contributions, the trade sector was the second-largest overall contributor to District employment in 2019 at 22.9 per cent. This is followed by the general government and community services sectors at 17.5 and 16.0 per cent respectively.

In 2019, the primary sector accounted for 24.1 per cent of total employment in the District, with the agriculture sector contributing to nearly all of the new employment opportunities created in the primary sector during the year. Given the agriculture sector's contribution to the District's GDP in 2019 (12.5 per cent), it is concluded that the sector is predominantly labour-intensive, since the sector contributed more to employment. Agriculture sector employment is, however, characterised by low wages, which has an impact on the broader economic performance of the CKD. However, the introduction of a minimum wage for the sector has influenced employment sustainability. Increased mechanisation also impacts future growth potential for employment creation in the sector.

The mining sector contributed only two jobs to total employment in the District economy in 2019, with no average annual increase per annum between 2015 and 2019. Despite the identification of areas surrounding Beaufort West for uranium development by numerous international companies, the mining sector in the District remains underdeveloped.⁵

The secondary sector contributed 6.7 per cent to total employment in the District in 2019. Between 2015 and 2019, the secondary sector realised an average annual decline of six jobs per annum, with the construction and manufacturing sectors experiencing declines of four and three jobs respectively. The electricity, gas and water sector registered an average annual increase of one job per annum. However, this is reflective of the sector's contribution (0.1 per cent) to the District economy in 2019.

Estimates for 2020 indicate that a total of 1 066 jobs were lost in the CKD, mainly because of significant job-shedding in the tertiary sector (763 jobs). Furthermore, losses in the secondary and primary sectors are estimated to have amounted to a total of 303 jobs in 2020. The trade sector is expected to have shed the largest number of jobs in 2020 at 390 jobs. This is followed by the community services sector, with a decline of 275 jobs in the same year. The general government sector is the only sector expected to have realised an increase in jobs (46 jobs) in 2020. This is likely to be the result of the health responses by the broader public sector to the COVID-19 pandemic.

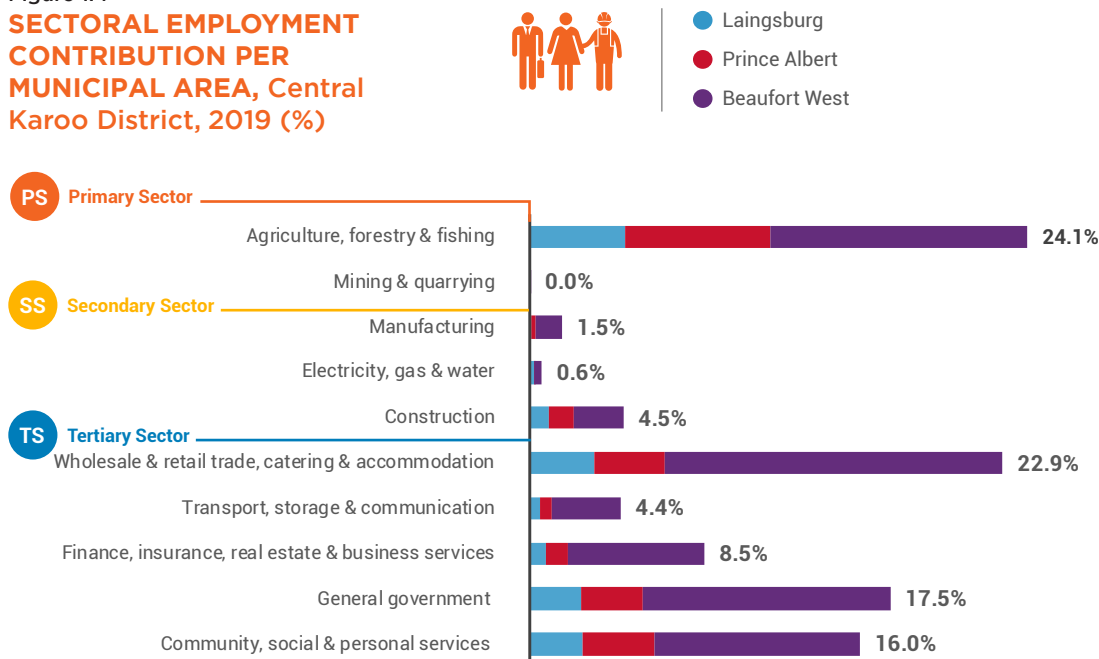


⁵ (Van Rooyen, 2010).

Figure 1.4 showcases the sectoral contributions to employment by each of the municipal areas of the CKD in 2019.

Figure 1.4

SECTORAL EMPLOYMENT CONTRIBUTION PER MUNICIPAL AREA, Central Karoo District, 2019 (%)



Source: Quantec Research, 2021

On a sectoral level, employment in the CKD was concentrated in the Beaufort West municipal area in 2019 and mirrors its contribution to the District's GDP during the same year.

The agriculture sector was the largest contributor to employment in both the Laingsburg and Prince Albert municipal areas in 2019. However, as the manufacturing sector does not contribute significantly to employment in these two municipal areas, with no contribution in the Laingsburg municipal area and a contribution of only 0.2 per cent in the Prince Albert municipal area, it is concluded that there is little to no beneficiation of agricultural commodities.

Promoting beneficiation of agricultural output can be a valuable boost to the local economy, not only in terms of job creation but also because industrial development can contribute to revenue generation for the local municipalities through rates and service charges. However, external constraints, such as rising fuel prices and frequent periods of load-shedding, dampen investment prospects.



In Diagram 1.2 below, the unemployment profile of the CKD between 2019 and 2020 is provided. More specifically, the diagram illustrates the unemployment rate, labour absorption rate, labour participation rate and the “not economically active” population as a proportion of the working-age population for each of the municipal areas.

Diagram 1.2





UNEMPLOYMENT PROFILE, Central Karoo District, 2019 (%)

Unemployed persons, according to the official Statistics South Africa (Stats SA) definition, are those (aged 15 to 64 years) who: a) were not employed in the reference week; and b) actively looked for work or tried to start a business in the four weeks preceding the survey interview; and c) were available for work, i.e. would have been able to start work or a business in the reference week; or d) had not actively looked for work in the past four weeks, but had a job or business to start at a definite date in the future and were available. This does not include people who were not actively looking for work.

Labour force participation rate is the proportion of the working-age population that is either employed or unemployed.

Employment-to-population ratio (labour absorption rate) is the proportion of the working-age population that is employed.

Not economically active refers to persons aged 15 to 64 years who were neither employed nor unemployed in the reference week.

MUNICIPALITY	 Unemployment rate (%) 2019	2020e	 Labour force participation rate (%) 2019	2020e	 Labour absorption rate (employment-to-population ratio) 2019	2020e	 Not economically active 2019 (% of working-age population)	2020e
● Laingsburg	17.2%	↓	66.5%	↓	55.0%	↓	33.5%	↑
● Prince Albert	18.4%	↓	56.8%	↓	46.4%	↓	43.2%	↑
● Beaufort West	24.6%	↓	51.4%	↓	38.8%	↓	48.6%	↑
Central Karoo District	22.3%	↓	54.1%	↓	42.0%	↓	45.9%	↑
Western Cape	19.6%	↓	67.9%	↓	54.6%	↓	32.1%	↑

Source: Quantec Research, 2021

The unemployment rate of the CKD stood at 22.3 per cent in 2019, above that of the Western Cape (19.6 per cent). Beaufort West had the highest unemployment rate (24.6 per cent) in the District. The Prince Albert and Laingsburg municipal areas had unemployment rates of 18.4 per cent and 17.2 per cent respectively in 2019.

Between 2019 and 2020, the unemployment rate across all municipal areas in the District declined. However, this should not be considered to be an improvement in the District's labour market, as a large number of individuals were moved from the employed and unemployed ranking to the “not economically active” category.⁶ This is indicated by the increase in the number of individuals who are not economically active across all municipal areas in the CKD and the Province.

⁶ (Stats SA, 2020).

Decreases in both the labour force participation and labour absorption rates between 2019 and 2020 are reflective of a decline in job opportunities available in the District's labour market. All three municipal areas that form part of the CKD experienced declines in their respective labour force participation and labour absorption rates between 2019 and 2020, reflecting the downturn in the overall District economy brought about by the COVID-19 pandemic.

1.4 CONCLUDING REMARKS

In 2019, the economy of the CKD was valued at R3.2 billion and contributed 0.5 per cent to the Provincial economy. Between 2015 and 2019, annual growth in the District averaged 0.1 per cent, below that of the Provincial economy. Estimates for 2020 indicate that the CKD economy contracted by 4.0 per cent, which is less than the estimated contraction of 6.7 per cent for the Provincial economy. The economy is forecast to recover partially, with a 3.5 per cent growth rate forecast in 2021, before slowing to 0.5 per cent in 2022.

The Beaufort West municipal area was the largest contributor to GDP in the CKD in 2019. When evaluating individual sectoral contributions to the CKD's GDP, the tertiary sector was the main driver of economic activity in the District in 2019, with a contribution of 73.4 per cent. Estimates for 2020 indicate that the tertiary and secondary sectors contracted by 5.9 per cent and 12.7 per cent respectively. The primary sector, driven by strong performance in the agriculture sector, is expected to have grown by 10.8 per cent in 2020.

In 2019, the agriculture sector was the largest source of employment in the District at 24.1 per cent, followed by the trade sector at 22.9 per cent. Furthermore, based on the unemployment profile of the CKD, fewer job opportunities were available in the District owing to a decrease in the labour force participation and labour absorption rates between 2019 and 2020.

The unemployment rate across the District decreased in 2020, despite sharp contractions in the District economy. The decrease in unemployment is the result of an increased number of "not economically active" individuals in the District, as individuals were not able to seek employment opportunities during level five of the national lockdown. In 2019, the total number of jobs in the CKD amounted to 19 376. However, estimates for 2020 indicate that 1 066 jobs were lost in the District. Of the total, 71.6 per cent of job losses originated from the tertiary sector.





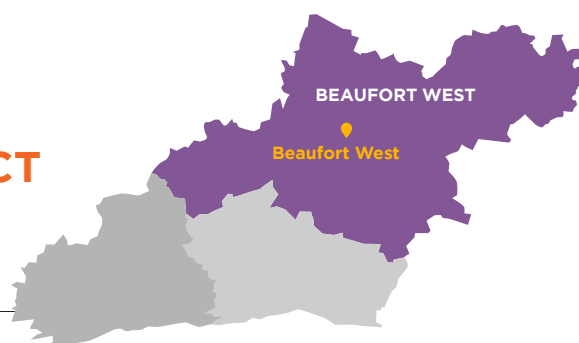
2

SECTORAL GROWTH, EMPLOYMENT AND SKILLS PER MUNICIPAL AREA

2.1 INTRODUCTION

This chapter provides a macroeconomic overview of the CKD economy at a municipal level and describes the trends between 2015 and 2020. The chapter also considers employment and skill levels.

2.2 CENTRAL KAROO DISTRICT BEAUFORT WEST



GDP

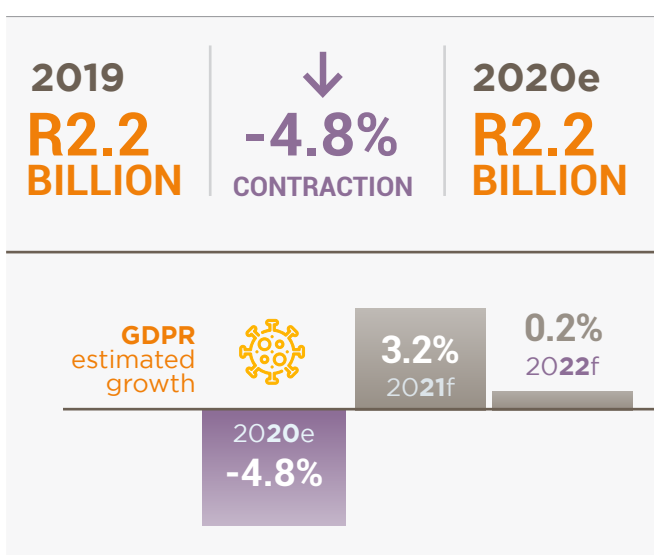
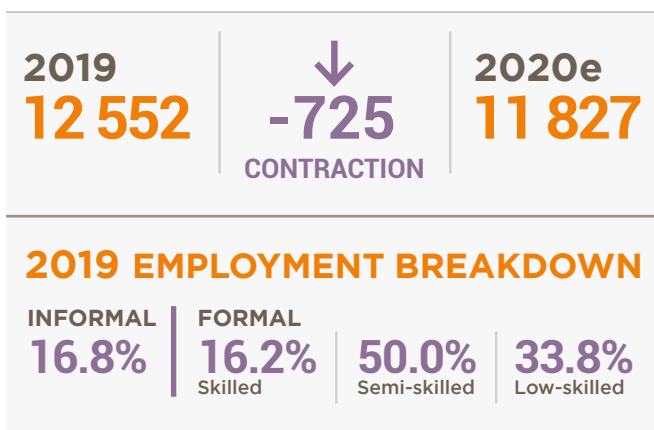


Diagram 2.1

GDP (CURRENT PRICES) AND EMPLOYMENT,
Beaufort West, 2019 and 2020e

JOBS



Source: Quantec Research, 2021; Urban-Econ based on Quantec, SARB, Stats SA and BFAP, 2021 (e denotes estimate, f denotes forecast)

The Beaufort West municipal area is approximately 21 916km² and comprises 56.4 per cent of the total CKD geographical area.⁷ The Beaufort West municipal area is spatially the largest area in the District. The town of Beaufort West is the economic hub of the CKD and thus serves as a popular rest and service area for travellers on the N1. Other small towns in the municipal area include Merweville, Murraysburg and Nelspoort.

2.2.1 GDP and employment performance

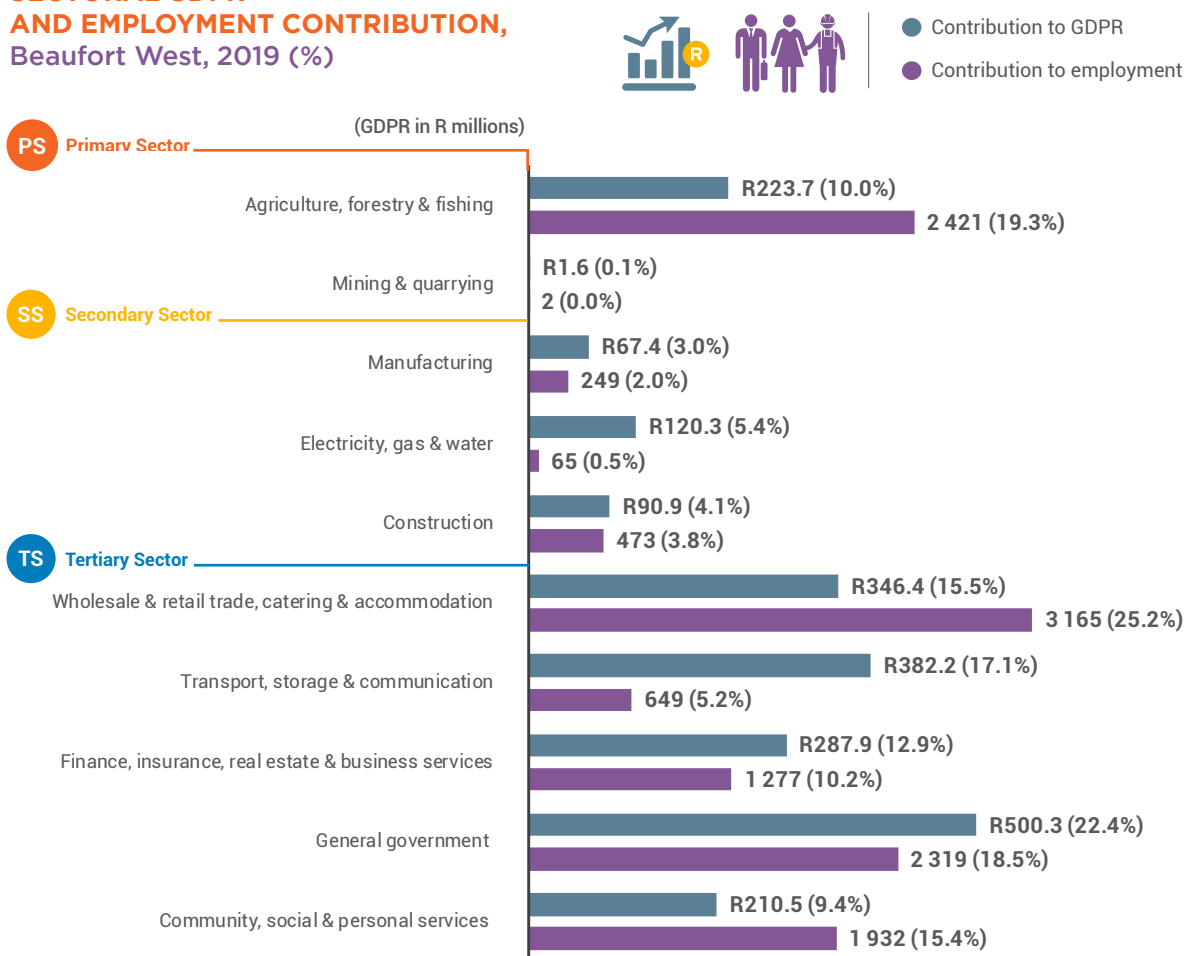
In 2019, the economy of the municipal area was valued at R2.2 billion (current prices) and employed 12 552 workers. It is estimated that in 2020 the economy contracted by 4.8 per cent, while 725 jobs were lost. It is forecast that the municipal economy will recover partially in 2021 with a 3.2 per cent growth rate, while it is expected to stagnate in 2022 with a forecast of 0.2 per cent. This highlights the challenging economic conditions that were prevalent in the Beaufort West municipal area prior to the COVID-19 pandemic.

⁷ (MDB, 2018).

Figure 2.1 illustrates sectoral contributions to GDP and employment in the Beaufort West municipal area in 2019.

Figure 2.1

**SECTORAL GDP
AND EMPLOYMENT CONTRIBUTION,
Beaufort West, 2019 (%)**



Source: Quantec Research, 2021


The general government sector contributed the most to GDP (22.4 per cent), which can be linked to the location of the District Municipal Offices in Beaufort West, as well as the offices of other national government departments. Since the N1 that traverses the municipal area is a major transport route for freight and people, the transport sector is also a prominent economic sector, with a 17.1 per cent contribution to GDP. The trade sector employed the most workers in the municipal area (25.2 per cent) during 2019. Agriculture was the second-highest contributor to employment within the municipal area, with 19.3 per cent.

The economy of the Beaufort West municipal area consists of a mix between capital-intensive and labour-intensive sectors. The capital-intensive sectors have a smaller contribution to employment compared with their GDP contribution and include sectors such as manufacturing, electricity, gas and water, construction, transport, finance and general government. Inversely, the labour-intensive sectors have a larger contribution to employment compared with their GDP contribution. These sectors are agriculture, trade and community services.

Table 2.1 describes the GDPR and employment performance per sector for the period 2015 to 2019 and gives an estimate for 2020 for the Beaufort West municipal area.

Table 2.1

GDPR AND EMPLOYMENT PERFORMANCE PER SECTOR, Beaufort West

		GDPR		Employment	
		Trend 2015 – 2019	Real GDPR growth 2020e	Average annual change 2015 – 2019	Net change 2020e
SECTOR					
PS	Primary Sector	-2.8%	10.7%	77	-73
	Agriculture, forestry & fishing	-2.9%	10.8%	77	-73
	Mining & quarrying	0.5%	-17.6%	0	0
SS	Secondary Sector	-0.3%	-12.8%	-11	-94
	Manufacturing	0.4%	-10.3%	-2	-16
	Electricity, gas & water	0.2%	-6.2%	0	-3
	Construction	-1.3%	-22.0%	-9	-75
TS	Tertiary Sector	0.5%	-6.3%	70	-558
	Wholesale & retail trade, catering & accommodation	-0.2%	-11.3%	41	-280
	Transport, storage & communication	-1.2%	-16.9%	-1	-38
	Finance, insurance, real estate & business services	2.2%	-3.6%	2	-86
	General government	1.0%	1.0%	7	26
	Community, social & personal services	0.7%	-2.9%	21	-180
Total Beaufort West		-0.1%	-4.8%	136	-725

Source: Quantec Research, 2021 (e denotes estimate)

The Beaufort West municipal economy contracted at an average annual rate of 0.1 per cent per annum between 2015 and 2019. Despite this, employment creation was positive, with 136 new jobs on average per annum over the reference period. The tertiary sector had the highest economic growth rate in the Beaufort West municipal area between 2015 and 2019 (0.5 per cent). Finance (2.2 per cent) and general government (1.0 per cent) were the sectors that had the most economic growth in the municipal area between 2015 and 2019.

The tertiary sector contributed an average of 70 jobs annually between 2015 and 2019, with trade creating the most jobs (41 jobs) during this period. The secondary sector was under pressure, with the average annual number of jobs contracting by 11 between 2015 and 2019. The largest contributor was the primary sector, with 77 jobs, with all the jobs created in the agriculture sector. However, this sector suffered the largest GDPR contraction (2.9 per cent) between 2015 and 2019. The sharp decline in the agriculture sector was the result of the recurring drought conditions experienced in the Western Cape from 2018. The drought had a direct impact on the CKD, as it caused the Leeu-Gamka Dam to dry up completely by October 2018. The Leeu-Gamka Dam is located near the town of Beaufort West and is used for irrigation purposes.⁸

⁸ (Western Cape Government, 2019).

It is estimated that COVID-19 had a substantial impact on the Beaufort West municipal area. The secondary sector is estimated to have contracted by 12.8 per cent in 2020, while the tertiary sector contracted by 6.3 per cent. The dominant economic sectors in the municipal area, such as transport and finance, contracted by 16.9 per cent and 3.6 per cent respectively. The only two sectors that recorded positive growth during the COVID-19 pandemic in 2020 was agriculture, with a 10.8 per cent increase, and general government, with a 1.0 per cent increase. The largest agricultural enterprise in the Beaufort West municipal area is sheep farming (mutton). The growth in this sector could be aligned to the high mutton prices in 2020.⁹

It is estimated that 725 jobs were lost in 2020 in the municipal area owing to the economic distress caused by the impacts of COVID-19. The tertiary sector lost the largest number of workers (558 jobs), with the trade sector contracting by 280 jobs. The labour-intensive agriculture sector was also substantially affected, with an estimated 73 job losses during 2020.¹⁰ The strong GDPR growth in the sector as a result of improved meat prices did not have a positive impact on job creation. The only sector that employed additional workers in 2020 was the general government sector, with 26 jobs created.



⁹ (Agriculture Market Trends, 2020).

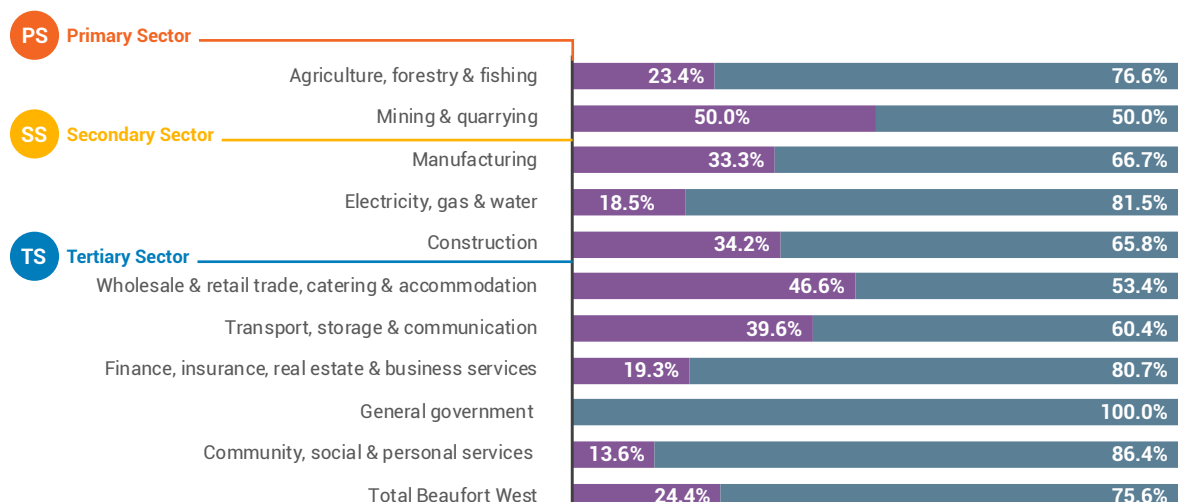
¹⁰ It should be noted, however, that in 2015 a new master sample was implemented in the Quarterly Labour Force Survey (QLFS), which may have impacted the data owing to variations in its design (Stats SA, 2015). Mechanisation and changes to minimum wage regulation also impacts job creation in this sector.

Figure 2.2 illustrates the employment distribution of the Beaufort West municipal area in 2019.

Figure 2.2
INFORMAL EMPLOYMENT DISTRIBUTION,
Beaufort West, 2019 (%)



● Proportion informal employment
● Proportion formal employment



Source: Quantec Research, 2021

It is evident that the municipal area is largely a formal sector economy, with 75.6 per cent of workers employed in the formal sector in 2019. However, the informal sector¹¹ still has a significant role to play in the local economy. Sectors that have an above-average proportion of informal sector workers include the trade sector (46.6 per cent), the transport sector (39.6 per cent) and the construction sector (34.2 per cent). A total of 24.4 per cent of workers in the municipal area were employed in the informal sector in 2019.



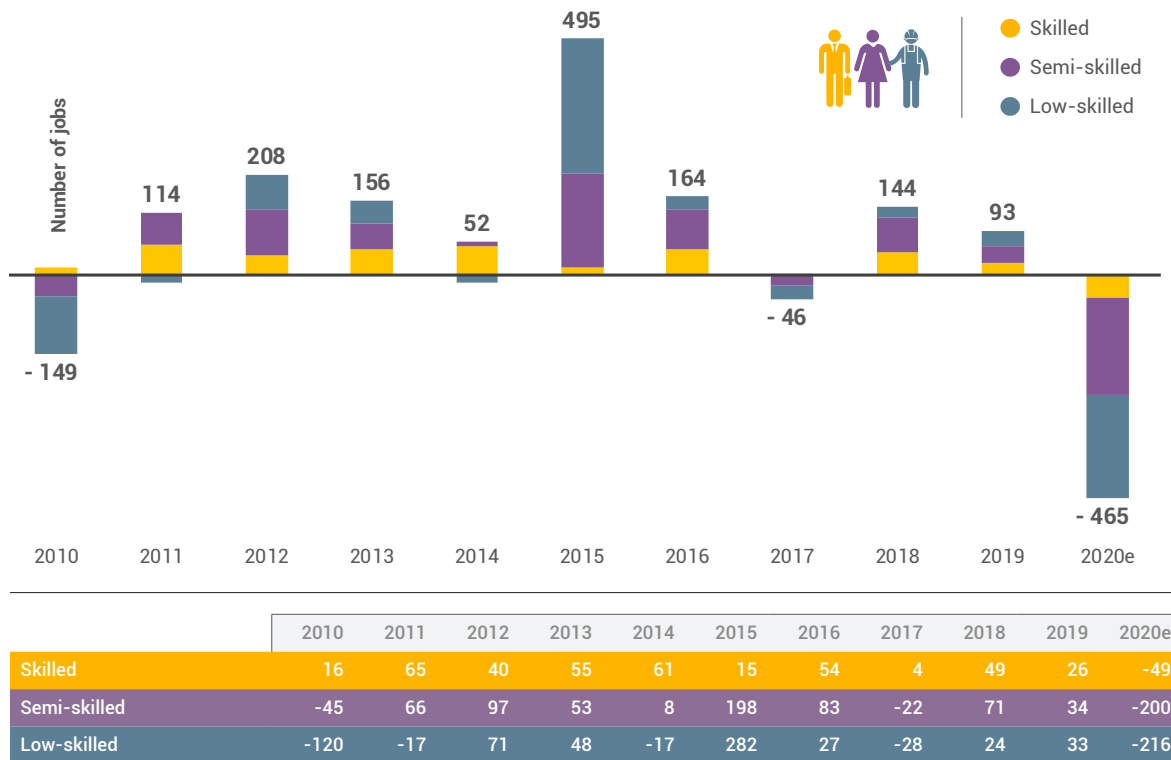
¹¹ The number of informal sector workers is determined by using labour data from the Quarterly Employment Statistics (QES) and the Quarterly Labour Force Survey (QLFS). Quantec uses the QES formal figure, to which it adds the number of formal agricultural and domestic workers. Using the total employment from the QLFS, informal employment is calculated as a residual. This residual is higher than the figure given in the QLFS owing to the inclusion of small, medium and micro enterprises, which are not accounted for in the QES.

2.2.2 Skills analysis

Figure 2.3 shows the changes in employment by skill levels in the Beaufort West municipal area between 2010 and 2020.

Figure 2.3

EMPLOYMENT GROWTH BY SKILL LEVELS, Beaufort West, 2010 – 2020



Source: Quantec Research, 2021 (e denotes estimate)

The number of people in formal employment in the municipal area decreased in 2010, with a total of 149 job losses. In 2010, some skilled workers were added to the local economy (16 jobs). In 2011, job creation improved for skilled and semi-skilled workers, while low-skilled workers (17 jobs) lost even more positions.

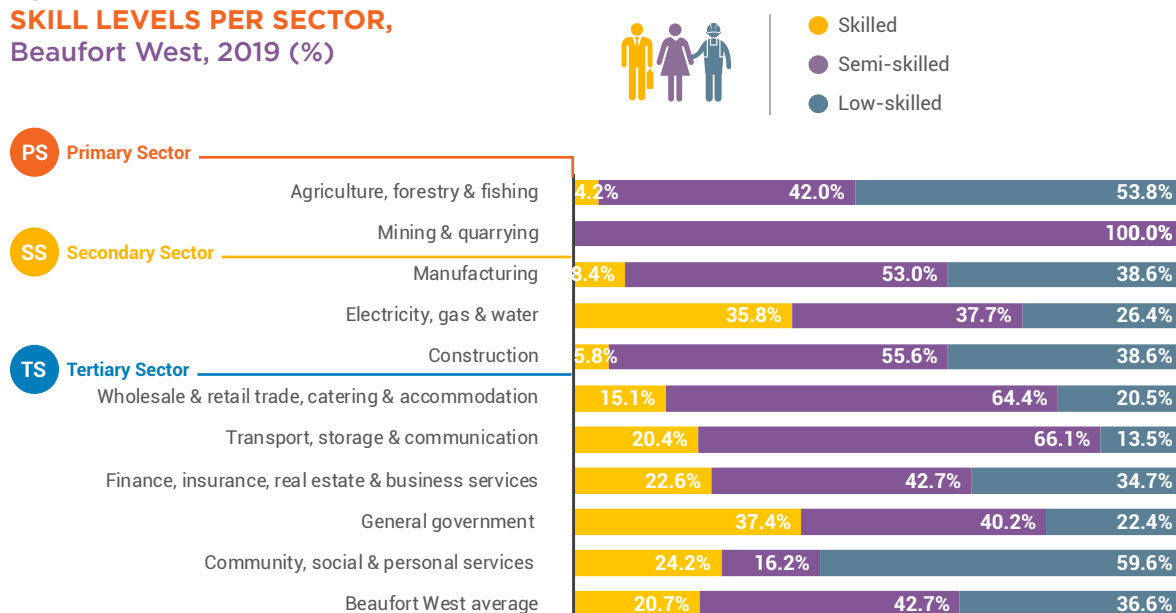
The demand for labour, mainly semi-skilled and low-skilled, spiked upwards (495 jobs) in 2015¹² after poor growth (52 jobs) in 2014. In 2017, however, the number of jobs declined (46 jobs). The steep decline in the creation of employment between 2015 and 2017 can be attributed to the deepening drought conditions that prevailed during that period. The impact of COVID-19 on the various skill levels indicated that most job losses were in the low-skilled and semi-skilled environment, with 216 and 200 jobs lost respectively. The job losses during 2020 were significantly greater than during other periods of job losses in the Beaufort West municipal area.

¹² It should be noted that in 2015 a new master sample was implemented in the Quarterly Labour Force Survey (QLFS), which may have impacted the data owing to variations in its design (Stats SA, 2015).

The skill level of employed people by sector in 2019 is illustrated in Figure 2.4 below. Overall, a substantial proportion (42.7 per cent) of the Beaufort West municipal area's working population were semi-skilled. The second-largest group of the labour force was low-skilled (36.6 per cent), and skilled workers accounted for 20.7 per cent of employed people.

Figure 2.4

**SKILL LEVELS PER SECTOR,
Beaufort West, 2019 (%)**



Source: Quantec Research, 2021

The general government sector as well as the electricity, gas and water sector employed a substantial number of skilled (37.4 per cent and 35.8 per cent respectively) and semi-skilled (40.2 per cent and 37.7 per cent respectively) people.

The community services sector (59.6 per cent), as well as the agriculture sector (53.8 per cent), employed a large number of low-skilled workers. Semi-skilled workers are also needed in these fields. The nature of the work done in these two areas explains the low level of skills necessary.

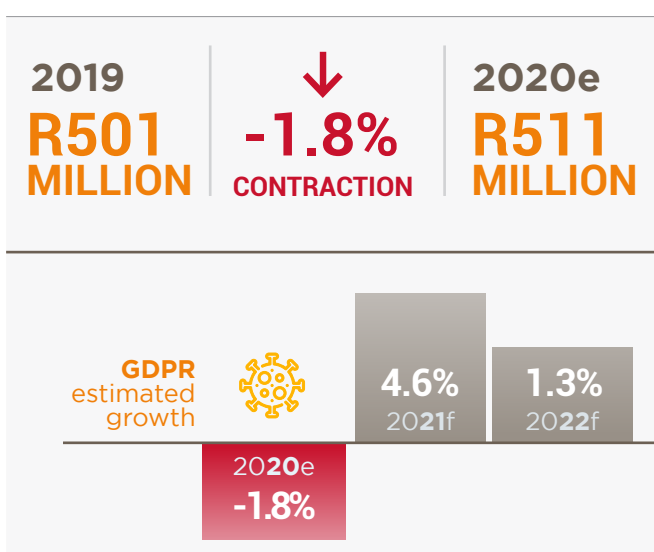
Agriculture is an important economic sector in the Beaufort West Municipality, especially with its strong economic contribution in 2020, and it employs the second-largest number of low-skilled workers. Low-skilled workers, however, are the most vulnerable to job losses as a result of external impacts, given the area's propensity for drought. The municipality should, where possible, focus on training programmes to help the people in the municipal area to gain additional skills to ensure that they have the opportunity to work in different sectors as the economic conditions change.



2.3 CENTRAL KAROO DISTRICT PRINCE ALBERT



GDPR



The Prince Albert municipal area spans 8 153km² on the southern edge of the Great Karoo.¹³ The municipal area borders the Eastern Cape to the east. The town of Prince Albert is the economic hub of the municipal area. Other smaller towns in the municipal area are Leeu-Gamka and Klaarstroom. The Prince Albert municipal area is renowned for its outdoor activities, as well as sheep, and olive and fruit farms.

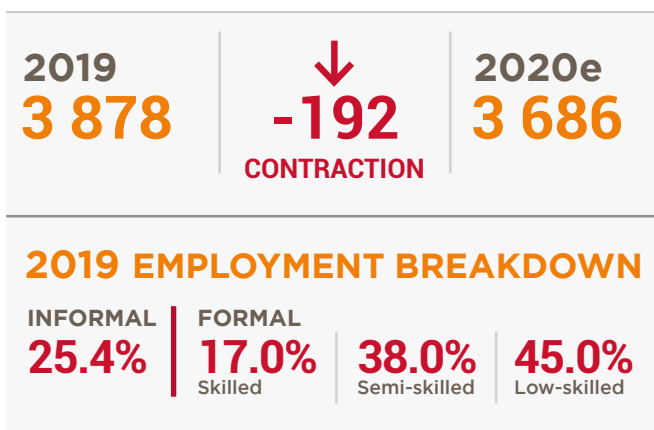
2.3.1 GDPR and employment performance

In 2019, the economy of the Prince Albert Municipality was valued at R500.5 million (current prices), with 3 878 people employed in the area. The contraction in GDPR at current prices between 2019 and 2020 was as a result of the impacts of COVID-19. In real terms it is estimated that the GDPR contracted by 1.8 per cent in 2020. Together with the economic contraction, 192 jobs were lost in the municipal area. The economy is forecast to recover by 4.6 per cent in 2021, benefiting from the strong growth anticipated in the agriculture sector. Growth is expected to decrease to 1.3 per cent in 2022.

Diagram 2.2

GDPR (CURRENT PRICES) AND EMPLOYMENT, Prince Albert, 2019 and 2020e

JOBS



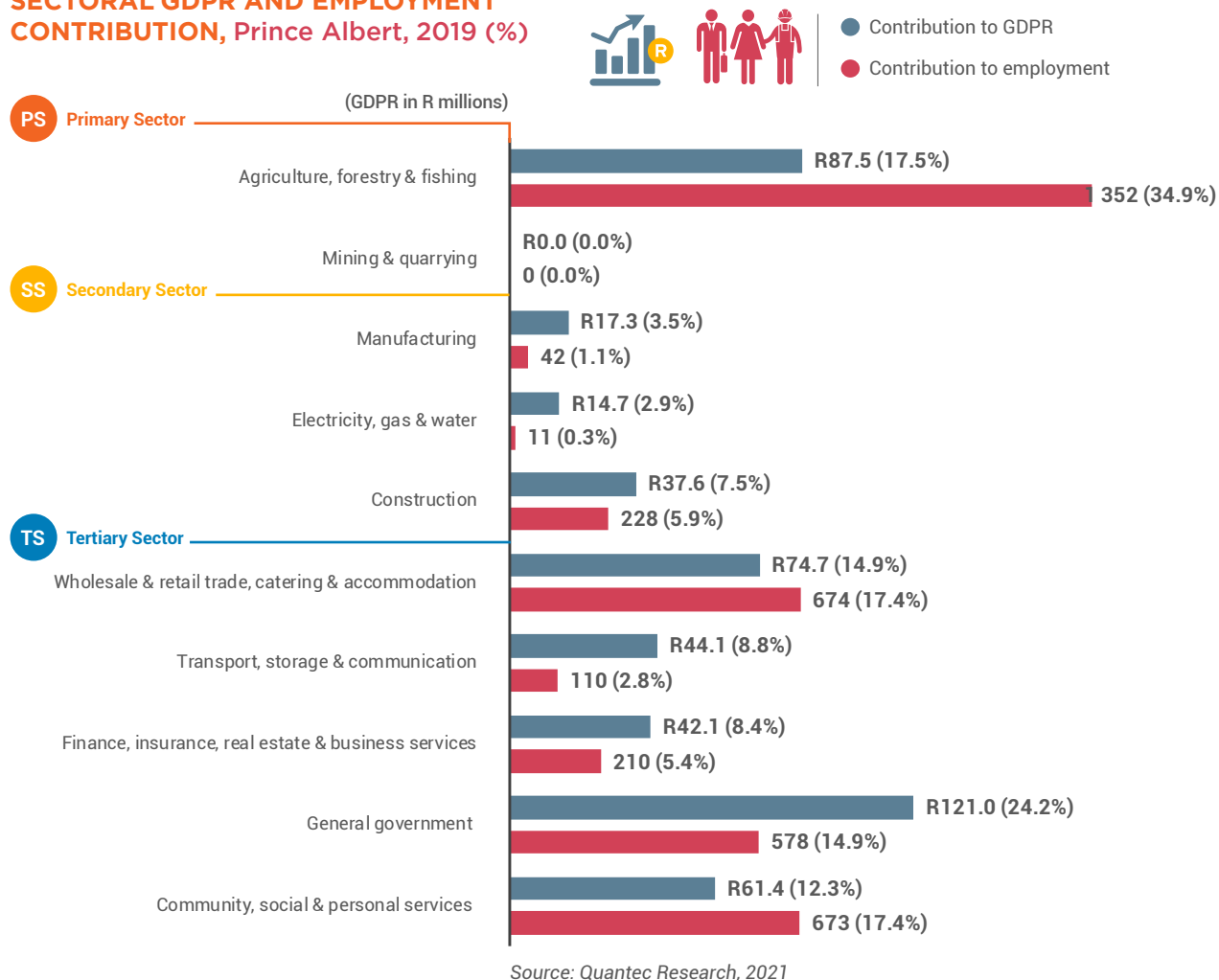
Source: Quantec Research, 2021; Urban-Econ based on Quantec, SARB, Stats SA and BFAP, 2021 (e denotes estimate, f denotes forecast)

¹³ (MDB, 2018).

Figure 2.5 shows the contribution of the different sectors to GDP and employment in the Prince Albert municipal area in 2019.

Figure 2.5

SECTORAL GDP AND EMPLOYMENT CONTRIBUTION, Prince Albert, 2019 (%)





The general government sector (24.2 per cent) contributed the most GDP to the local economy in 2019 and is also a significant source of local employment (14.9 per cent). However, in the same year, the agriculture sector was the largest contributor to employment (34.9 per cent) and the second-largest contributor to local GDP (17.5 per cent). The economy's significant reliance on the general government and agriculture sectors makes for a volatile economy, as the general government sector is affected by fiscal limitations, which affect municipal expenditure and the economy. Agricultural production is also sensitive to a variety of external variables. Economic diversification is required, and this will result in a more resilient local economy that is less vulnerable to external shocks.

There are currently no mining sector activities taking place in the Prince Albert municipal economy. The manufacturing sector and the electricity, gas and water sector generate just a small amount of GDP and job development. The significant agriculture sector, combined with a limited manufacturing sector, indicates that local resources in the Prince Albert municipal region are not being benefitted.

Table 2.2 describes the performance of GDPR and employment in the Prince Albert municipal area between 2015 and 2020.

Table 2.2

GDPR AND EMPLOYMENT PERFORMANCE PER SECTOR, Prince Albert

 		GDPR		Employment	
SECTOR		Trend 2015 – 2019	Real GDPR growth 2020e	Average annual change 2015 – 2019	Net change 2020e
PS	Primary Sector	-2.6%	11.6%	37	-42
	Agriculture, forestry & fishing	-2.6%	11.6%	37	-42
	Mining & quarrying	-	-	0	0
SS	Secondary Sector	0.6%	-13.4%	-2	-41
	Manufacturing	3.2%	-2.6%	0	-4
	Electricity, gas & water	2.2%	-4.4%	0	-1
	Construction	-1.0%	-21.7%	-1	-36
TS	Tertiary Sector	1.9%	-4.1%	59	-109
	Wholesale & retail trade, catering & accommodation	-0.2%	-10.7%	13	-51
	Transport, storage & communication	1.6%	-14.8%	2	-3
	Finance, insurance, real estate & business services	3.8%	-2.2%	6	-9
	General government	2.2%	2.0%	7	10
	Community, social & personal services	2.6%	-1.4%	20	-56
Total Prince Albert		0.6%	-1.8%	84	-192

Source: Quantec Research, 2021 (e denotes estimate)

The economy of the Prince Albert municipality was relatively stagnant between 2015 and 2019, growing at an average annual rate of 0.6 per cent. The area was largely affected by the drought that occurred in the reference period. Between 2015 and 2019, the tertiary sector had the largest growth rate, with 1.9 per cent per annum. The finance sector contributed the most (3.8 per cent), followed by the community services sector (2.6 per cent). The secondary sector grew by 0.6 per cent, while the primary sector contracted by 2.6 per cent in the same period.

It is estimated that the Prince Albert municipal area contracted by 1.8 per cent in 2020. The tertiary sector is estimated to have contracted by 4.1 per cent in total, with the trade sector contracting by 10.7 per cent. It is estimated that the general government sector grew by 2.0 per cent in the same year, mainly as a result of increased expenditure on social support services, as well as PPE owing to COVID-19. The agriculture sector is estimated to have grown by 11.6 per cent in 2020, which could be due to the prevalence of sheep farms in the municipal area and the soaring prices of livestock in 2020. In terms of employment trends between 2015 and 2019, the municipal area created an average of 84 jobs annually. The agriculture sector is labour-intensive and thus the leading sector in terms of employment creation, with an average

of 37 jobs created annually. The tertiary sector created an average of 59 jobs annually in the same period, with the community services sector creating an average of 20 jobs annually. The COVID-19 pandemic impacted the local municipality significantly, with an estimated 192 jobs lost in 2020. Most jobs were lost in the community services sector (56 jobs), followed by the trade sector (51 jobs). The only sector that created additional jobs during 2020 in the municipal area was the general government sector (an estimated 10 jobs).

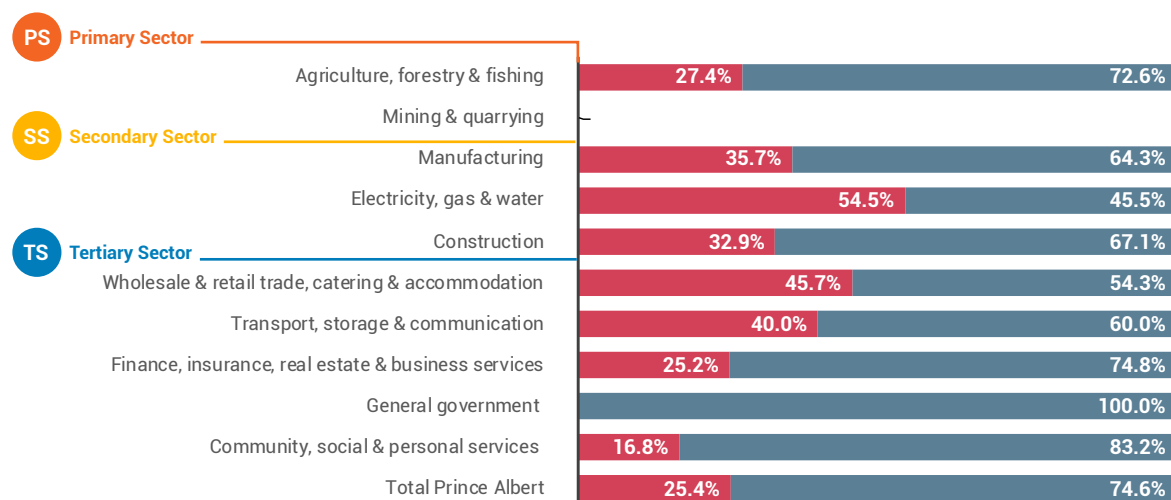
Figure 2.6 illustrates the employment distribution in the Prince Albert municipal area in 2019.

Figure 2.6

**INFORMAL EMPLOYMENT DISTRIBUTION,
Prince Albert, 2019 (%)**



● Proportion informal employment
● Proportion formal employment



Note: Employment in the mining and quarrying sector is zero
Source: Quantec Research, 2021

On average, the majority (74.6 per cent) of the Prince Albert municipal area's employment was formal in 2019. However, some sectors had a substantial proportion of informal sector workers, including the electricity, gas and water sector (54.5 per cent), the trade sector (45.7 per cent), the transport sector (40.0 per cent), the manufacturing sector (35.7 per cent) and the construction sector (32.9 per cent). The informal sector contributes to improved livelihood opportunities and poverty alleviation in the municipal area.

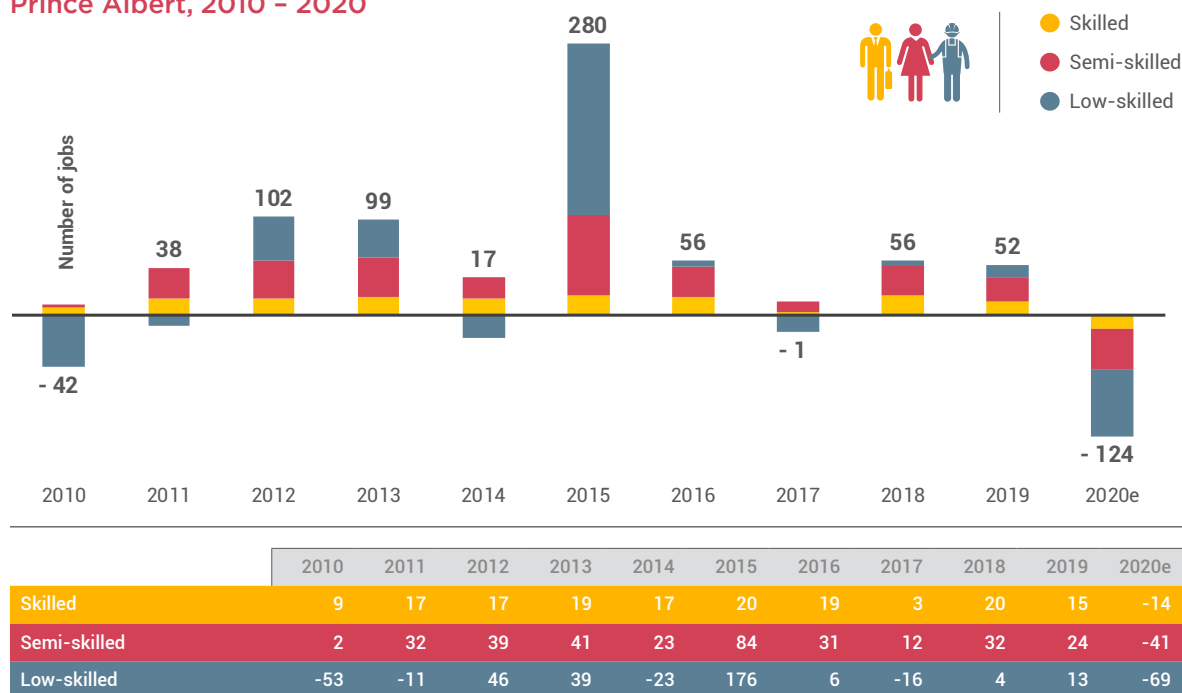


2.3.2 Skills analysis

This subsection considers the employment dynamics by skill levels between 2010 and 2020 in the Prince Albert municipal area. Figure 2.7 illustrates that the Prince Albert municipal area's employment growth follows the same trend as the District level.

Figure 2.7

EMPLOYMENT GROWTH BY SKILL LEVELS, Prince Albert, 2010 – 2020



Source: Quantec Research, 2021 (e denotes estimate)

In 2010, several job losses were experienced in the municipal area for low-skilled workers (53 jobs). However, nine skilled jobs were created in the same year. In 2011, employment of low-skilled workers continued to decline, while some additional jobs were created for skilled and semi-skilled workers.

In 2015, the Prince Albert municipal area created the most jobs (280 jobs) for the period under consideration. Most of these were for low-skilled and semi-skilled workers.¹⁴ However, between 2015 and 2019, the number of new jobs decreased dramatically. Drought conditions in the region had a severe negative impact on job creation. As a result, the number of new jobs created from 2018 to 2019 virtually remained unchanged. The estimated number of formal jobs lost during the COVID-19 pandemic in 2020 is 124 jobs, including 69 jobs for low-skilled workers, 41 jobs for semi-skilled workers and 14 jobs for skilled workers.

¹⁴ It should be noted that in 2015 a new master sample was implemented in the Quarterly Labour Force Survey (QLFS), which may have impacted the data owing to variations in its design (Stats SA, 2015).

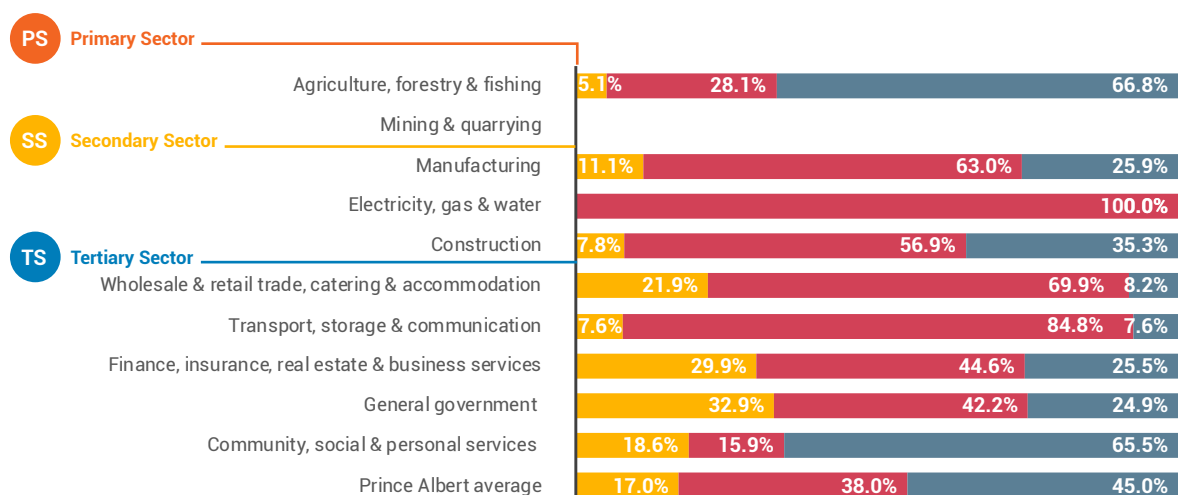
Figure 2.8 depicts the Prince Albert municipal area's skill levels by sector for 2019 for formally employed workers.

Figure 2.8

SKILL LEVELS PER SECTOR, Prince Albert, 2019 (%)



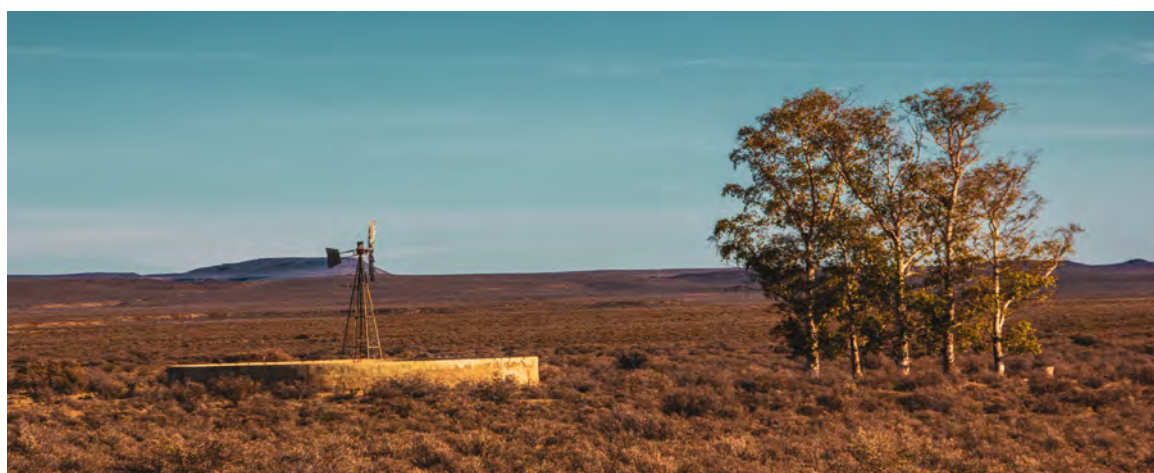
● Skilled
● Semi-skilled
● Low-skilled



Note: Employment in the mining and quarrying sector is zero
Source: Quantec Research, 2021

In 2019, low-skilled workers accounted for 45.0 per cent of all employed people within the municipal area. Semi-skilled workers made up 38.0 per cent of the workforce, while skilled workers made up 17.0 per cent. One of the primary impediments for formal business is the lack of skills in the local area. The general government sector was the largest contributor to the Prince Albert municipal area's economy, mostly employing semi-skilled people (42.2 per cent), followed by skilled workers (32.9 per cent).

Agriculture is a key sector in the Prince Albert municipal area, with formal employment making up most of this sector (72.6 per cent) in 2019. Most workers in this sector, however, are low-skilled (66.8 per cent). Job losses in this sector will therefore have a significant impact on poverty levels, migration to towns and, subsequently, the need for housing and other services. The community services sector also employed a considerable number of low-skilled workers (65.5 per cent).



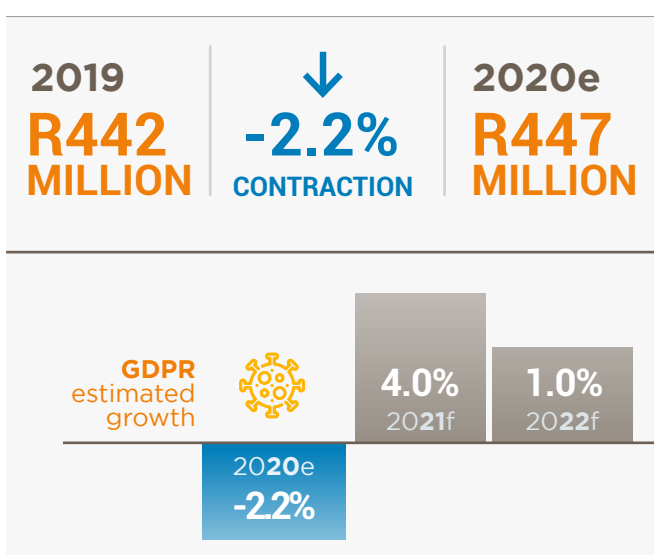




2.4 CENTRAL KAROO DISTRICT LAINGSBURG



GDPR



The Laingsburg municipal area is situated furthest west in the CKD. Spatially, it covers a land area of 8 784km² and borders the Northern Cape to the north. The area is sparsely populated and is characterised by vast farmlands. The municipal area consists of three towns: Laingsburg, which is the economic hub, Matjiesfontein, a popular tourist destination, and Vleiland.

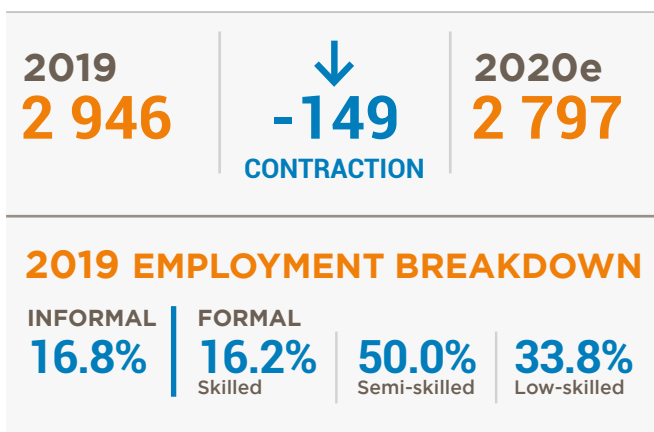
2.4.1 GDPR and employment performance

In 2019, the economy of the Laingsburg municipal area was valued at R441.7 million (current prices), with 2 946 people employed in the area. The estimate for 2020 indicates a GDPR contraction of 2.2 per cent, with 149 job losses. It is forecast that the municipal area's economy will recover with growth of 4.0 per cent in 2021, while GDPR growth of 1.0 per cent is forecast for 2022.

Diagram 2.3

**GDPR (CURRENT PRICES) AND EMPLOYMENT,
Laingsburg, 2019 and 2020e**

JOBS

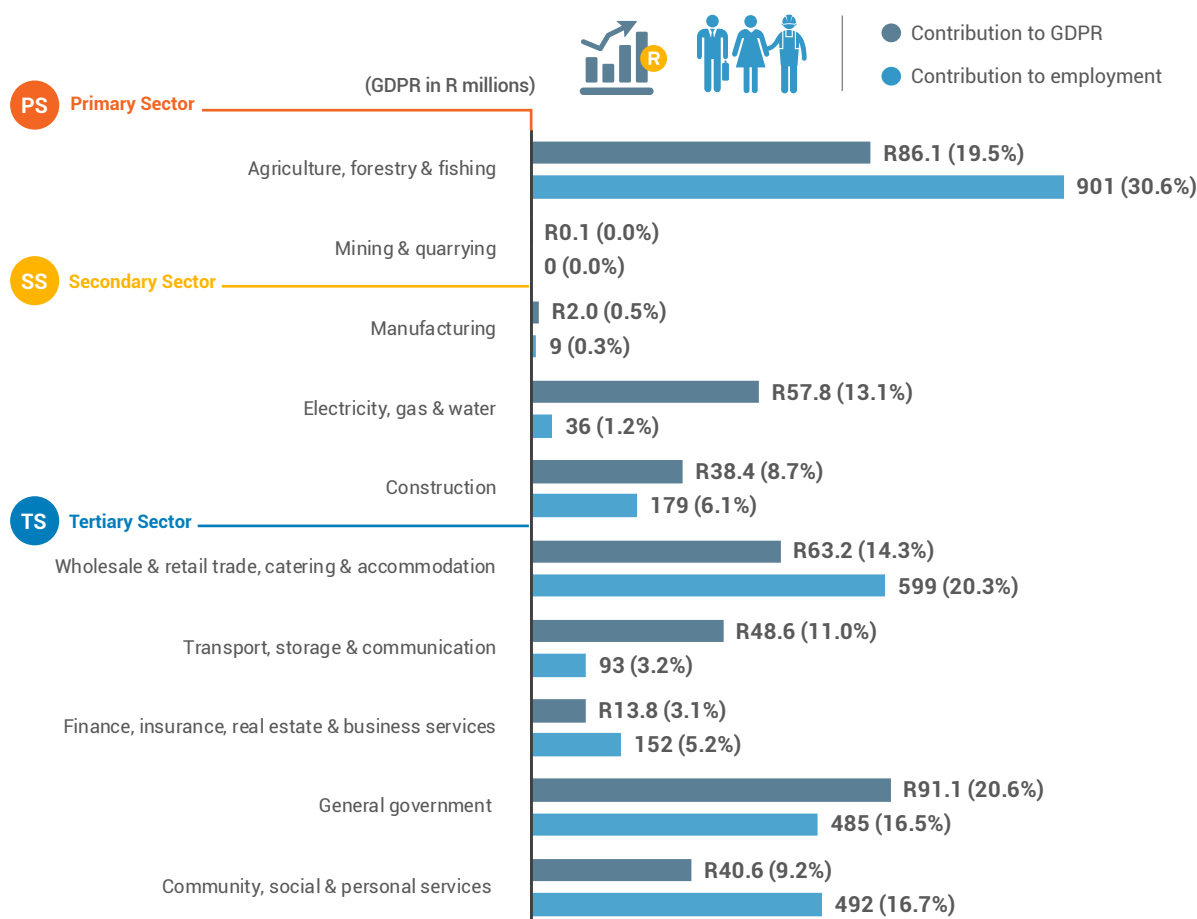


Source: Quantec Research, 2021; Urban-Econ based on Quantec, SARB, Stats SA and BFAP, 2021 (e denotes estimate, f denotes forecast)

Figure 2.9 portrays the sectoral contribution of the Laingsburg municipality to GDP and employment in the local municipality in 2019.

Figure 2.9

SECTORAL GDP AND EMPLOYMENT CONTRIBUTION, Laingsburg, 2019 (%)



Source: Quantec Research, 2021


The general government sector contributed the largest share to GDP (20.6 per cent) and contributed 485 jobs. The second-largest contributor to GDP was the agriculture sector (19.5 per cent), which was by far the largest employer, with 30.6 per cent of the total workforce. The trade sector was the second-largest contributor to employment (20.3 per cent).

Capital-intensive sectors included manufacturing, electricity, gas and water, construction, transport and general government, because their contribution to GDP was larger than their contribution to employment. Labour-intensive sectors for the municipal area included agriculture, trade, finance and community services.

Table 2.3 describes the sectoral performance of the Laingsburg municipal area's contribution to GDP and employment between 2015 and 2020.

Table 2.3

GDPR AND EMPLOYMENT PERFORMANCE PER SECTOR, Laingsburg

		GDPR		Employment	
SECTOR		Trend 2015 – 2019	Real GDP growth 2020e	Average annual change 2015 – 2019	Net change 2020e
PS	Primary Sector	-3.1%	10.3%	30	-30
	Agriculture, forestry & fishing	-3.1%	10.3%	30	-30
	Mining & quarrying	-2.2%	-20.5%	0	0
SS	Secondary Sector	2.1%	-11.8%	7	-23
	Manufacturing	-1.3%	-8.6%	0	0
	Electricity, gas & water	1.4%	-5.6%	1	-1
	Construction	3.2%	-19.1%	6	-22
TS	Tertiary Sector	1.5%	-5.0%	46	-96
	Wholesale & retail trade, catering & accommodation	0.6%	-10.2%	18	-59
	Transport, storage & communication	-0.1%	-16.1%	3	-3
	Finance, insurance, real estate & business services	1.9%	-4.7%	5	-5
	General government	2.2%	2.4%	7	10
	Community, social & personal services	2.7%	-1.3%	13	-39
Total Laingsburg		0.2%	-2.2%	83	-149

Source: Quantec Research, 2021 (e denotes estimate)

With an average annual growth rate of 0.2 per cent between 2015 and 2019, the Laingsburg economy was mostly stagnant. The secondary sector was the largest contributor of GDP in the municipal area between 2015 and 2019, with average annual growth of 2.1 per cent. The construction sector had the largest growth rate (3.2 per cent) within the secondary sector, while the electricity, gas and water sector also showed strong growth of 1.4 per cent per annum. One contributing factor to the growth in the construction sector could be the construction of agricultural and water infrastructure as a means to improve water security in the region.¹⁵ However, the construction sector only created six jobs annually between 2015 and 2019, which indicates that construction projects may have been outsourced to outside contractors. The secondary sector contributed seven jobs annually in the same period.

The tertiary sector accounted for the second-largest share of the Laingsburg municipal area's GDP growth (1.5 per cent) and was the largest contributor to employment, with 46 jobs created annually between 2015 and 2019. The community services sector had the highest growth rate for the tertiary sector, with 2.7 per cent growth, followed by the general government sector (2.2 per cent). The trade sector was the largest contributor to employment in the tertiary sector,

¹⁵ (Laingsburg Municipality, 2020).

with 18 jobs created annually. The opening of a Savers Lane supermarket, Puma and KFC in the Laingsburg municipal area contributed to the increase in employment in this sector.¹⁶

The primary sector contracted at an average annual rate of 3.1 per cent between 2015 and 2019. This decline was the result of the persistent drought conditions experienced in southern Africa from 2018. The drought had a severe and adverse impact on the agriculture sector. However, this sector created the most jobs between 2015 and 2019 in the municipal area (30 jobs per annum).

The agriculture sector and the general government sector are the only sectors in the municipal area that indicated a growth in GDP for 2020, with 10.3 per cent and 2.4 per cent growth respectively. Sheep farming is the largest enterprise within the municipal area, and the increase in mutton prices and the fact that the sector could operate under lockdown level five are the two main reasons for the growth in this sector. Despite the GDP growth in the sector, it is estimated to have lost 30 jobs in 2020. The economy of the municipal area is estimated to have contracted by 2.2 per cent owing to economic pressure in 2020, and a total of 149 jobs are estimated to have been lost in the same year.



INDUSTRY PERFORMANCE

The 110MW Perdekraal wind farm near Matjiesfontein launched in 2020 to become the first Renewable Energy Independent Power Producer Procurement Programme round-four (REI4P) wind energy facility to begin commercial operations.¹⁷ The Province also benefited from the approval of the 128MW Oya Energy Hybrid Facility near Matjiesfontein under the RMI4P.¹⁸ It is anticipated that the Provincial renewable energy generation sector will continue to grow after 2021, with a number of bids having been made in the recently closed REI4P fifth window.¹⁹ Longer-term reforms announced under Operation Vulindlela will also create new opportunities for distributed green electricity generation below utility scale.²⁰



To learn more about Operation Vulindlela:

¹⁶ (Laingsburg Municipality, 2020).

¹⁷ (Perdekraal Wind Farm, 2020).

¹⁸ (IPP office, 2021b).

¹⁹ (IPP office, 2021b).

²⁰ (National Treasury, 2021).

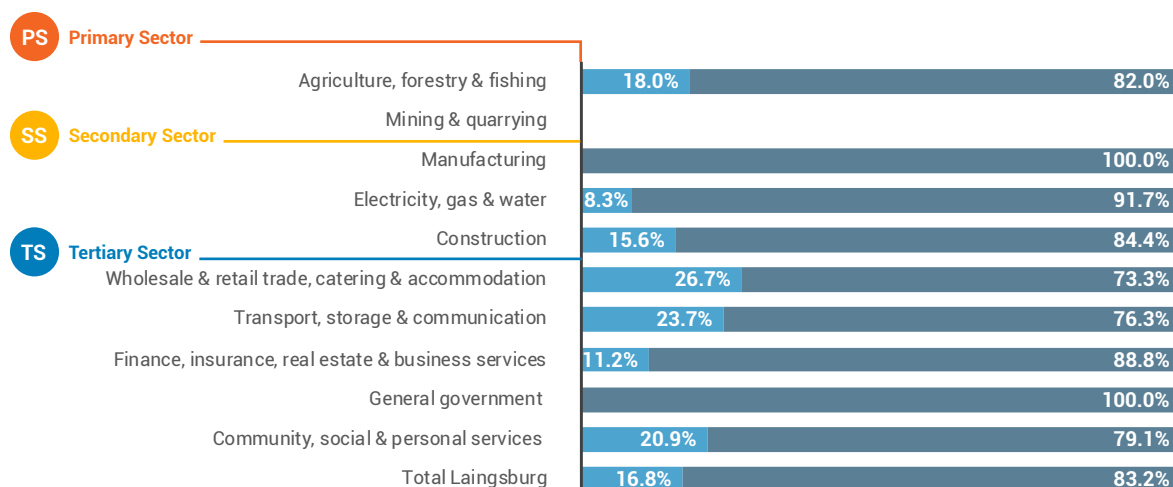
Figure 2.10 illustrates the sectoral employment distribution in the Laingsburg municipal area.

Figure 2.10

INFORMAL EMPLOYMENT DISTRIBUTION, Laingsburg, 2019 (%)



- Proportion informal employment
- Proportion formal employment



Note: Employment in the mining and quarrying sector is zero
Source: Quantec Research, 2021

On average, 83.2 per cent of the municipal area's employment distribution was formal employment in 2019, with only 16.8 per cent of workers being informally employed. The trade (26.7 per cent), transport (23.7 per cent), community services (20.9 per cent) and agriculture (18.0 per cent) sectors contributed a higher proportion of informal employment than the other sectors.

The remoteness of the Laingsburg municipal area poses a challenge for informal and small businesses, as it hampers easy access to supplies. Access to goods is further constrained by the lack of public transport in the area. These challenges make it hard for small and informal businesses alike to be sustainable in the area. Supporting local SMMEs to be able to provide goods and services can be a catalyst for employment creation. However, the number of SMMEs on the Laingsburg Municipality supplier database reduced from 54 in 2019 to 43 in 2020.²¹



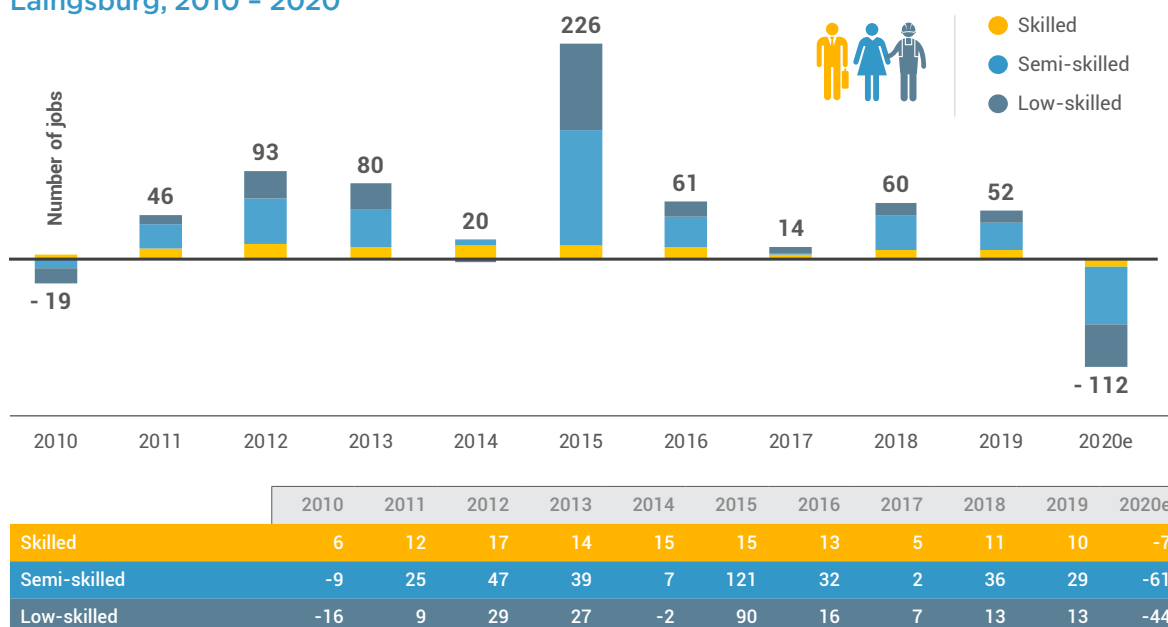
²¹ (Laingsburg Municipality, 2021).

2.4.2 Skills analysis

The changes in employment by skill levels in the Laingsburg municipal area between 2010 and 2020 are illustrated in Figure 2.11 below. Generally, the employment growth trend in the municipal area followed the employment trends at a District level.

Figure 2.11

EMPLOYMENT GROWTH BY SKILL LEVELS, Laingsburg, 2010 – 2020



Source: Quantec Research, 2021 (e denotes estimate)

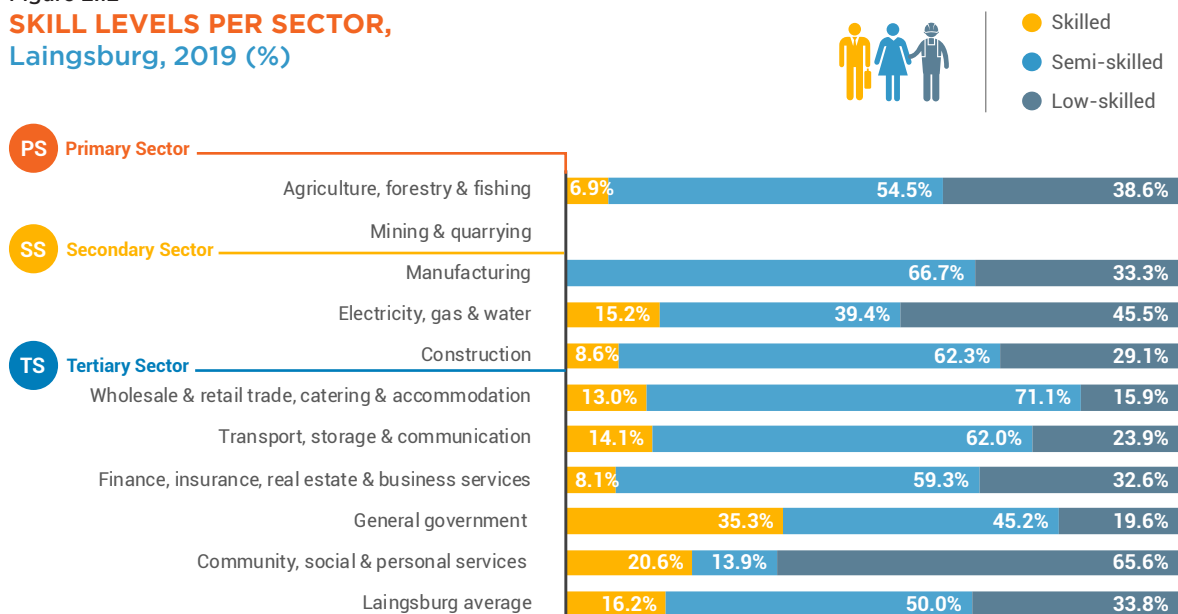
Between 2010 and 2020, the economy of the Laingsburg municipal area created the most employment in 2015.²² Most of the positions were for semi-skilled (121 jobs) and low-skilled (90 jobs) workers, with only a few jobs created for skilled workers (15 jobs). Drought conditions in 2018 resulted in a significant decrease in work opportunities in the municipal area in the following years. It is estimated that 112 formal jobs were lost in 2020, with 61 semi-skilled workers, 44 low-skilled workers and seven skilled workers losing their jobs.



²² It should be noted that in 2015 a new master sample was implemented in the Quarterly Labour Force Survey (QLFS), which may have impacted the data owing to variations in its design (Stats SA, 2015).

Figure 2.12 illustrates sectoral employment by skill levels.

Figure 2.12
SKILL LEVELS PER SECTOR,
Laingsburg, 2019 (%)



Note: Employment in the mining and quarrying sector is zero
Source: Quantec Research, 2021

In the Laingsburg municipal area, semi-skilled workers made up the bulk of employed workers (50.0 per cent). Low-skilled workers accounted for 33.8 per cent of all workers, while the remainder was made up of skilled workers (16.2 per cent). The trade (13.0 per cent), construction (8.6 per cent), agriculture, (6.9 per cent), finance (8.1 per cent) and electricity, gas and water (15.2 per cent) sectors accounted for a below-average portion of the skilled labour force in the municipal area. Notably, the general government sector accounted for the largest share (35.3 per cent) of skilled workers across all the sectors in the Laingsburg municipal area.

The shortage of skills could be related to the municipal area's low literacy levels, resulting in a low-skilled population. The municipality should focus on skills development programmes to improve the population's skill levels.



2.5 CONCLUDING REMARKS

The Beaufort West municipal area had the highest contribution to GDPR in the CKD. The general government sector was the largest contributor to the Beaufort West Municipality (22.4 per cent) in 2019. However, the economy contracted in 2020 and shed 725 jobs. Between 2019 and 2020, the Beaufort West municipal area is estimated to have experienced the biggest economic decline in the CKD (4.8 per cent). The agriculture sector contributed the largest portion to employment between 2015 and 2019, with 77 jobs created annually. It is estimated that the primary sector will be the only sector to have experienced growth in 2020 (10.7 per cent) and that the biggest economic loss was experienced in the secondary sector.

In the Prince Albert municipal area, it is estimated that GDPR declined between 2019 and 2020 owing to the impacts of the COVID-19 pandemic. It is estimated that 192 jobs were lost in 2020 and the municipal area's economy contracted by 1.8 per cent. The general government sector contributed the largest GDPR share to the local economy (24.2 per cent), while the agriculture sector was the biggest contributor to employment (34.9 per cent). The tertiary sector was the largest contributor to the local economy, followed by the secondary sector.

The general government sector contributed the most to GDPR in the Laingsburg municipal areas, while the agriculture sector contributed the most to employment (30.6 per cent). The economy of the municipal area is estimated to have contracted by 2.2 per cent in 2020.

The agriculture sector, trade sector and community services sectors were the most labour-intensive sectors in the CKD, while the remaining sectors were capital-intensive. Most workers in the CKD are classified as semi-skilled workers. However, a high percentage of the municipal area's workers are still low-skilled. This indicates an opportunity to focus on skills development programmes for the workers. This will ensure that they improve their skill levels, equipping them with a diverse skill set for various economic conditions.

The Beaufort West municipal economy will recover partially in 2021, with forecast growth of 3.2 per cent, followed by 0.2 per cent in 2022. The Laingsburg and Prince Albert municipal economies are anticipated to fully recover in 2021, with growth rates of 4.0 per cent and 4.6 per cent respectively.





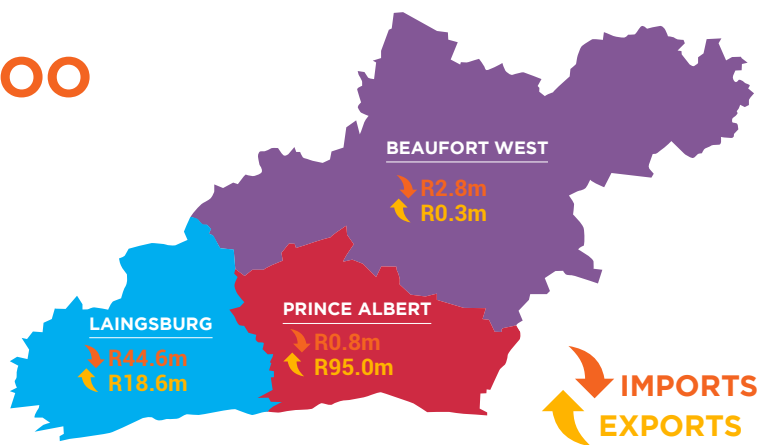
3

TRADE, TOURISM AND INVESTMENT

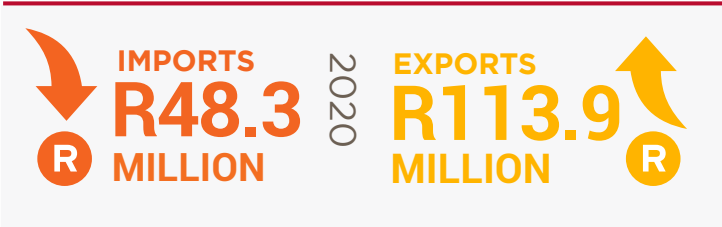
3.1 INTRODUCTION

District and local economies in the CKD are influenced not only by the spending of local households but also by several economic activities within the region. These economic activities include local and international cross-border trade of goods and services, domestic and international tourists visiting towns and attractions within the region, as well as private- and public-sector investments. Therefore, exports, tourism and investments can be considered injections into the economy, while imports are considered leakages.

CENTRAL KAROO TRADE AND TOURISM

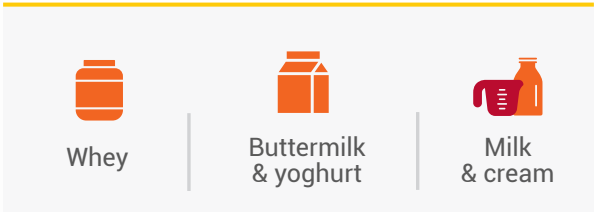


TRADE

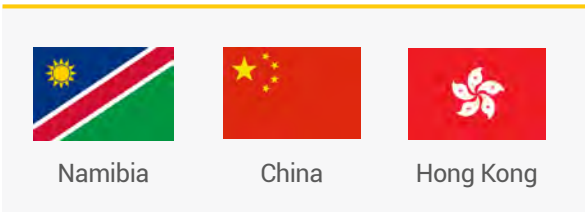


This chapter explores trade, tourism and investment dynamics at a District level and analyses the comparative advantages of the various economic sectors within the District to identify growth opportunities in the CKD.

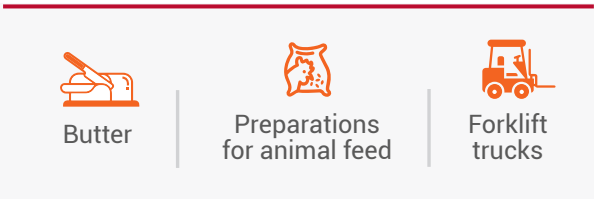
TOP 3 EXPORTED PRODUCTS



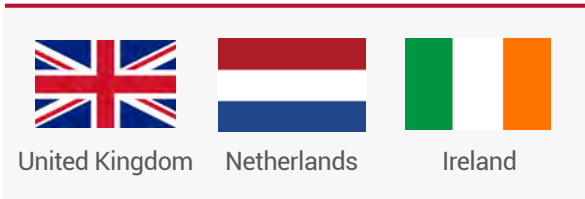
TOP 3 EXPORT DESTINATIONS



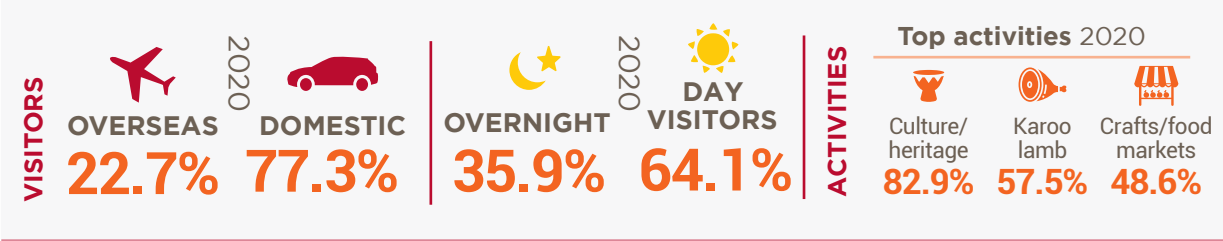
TOP 3 IMPORTED PRODUCTS



TOP 3 IMPORT DESTINATIONS



TOURISM



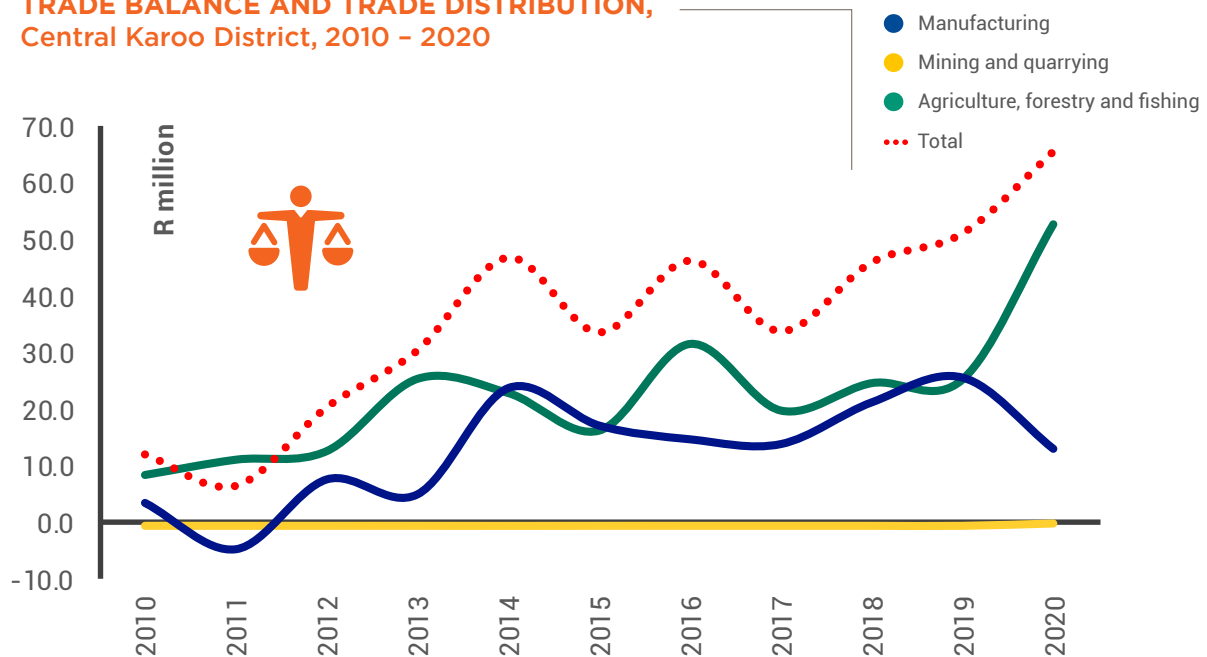
3.2 INTERNATIONAL TRADE

One of the indicators for international trade in an area is the trade balance, which is obtained by subtracting imports from exports. A positive trade balance therefore indicates that the CKD exports more than it imports, and vice versa. Furthermore, a positive trade balance indicates a net inflow of foreign currency, which is beneficial to the economy. Figure 3.1 provides an overview of the trade balance for the CKD between 2010 and 2020.

The figure illustrates the total trade balance, as well as the trade balance for the main sectors that export and import goods, namely agriculture, manufacturing and mining.

Figure 3.1

TRADE BALANCE AND TRADE DISTRIBUTION, Central Karoo District, 2010 – 2020



Source: Quantec Research, 2021

The CKD maintained a positive trade balance between 2010 and 2020, which can largely be attributed to the manufacturing sector and the agriculture sector. The mining sector had no impact on the trade balance during this period. The peak of the trade surplus for the period under review was experienced in 2020 (R65.6 million). This was mainly driven by the agriculture sector, which increased from R25.2 million in 2019 to R52.5 million in 2020.

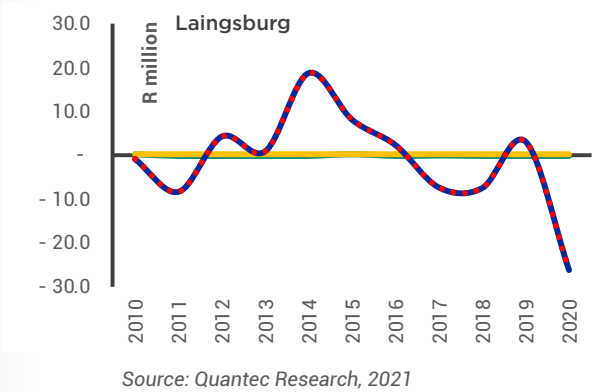
A trade surplus was observed in the manufacturing sector between 2010 and 2019, with the exception of 2011, when the sector experienced a trade deficit of R4.8 million. Between 2019 and 2020 the trade surplus in the sector declined from R25.8 million to R13.1 million.

The manufacturing sector accounted for all of the imports into the District in 2020. The agriculture sector accounted for 46.1 per cent of exports and the manufacturing sector accounted for 53.9 per cent of exports in 2020, with no exports from the mining sector, despite the availability of resources, such as dolerite, gypsum, shale gas and uranium in the CKD.²³

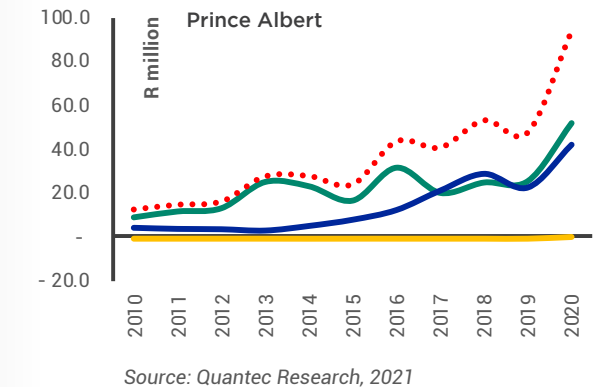
²³ (Cole, Ngcofe & Halenyane, 2014).

Figure 3.2 provides an overview of the trade balance per municipal area in the CKD between 2010 and 2020. The Prince Albert and Beaufort West municipal areas experienced trade surpluses between 2010 and 2020, while the Laingsburg municipal area experienced fluctuations in its trade balance for the period under review.

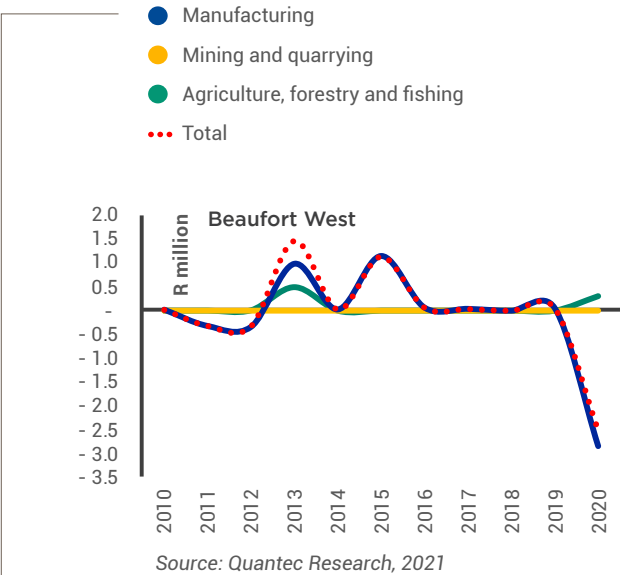
Figure 3.2
TRADE BALANCE PER MUNICIPAL AREA,
Central Karoo District, 2010 – 2020



The Laingsburg municipal area experienced a trade surplus between 2012 and 2016, and again in 2019. Trade deficits were experienced for the remaining period, with the most significant deficit experienced in 2020, when the trade balance changed from a trade surplus of R3.2 million in 2019 to a trade deficit of R26.1 million in 2020. The manufacturing sector, which accounted for all the municipal area's imports and exports in 2020, was the main driver of the municipal area's cyclical trade patterns during the entire period under review.



45.1 per cent respectively of the municipal area's total exports. Interestingly, the manufacturing sector accounted for all the Prince Albert municipal area's imports in 2020. The mining sector had no impact on the trade balance during the entire period of review.



The Beaufort West municipal area recorded minimal trade over the reference period. Substantial trade surpluses were recorded in 2013 (R1.5 million) and 2015 (R1.1 million). The lack of consistent trade from the District illustrates the lack of well-developed value chains that can be used to promote trade. Exports from the District are mainly from the agriculture sector, which accounted for 98.6 per cent of exports in 2020. In 2020, a trade deficit of R2.5 million was recorded mainly as a result of increased manufacturing sector imports (R2.8 million).

The Prince Albert municipal area maintained a trade surplus between 2010 and 2020. The trade surplus increased significantly from R47.8 million in 2019 to R94.2 million in 2020. This was mainly due to increased trade surpluses by the agriculture sector and the manufacturing sector, which contributed 54.9 per cent and

3.2.1

IMPORTS

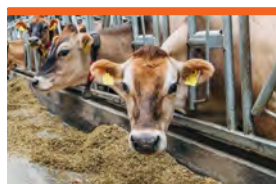


Figure 3.3 illustrates the top 10 import partners of the CKD in 2020.

Table 3.1 shows the value of the top 10 products imported by the CKD and its main trading partners.

Table 3.1
MAIN IMPORT PRODUCTS,
Central Karoo District, 2020

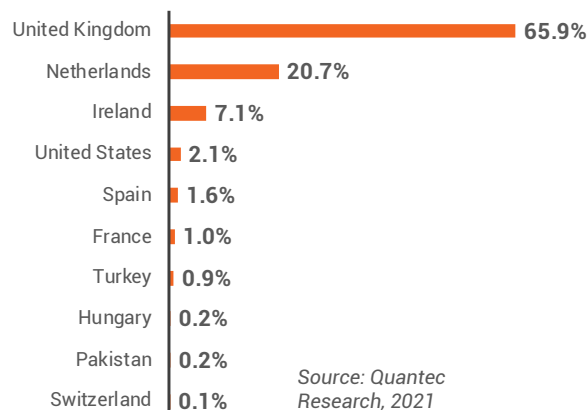
PRODUCT	R million 2020	% share	Main trading partners
Butter and other fats and oils derived from milk; dairy spreads	34.6	71.5%	United Kingdom, Ireland
Preparations of a kind used in animal feeding	10.0	20.7%	Netherlands
Forklift trucks; other works trucks fitted with lifting or handling equipment	1.3	2.7%	Spain, United Kingdom
Harvesting or threshing machinery, including straw or fodder balers; grass or hay mowers; machines for cleaning, sorting or grading eggs, fruit or other agricultural produce	0.9	1.9%	United States, Turkey
Casks, barrels, vats, tubs and other coopers' products and parts thereof, of wood, including staves	0.5	1.0%	France
Tractors	0.4	0.9%	United States
Parts suitable for use solely or principally with the machinery such as forklift trucks, mechanical appliances, bulldozers, etc.	0.1	0.3%	United States, United Kingdom, Spain
Beauty or makeup preparations and preparations for the care of the skin (other than medicaments)	0.1	0.2%	Hungary, China
Aluminium casks, drums, cans, boxes and similar containers (including rigid or collapsible tubular containers)	0.1	0.2%	Pakistan
Printed books, brochures, leaflets and similar printed matter, whether or not in single sheets	0.1	0.1%	Spain
Total imports	48.3		

Source: Quantec Research, 2021

In 2020, the CKD imported products worth R48.3 million, mainly from the United Kingdom (65.9 per cent). Trade agreements signed in 2021 make it easier for African countries to trade with the United Kingdom under the Southern African Customs Union (SACU) and Mozambique-UK Economic Partnership Agreement.²⁴

Butter and other related products made up 71.5 per cent (R34.6 million) of total imports to the CKD in 2020. Furthermore, imports of preparation products used in animal feeding from the Netherlands contributed 20.7 per cent (R10.0 million) to the total imports. The most widespread agricultural activity in the CKD is livestock farming, which is dominated by sheep farming. The District has good grazing capacity, with the Laingsburg and Prince Albert municipal areas having the highest grazing capacity.²⁵ However, lack of sufficient rain in the region often creates the need for imported feed.

Figure 3.3
TOP 10 IMPORT PARTNERS,
Central Karoo District, 2020



²⁴ (Bloomberg, 2021).

²⁵ (Central Karoo District Municipality, 2021).

3.2.2 EXPORTS

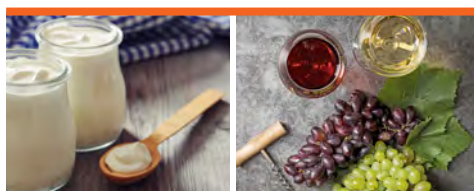


Figure 3.4 illustrates the top 10 export partners of the CKD in 2020.

Table 3.2 shows the value of the top 10 products exported by the CKD and its main trading partners.

Figure 3.4
TOP 10 EXPORT PARTNERS,
Central Karoo District, 2020

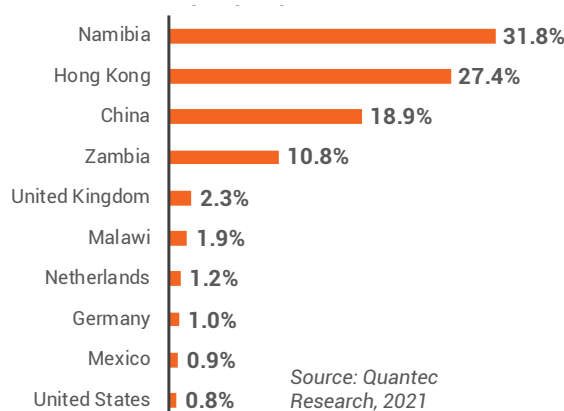



Table 3.2
MAIN EXPORT PRODUCTS,
Central Karoo District, 2020



PRODUCT	R million 2020	% share	Main trading partners
Molluscs	27.5	24.2%	Hong Kong
Milk and cream	17.0	14.9%	Namibia
Crustaceans	17.0	14.9%	China, Hong Kong
Buttermilk, curdled milk and cream, yoghurt, kephir and other fermented or acidified milk and cream	10.3	9.0%	Namibia, Zambia
Whey	8.7	7.6%	Zambia
Wine of fresh grapes	8.6	7.5%	United Kingdom
Locust beans, seaweeds and other algae, sugar beet and sugar cane, fresh, chilled, frozen or dried, whether or not ground; fruit stones and kernels and other vegetable products	7.6	6.7%	China
Butter and other fats and oils derived from milk; dairy spreads	5.4	4.8%	Namibia, Zambia
Milk and cream, concentrated or containing added sugar or other sweetening matter	3.7	3.3%	Namibia
Other food preparations	2.3	2.0%	Malawi
Total exports	113.9		

Source: Quantec Research, 2021

The CKD exported products to the total value of R113.9 million in 2020, with Namibia being the leading export partner, making up 31.8 per cent of the total exports in 2020. Namibia is a member of SACU, which allows for a free flow of trade between member countries.²⁶ The member countries form a single customs territory in which tariffs and other barriers are eliminated substantially for ease of trade for products originating in these countries.²⁷ Hong Kong (27.4 per cent of exports) and China (18.9 per cent) were also important export markets.

A large portion of these exports consisted of dairy and other food products. Large volumes of milk and cream, making up 14.9 per cent of total exports and valued at R17.0 million, were exported. Other dairy products such as buttermilk, curdled milk, cream, yoghurt, kephir, other fermented/acidified milk and whey were also exported from the CKD.

²⁶ (Namibian Government, 2021).

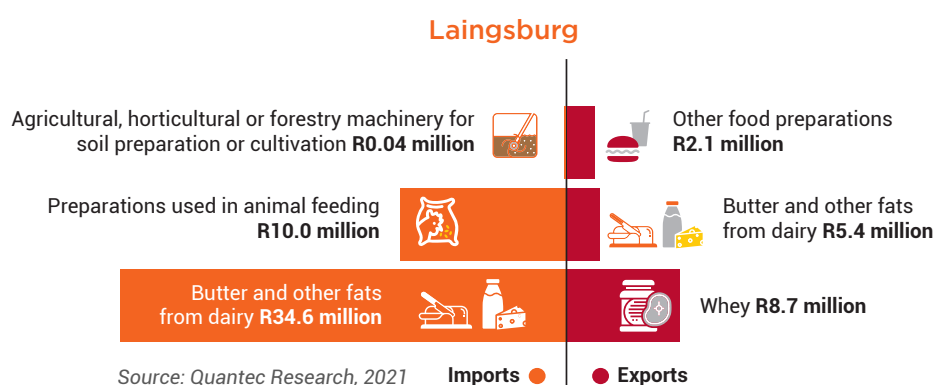
²⁷ (South African Customs Union, 2021) & (Central Karoo District Municipality, 2021).

3.2.3 Municipal imports and exports

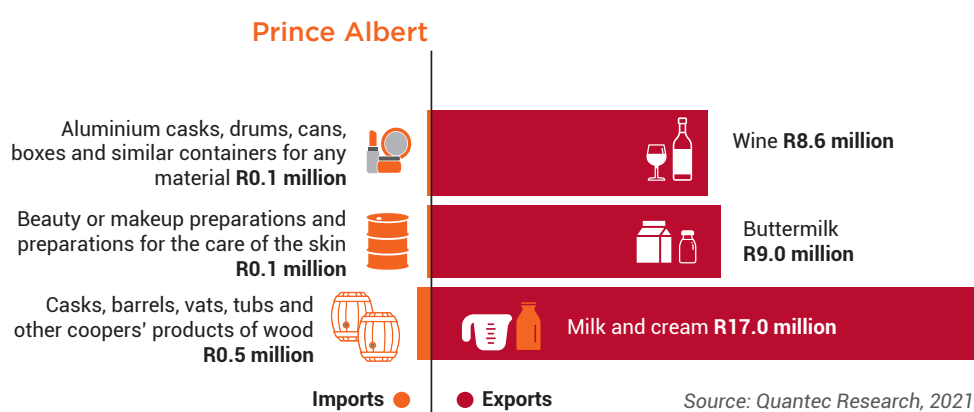
Figure 3.5 demonstrates the main imports and exports for the Laingsburg, Prince Albert and Beaufort West municipal areas in 2020. The municipal areas have different import and export products based on the demand and production of each region.

Figure 3.5

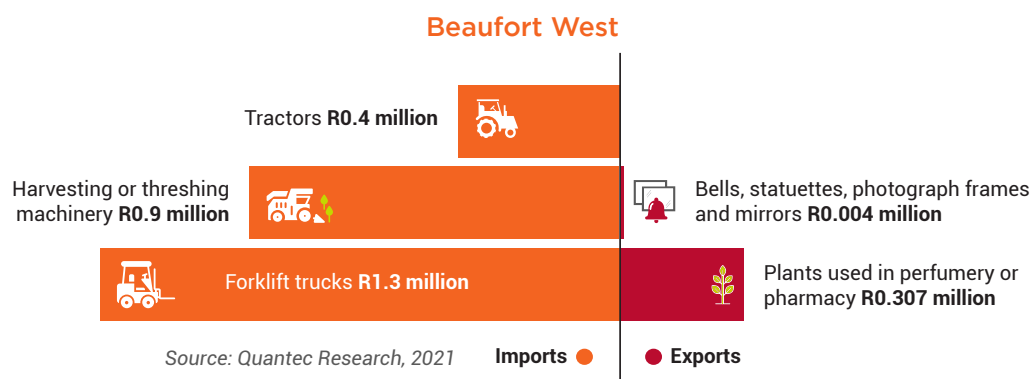
TOP 3 IMPORTS AND EXPORTS PER MUNICIPAL AREA, Central Karoo District, 2020



In the **Laingsburg municipal area**, the top three imported products in 2020 were butter and other fats (R34.6 million), preparations used in animal feeding (R10.0 million) and agricultural and related machinery to the value of R0.04 million. The top three exported products were whey (R8.7 million), butter and other fats (R5.4 million) and other food preparation products valued at R2.1 million.



The top imported product into the **Prince Albert municipal area** was casks, barrels, vats, tubs and other coopers' products valued at R0.5 million, followed by beauty or makeup preparation products (R0.1 million) and aluminium casks and related products (also valued at R0.1 million). The municipal area's top three exported products in 2020 were milk and cream worth R17.0 million, buttermilk valued at R9.0 million and wine valued at R8.6 million.



In the **Beaufort West municipal area**, the top three imported products in 2020 were forklift trucks valued at R1.3 million, harvesting or threshing machinery valued at R0.9 million and tractors valued at R0.4 million. The municipal area's top two exported products in 2020 were plants used in perfumery or pharmacy worth R0.3 million and bells, statuettes, photograph frames and mirrors worth R0.004 million.

In addition to livestock farming, other important agricultural activities in the CKD are based on the rain-fed cultivation of wheat as well as the cultivation of irrigated crops, which include apricot, olive, wine grapes, peach, pear, plum, quince and table grapes. The import of animal feed, agricultural machinery, casks, barrels and harvesting machinery contributes to the main sectors of the CKD.



3.3 TOURISM PROFILE²⁸

The Karoo region is the largest in the Western Cape and is characterised by its breath-taking sights and long-standing history. In the Karoo, people can see and experience the heritage of South Africa, dating back from the dinosaur era up to the present day. This region is a popular stopover destination for people travelling to the Western Cape's coastline. Some of the unique offerings for the region relate to astro-tourism, the Bushman/San culture, dinosaur fossils and the Karoo experience as defined by its architecture, landscape and people. Its wholesome hospitality and embedded culture are among the charms that travellers seek to experience. It is also home to the Karoo National Park near Beaufort West, as well as other game and nature reserves.

The tourism sector is not a stand-alone economic sector, as tourists demand goods and services from a variety of sectors, such as travel and transport services, accommodation, restaurant services, general shopping and fuel. However, the catering and accommodation sector is often used to determine at least a portion of the size of the tourism industry in an area. The catering and accommodation services industry was valued at R54.5 million in 2019 and employed 1 077 people, with informal employment accounting for 38.2 per cent of the industry's total employment. Estimates for 2020 indicate that the industry was valued at R50.6 million and shed 179 jobs.



3.3.1 The impact of COVID-19 on the tourism sector

The tourism sector is one of the sectors that was hit the hardest by COVID-19. Many tourism businesses suffered big losses in revenue and many jobs were also lost.

Each District in the Western Cape offers a unique product that attracts many international and domestic tourists annually. The CKD is a popular destination, especially among the domestic market, which enjoys short or weekend getaways to the countryside.

The future of tourism is uncertain owing to frequently changing travel and movement restrictions. Although international and domestic travel is permitted to South Africa, many travellers still do not feel comfortable to travel. However, it is important for the sector, along with the relevant management authorities, to improve the "readiness" of tourism destinations to receive visitors and prioritise their wellbeing through the implementation of COVID-19 health and safety protocols.

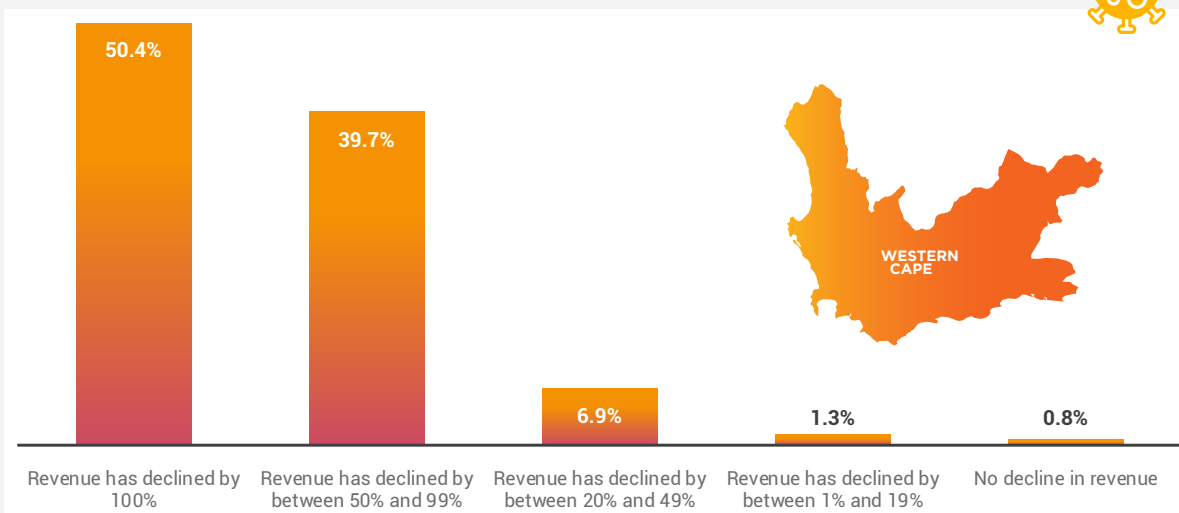


The full extent of the economic damage caused by COVID-19 and the subsequent national lockdown cannot be determined with certainty because, at the time of writing this publication, the national lockdown is still ongoing. A closer look at the labour market indicates a decline in household income as a result of job losses and business closures, while the South African economy is under severe pressure to sustain livelihoods.

²⁸ The Regional Visitor Trends reports published by Wesgro were used to report on regional tourism performance. It is important to note that the regional visitor tracking surveys can only be used as a proxy to indicate the key trends within the region owing to the survey collection method and sample size. Therefore, the information reported on cannot be seen as absolute figures. Furthermore, the information cannot be compared with other regions, nor with the information released by South African Tourism. It is also not advisable to compare year-on-year information, as the sample sizes are not comparable.

Figure 3.6 indicates the overall impact of COVID-19 on the Western Cape’s tourism businesses.

Figure 3.6
IMPACT OF COVID-19 ON TOURISM BUSINESSES, Western Cape, 2020



Source: Wesgro, 2021

It is estimated that more than half the tourism respondents experienced a 100.0 per cent loss of revenue because of the COVID-19 pandemic and about 39.7 per cent saw their revenue decline between 50.0 per cent and 99.0 per cent.

Other COVID-19 impacts on the Western Cape tourism sector include:²⁹

- Approximately 43.2 per cent of respondents did not lose any workers. However, nearly half of the sector lost between one and 10 workers, and a further 7.5 per cent lost between 11 and 50 workers.
- Approximately 70.0 per cent of respondents had between one and 10 workers before COVID-19 and just under 50.0 per cent lost at least one worker.
- Approximately 20.8 per cent of respondents had between 11 and 50 workers before the pandemic and 52.6 per cent lost between one and 10 workers.
- Approximately 30.8 per cent of respondents who employed 51 to 250 workers before COVID-19 lost between one and 10 workers, and 26.9 per cent of respondents lost between 11 and 50 workers.
- Almost 47.0 per cent of respondents had to reduce employee salaries.
- Temporary closure and increased marketing efforts were among the most widely used methods to reduce the impact of the pandemic on the sector. Other methods implemented to reduce the impact included applying for payment holidays and adding more specials to secure future bookings. Many businesses also had to access their savings to cope during the pandemic.

²⁹ (Wesgro, 2021).

- More than half of the respondents did not receive financial support from the government. However, 54.3 per cent of the respondents who did not receive funding did not apply for it at all.
- Approximately 23.2 per cent of the respondents received funding and 9.1 per cent of respondents who received funding did not receive sufficient funding for their operational needs.
- Approximately 55.0 per cent of the respondents applied for funding from UIF TERS, 30.1 per cent applied to the Department of Tourism's Tourism Relief Fund and 18.4 per cent applied to the SMME Debt Relief Finance Fund.
- The national government implemented a risk-adjusted strategy that allowed certain activities to open under lockdown levels three and four. Approximately 40.0 per cent of the respondents indicated that occupancy levels or revenue slightly increased because of this relief measure.
- The easing of restrictions also had a huge impact on close to 10.0 per cent of businesses, which experienced a moderate to significant increase in revenue. However, almost 50.0 per cent of respondents did not experience any change in occupancy or revenue.

In mid-December 2020, stricter lockdown regulations were introduced as South Africa entered a second wave of coronavirus infections. During the 2020/21 festive season, 58.8 per cent of tourism businesses in the CKD experienced a significant decline in revenue, while 17.6 per cent experienced a moderate decline when compared with the previous year. The occupancy levels reflect why there was a decline in revenue, as the occupancy levels were low. In December 2020, 41.1 per cent of accommodation establishments had an occupancy level below 30.0 per cent, while 17.7 per cent had an occupancy level between 30.0 and 60.0 per cent. A total of 41.2 per cent of accommodation establishments with an occupancy level above 60.0 per cent shows that travellers did travel to the CKD during the festive season, but to less populated areas.

More than 70.6 per cent of tourism businesses in the CKD lost revenue owing to the ban on alcohol sales. In terms of rand value, 47.1 per cent of tourism businesses recorded an estimated loss of between R10 001 and R50 000 as a result of cancellations.³⁰



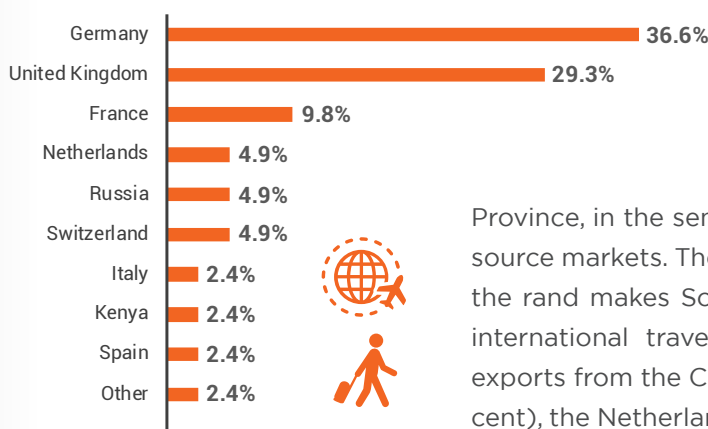
³⁰ (Wesgro, 2021).

3.3.2 Demographic profile of visitors

The CKD is largely a domestic tourism destination, with 77.3 per cent of visitors being South African residents. However, a small number of international visitors (22.7 per cent) do visit the region. Figure 3.7 provides more information about the origin of visitors to the CKD.

Figure 3.7

PERCENTAGE SHARE OF INTERNATIONAL TRAVELLERS, Central Karoo District, 2020



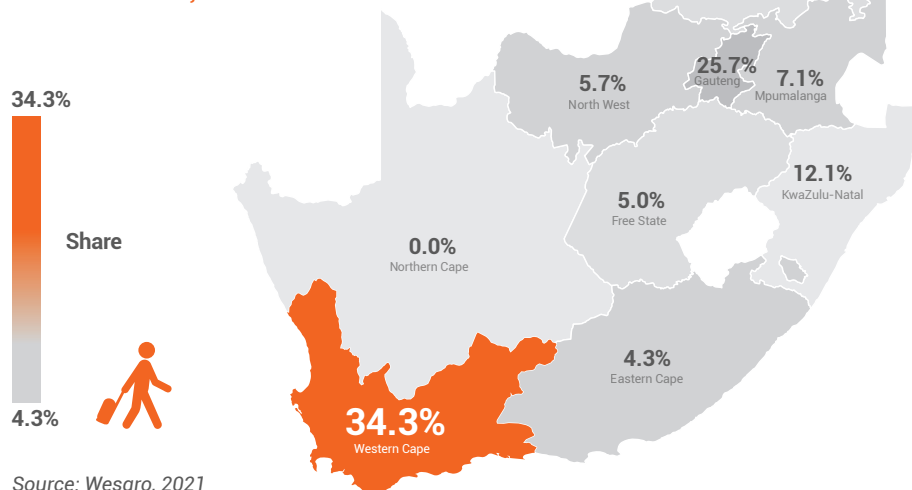
Source: Wesgro, 2021

The top three international source markets to the CKD in 2020 travelled from Germany (36.6 per cent), the United Kingdom (29.3 per cent) and France (9.8 per cent). The international visitor trend to the CKD is consistent with the

Province, in the sense that European countries dominate as source markets. The strength of the euro and pound against the rand makes South Africa an affordable destination for international travellers. The top three markets for wine exports from the CKD include the United Kingdom (28.1 per cent), the Netherlands (12.3 per cent) and Germany (11.4 per cent). This could also attract tourists to visit South Africa, and the region.

Map 3.1

PERCENTAGE SHARE OF DOMESTIC TRAVELLERS, Central Karoo District, 2020

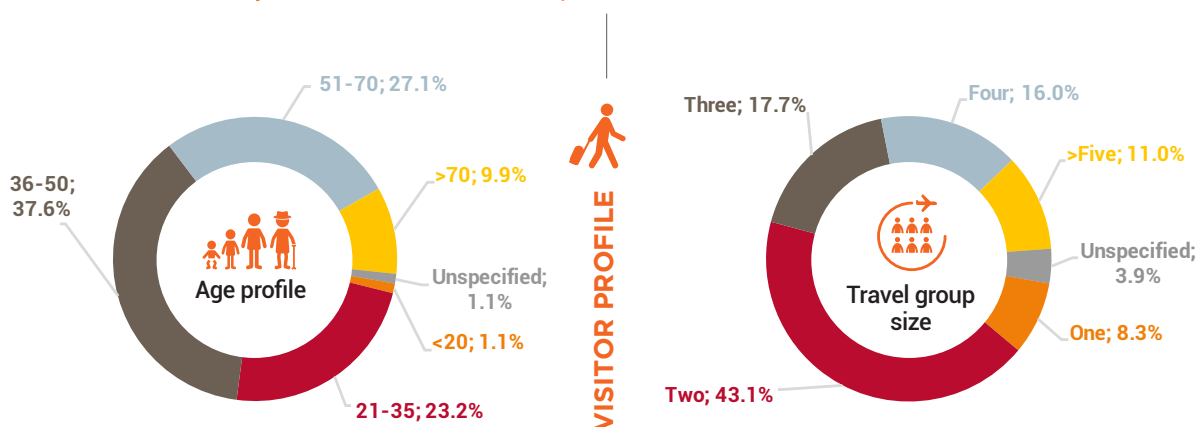


Source: Wesgro, 2021

The top three domestic source markets to the CKD in 2020 were the Western Cape (34.3 per cent), Gauteng (25.7 per cent) and KwaZulu-Natal (12.1 per cent). Despite the COVID-19 travel regulations, the trends indicate that the domestic market did start to travel to this region once the restrictions eased, confirming that the CKD is a popular destination to escape the fast pace of city life. However, the poor performance of the economy is negatively impacting household income, and spending by domestic tourists is likely to be affected.

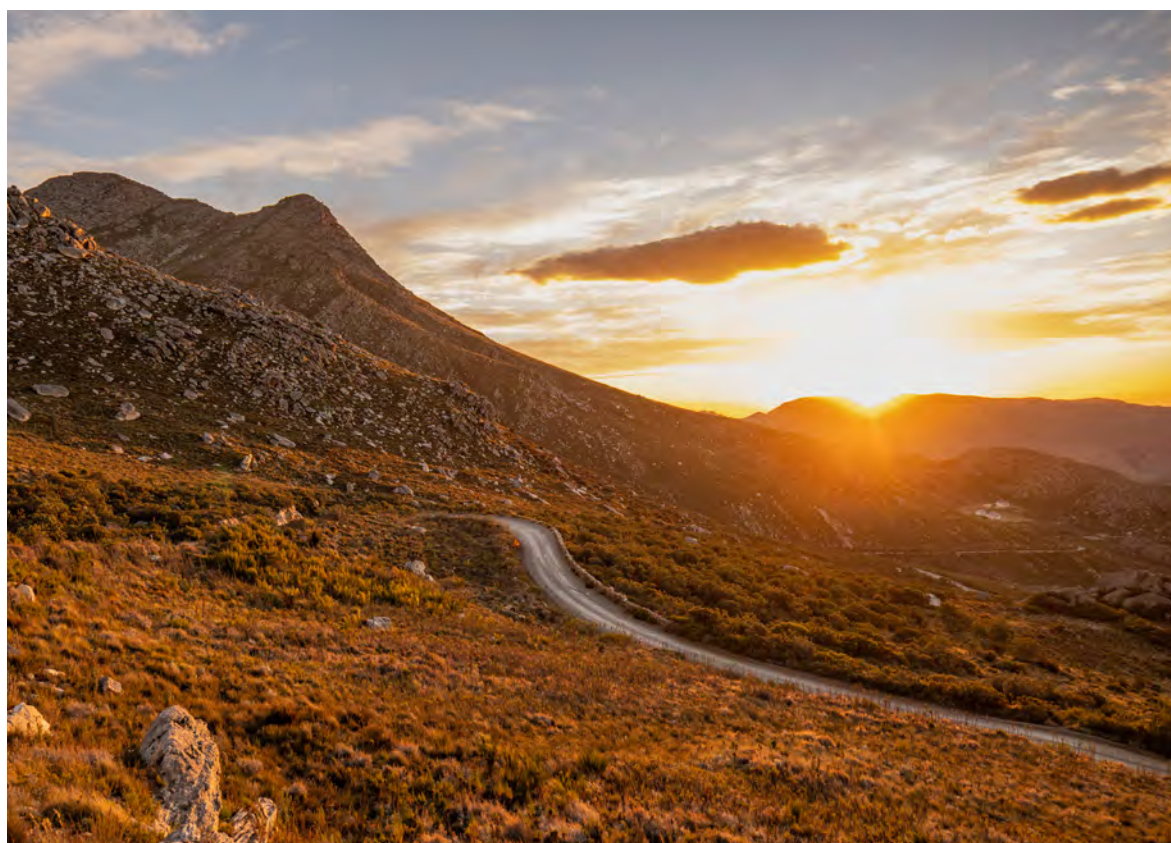
Figure 3.8 provides a brief overview of the visitor profile in terms of age and group travel sizes for the CKD in 2020. Visitors to the region mainly travelled in pairs (43.1 per cent), groups of three (17.7 per cent) or groups of four (16.0 per cent), with only 8.3 per cent travelling alone.

Figure 3.8
VISITOR PROFILE, Central Karoo District, 2020



Source: Wesgro, 2021

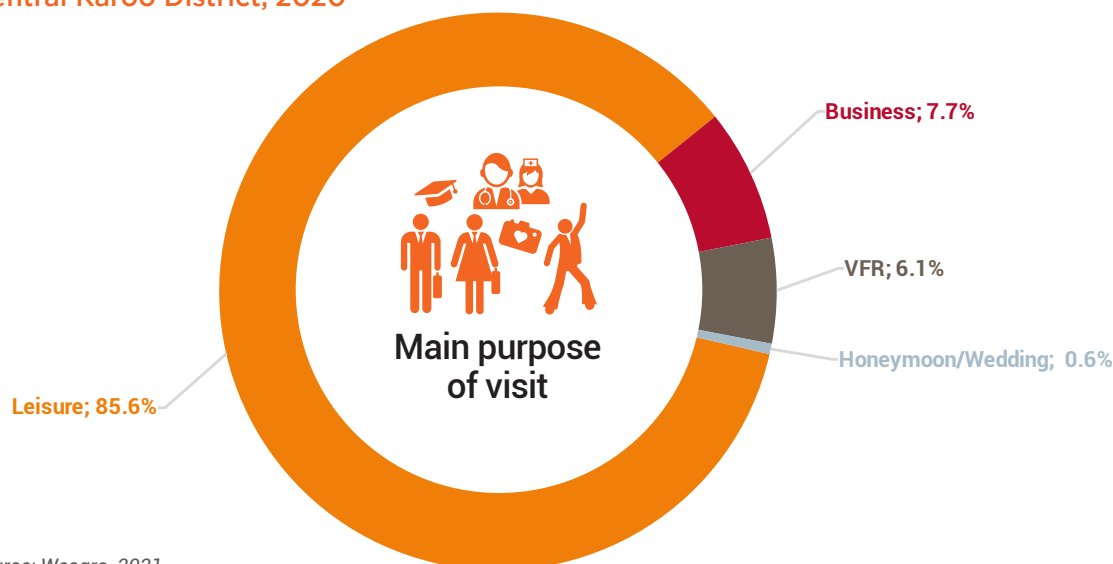
Of all the visitors to this region, 37.6 per cent were between the ages of 36 and 50, followed by 27.1 per cent between 51 and 70. It can be assumed that because most visitors travel in pairs and are older than 36, they are either partners or married, and travel to the region for either short getaways or weekends. Known for its wide-open arid spaces, the CKD is where tourists go to experience a place of incredible beauty, with wild game, clear skies and magical sunsets.



3.3.3 Purpose and duration of visit

As illustrated in Figure 3.9, the CKD is primarily considered a leisure destination, with 85.6 per cent of visitors travelling to the District for leisure purposes.

Figure 3.9
MAIN PURPOSE OF VISIT,
Central Karoo District, 2020

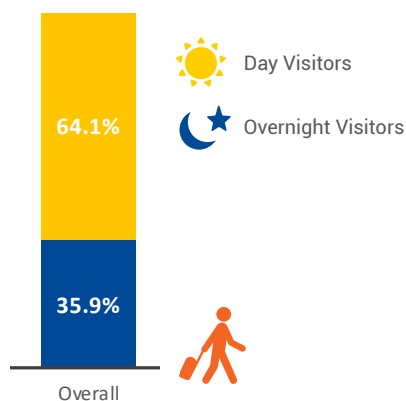


Source: Wesgro, 2021

Apart from leisure travel, 7.7 per cent of travel was for business and 6.1 per cent to visit friends/relatives (VFR).

Figure 3.10 illustrates the spread of day and overnight visitors to the CKD in 2020.

Figure 3.10
OVERNIGHT VS DAY VISITORS, Central Karoo District, 2020

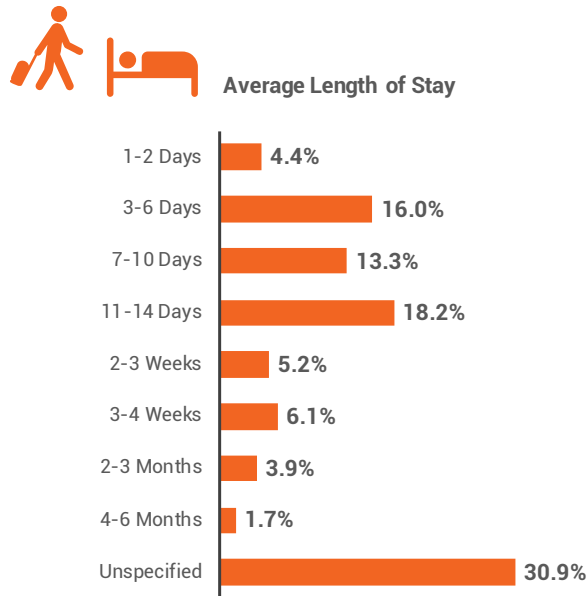


Source: Wesgro, 2021

The CKD is a popular destination, especially for day visitors, who accounted for 64.1 per cent of visits in 2020, while overnight stays accounted for 35.9 per cent. This shows that domestic visitors prefer to visit for short getaways or weekends, and it can be assumed that international visitors tend to stay overnight. The marketing efforts for overnight stays should focus on stargazing as a once-in-a-lifetime experience. This in return will have a positive impact on the local community, as overnight visitors generally spend more than day visitors.

Figure 3.11 shows that most visitors (18.2 per cent) spend 11 to 14 days in the region, while 16.0 per cent of visitors stay for only three to six days and a small percentage of visitors stay for longer.

Figure 3.11
AVERAGE LENGTH OF STAY BY VISITORS, Central Karoo District, 2020



Source: Wesgro, 2021.

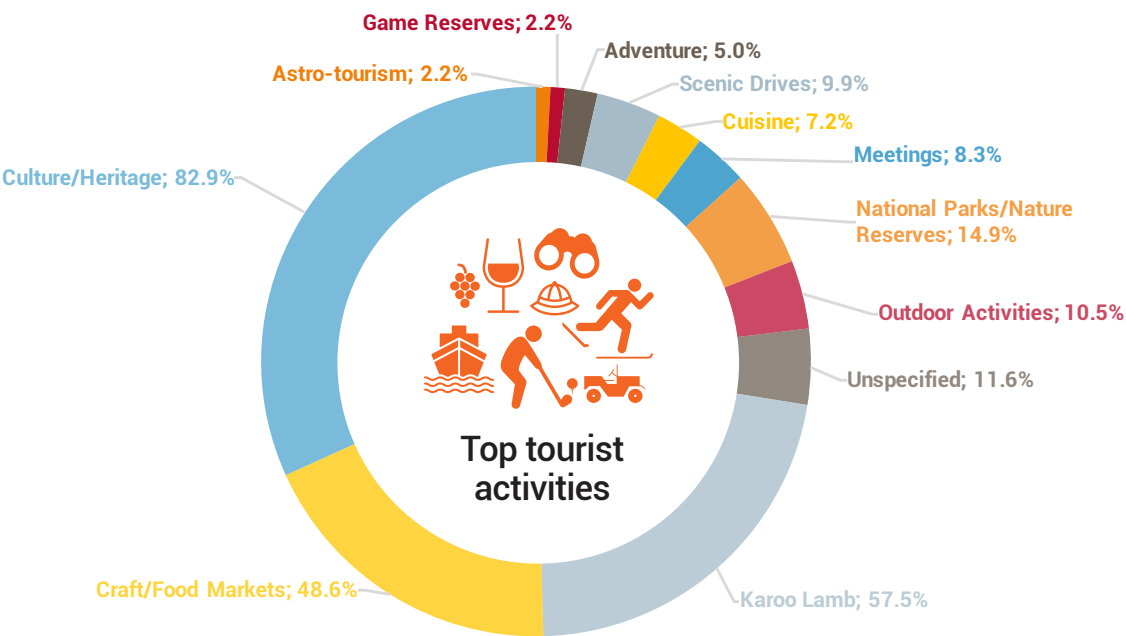
The region seems to be popular for getaways between three and 14 days, as tourists enjoy the culture and heritage along with visiting small towns. The length of stay is one of the key elements in a tourist’s decision-making process and is of great economic importance for the tourist destination.



3.3.4 Activities, expenditure and transport

The CKD offers various activities for visitors, as illustrated in Figure 3.12.

Figure 3.12
TOP TOURIST ACTIVITIES UNDERTAKEN, Central Karoo District, 2020



Source: Wesgro, 2021

Activities enjoyed in 2020 by tourists to the CKD included culture or heritage (82.9 per cent), Karoo lamb farms (57.5 per cent) and craft and food markets (48.6 per cent). Activities that tourists participated in the least included astro-tourism (2.2 per cent), game reserves (2.2 per cent) and adventure activities (5.0 per cent). These percentages could be low because of low awareness levels, or because tourists simply do not prefer to take part in these activities.



© Sergey Pesterev, Unsplash

Figure 3.13 shows the daily expenditure patterns among the visitors who travelled to the CKD in 2020.

Figure 3.13

AVERAGE DAILY EXPENDITURE BY VISITORS, Central Karoo District, 2020

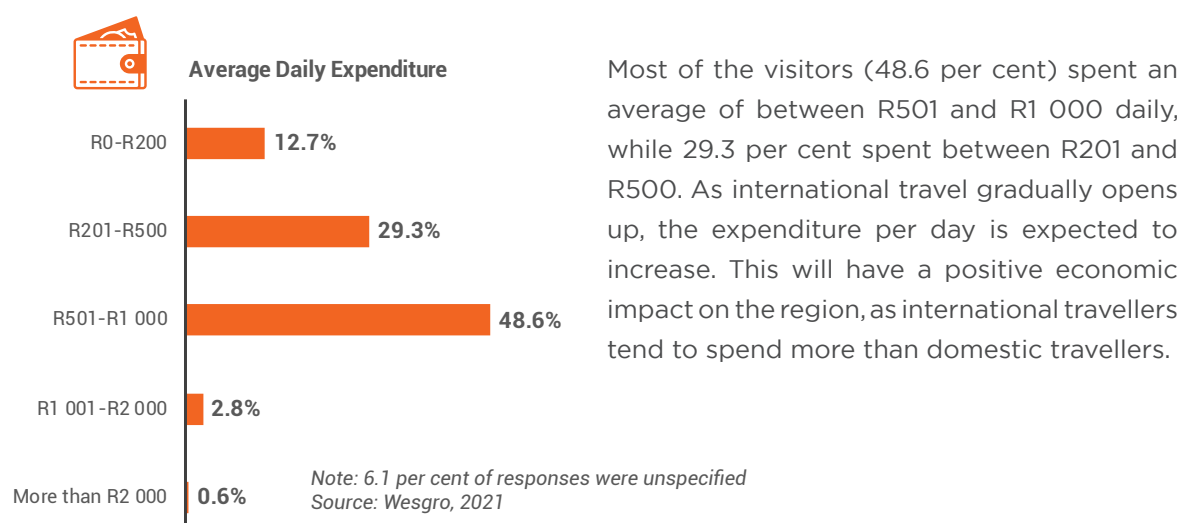
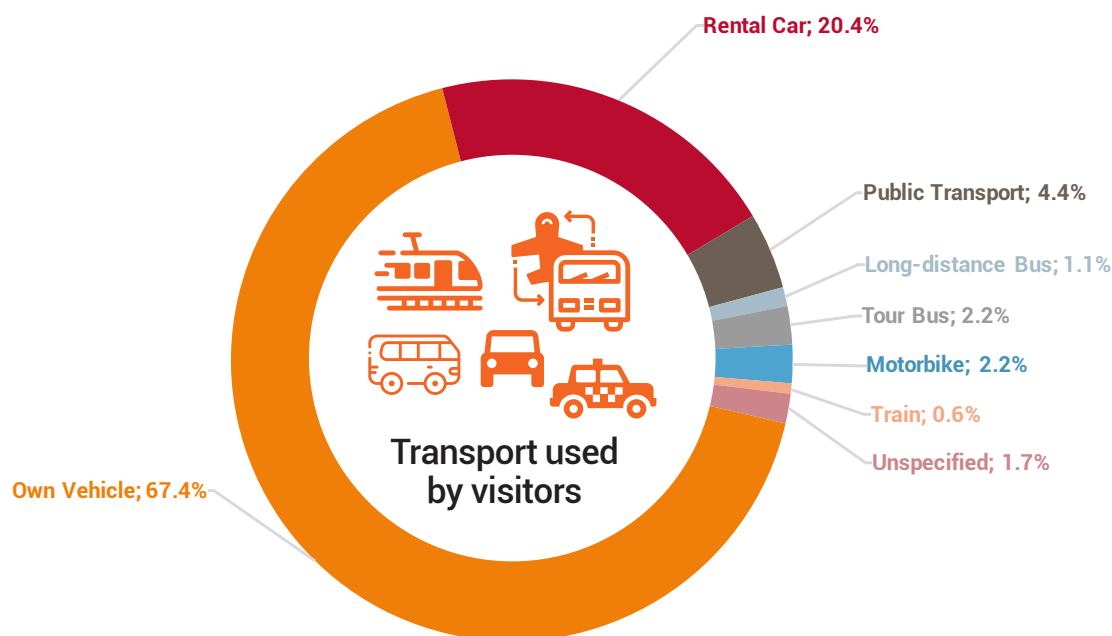


Figure 3.14 illustrates the mode of transport used by visitors to travel to and within the CKD.

Figure 3.14

MODE OF TRANSPORT USED BY VISITORS, Central Karoo District, 2020



Source: Wesgro, 2021

In terms of the preferred mode of transport, most tourists made use of their own cars (67.4 per cent), followed by rental cars (20.4 per cent). This indicates that a high number of locals and domestic travellers made short trips to the Western Cape and Central Karoo region. Furthermore, maintaining road infrastructure and upgrading to tar roads in popular tourist areas such as Matjiesfontein can boost the attractiveness of the region for tourists.³¹

³¹ (Laingsburg Municipality, 2021).

3.4 COMPARATIVE ADVANTAGE AND EMPLOYMENT POTENTIAL


This subsection analyses the comparative advantage of the various economic sectors in the CKD by examining the historic growth of the various sectors to identify growth opportunities for the District economy.

A location quotient is used to determine the level of specialisation in the different economic sectors of the CKD. The location quotient is a ratio between two economies, in this case the national and District economies, that indicates whether the District is importing, is self-sufficient or is exporting goods and services from a particular sector.

If the location quotient is more than one, it indicates that a comparative advantage exists in the local economy relative to the national economy. Conversely, if the location quotient is less than one it suggests that the representation of the industry is weaker in the District economy than in the national economy.³² Furthermore, a location quotient of one indicates that the representation of the industry in the local economy is the same as its representation in the country.

Table 3.3 summarises the classification and interpretation of the location quotient.

Table 3.3
LOCATION QUOTIENT INTERPRETATION, Central Karoo District

LOCATION QUOTIENT	Classification	 Interpretation
Less than 0.75	Low	Regional needs are probably not being met by the sector, resulting in an import of goods and services in this sector.
0.75 to 1.24	Medium	The sector is meeting most local needs. The region will probably be both importing and exporting goods and services in this sector.
1.25 to 4.99	High	The sector is serving needs beyond the border, exporting goods and services in this sector to other regions or provinces.
More than 5.00	Very high	This is indicative of a very high level of local dependence on the sector, typically in a "single-industry" community.

Source: Urban-Econ, 2021

The location quotient, as a tool, does not consider external factors such as government policies, investment incentives, proximity to markets, etc., which could influence the comparative advantage of an area in a particular sector. It should also be noted that the size of the location quotient does not necessarily indicate whether the sector is small or large in the local economy, nor does it indicate the value of importance. Instead, it indicates the relative importance of the local economy to the national economy.

³² (Fennig & DaCosta, 2010).

Table 3.4 describes the location quotient related to GDPR and employment in the CKD.

Table 3.4
LOCATION QUOTIENT IN TERMS
OF GDPR AND EMPLOYMENT,
Central Karoo District, 2019



SECTOR	In terms of GDPR	In terms of employment
PS Primary Sector		
Agriculture, forestry & fishing	5.9	3.4
Mining & quarrying	0.0	0.0
SS Secondary Sector		
Manufacturing	0.2	0.2
Electricity, gas & water	1.6	1.4
Construction	1.4	0.8
TS Tertiary Sector		
Wholesale & retail trade, catering & accommodation	1.0	1.0
Transport, storage & communication	1.5	0.9
Finance, insurance, real estate & business services	0.6	0.5
General government	1.2	1.4
Community, social & personal services	1.7	1.0

Source: Quantec Research, 2021

The CKD has a high comparative advantage in terms of GDPR and employment in the agriculture sector, the electricity, gas and water sector, and the general government sector. Sectors in which the CKD has a high comparative advantage in terms of GDPR and a medium comparative advantage in terms of employment include the construction and community services sector. These sectors can be leveraged to promote employment creation.

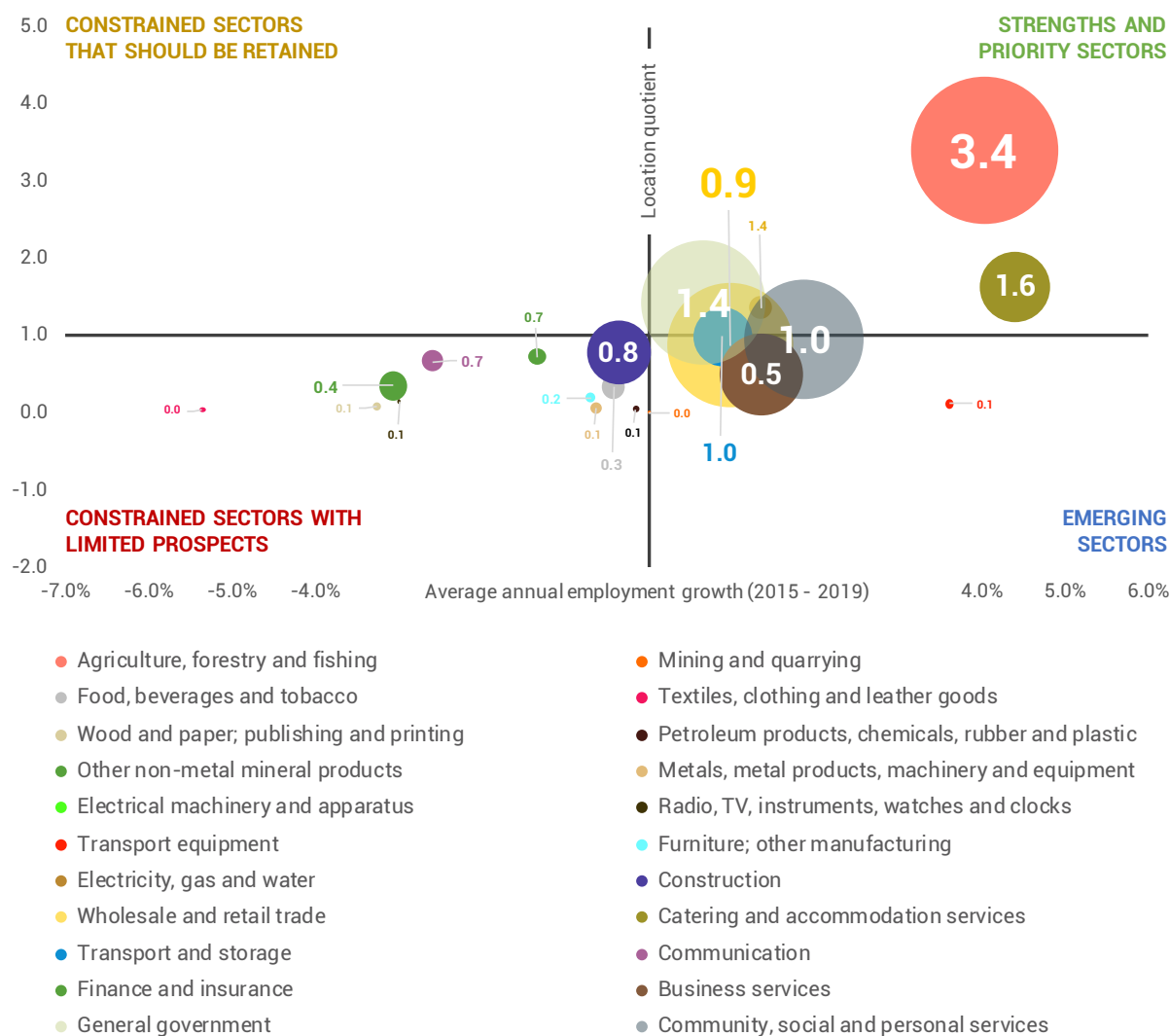
The CKD has a low comparative advantage in the manufacturing, finance and mining sectors. The low comparative advantage in the manufacturing sector emphasises the lack of local beneficiation activities.



As illustrated in Figure 3.15, the comparative advantage in sectors is further analysed together with the historical sectoral employment growth rate to assess the sectoral development opportunities in the CKD.

Figure 3.15

**COMPARATIVE ADVANTAGE AND SECTORAL EMPLOYMENT GROWTH,
Central Karoo District, 2019**



Note: Size of bubble illustrates the contribution to total employment (2019)

Source: Quantec Research, 2021

Sectors that have a location quotient greater than one and that recorded positive employment growth over the 2015 to 2019 period are priority sectors for employment growth. These include the agriculture, electricity, gas and water, trade, transport, general government and community services sectors.

Sectors in which the CKD does not have a comparative advantage (a location quotient less than one) but that have shown positive employment growth are considered to be emerging sectors, but prospects may be limited owing to the size of the sector or external trends. These sectors include the transport, manufacturing, trade and finance sectors.

The table below provides further information relating to the sectors that are considered strengths in terms of job creation based on historic trends, as well as the sectors that should be retained, despite their lack of employment growth.

Table 3.5

**PRIORITY SECTORS
FOR EMPLOYMENT,
Central Karoo District, 2019**

SECTOR	GDPR R million 2019	GDPR trend 2015 – 2019	Number of jobs 2019	% informal jobs 2019	Average annual change in employment 2015 – 2019	Average gross fixed capital formation growth 2015 – 2019
Agriculture, forestry and fishing	397.3	-2.9%	4 674	23.5%	144	-4.1%
Electricity, gas and water	192.8	0.7%	112	18.8%	1	-1.9%
Catering and accommodation services	54.5	-2.4%	1 077	38.2%	42	-2.0%
Transport and storage	415.5	-1.5%	754	40.3%	6	-1.7%
General government	712.3	1.4%	3 382	0.0%	21	0.9%
Community, social and personal services	312.4	1.3%	3 097	15.4%	54	0.0%

Source: Quantec Research, 2021

Agriculture, forestry and fishing

The agriculture sector plays a central role in providing employment opportunities in the CKD. In 2019, the sector employed 4 674 people, 23.5 per cent of whom were informally employed. Key farming activities in the CKD include sheep farming and lucerne production. The Prince Albert municipal area has a more diverse agriculture sector, where wine grapes, olives, onions and fruit are also produced. This sector is vulnerable to external trends and the drought in the Province in 2018 constrained the sector significantly. The sector contracted by an average annual rate of 2.9 per cent per annum between 2015 and 2019. The challenging farming conditions in the CKD also led to a decline in investment, with gross fixed capital formation contracting by an average of 4.1 per cent per annum.

Despite the challenges that prevailed in the sector, it is estimated that the sector grew substantially by 10.9 per cent in 2020. Despite a reduction in consumer purchasing power in 2020, lamb prices increased by 15.7 per cent in 2020³³ – which was a valuable injection for farmers who are rebuilding herds following the drought conditions. Strengthening local value chains will promote job creation over the entire value chain, as there is currently a lack of processing capabilities within the CKD. Niche tourism activities such as astro-tourism, adventure tourism and agri-tourism can also be value-added activities for working farms.

Electricity, gas and water

The CKD has a high comparative advantage in the electricity, gas and water sector. The climatic conditions in the CKD make it suitable for electricity generation from solar and wind energy. However, this sector only recorded marginal growth (0.7 per cent per annum) between 2015 and 2019, with a decline in private investment (1.9 per cent per annum). While the construction

³³ (BFAP, 2021).

of the solar and wind energy facilities contributes substantially to temporary employment creation, operating renewable energy facilities contributes less to permanent employment. However, there are still opportunities for indirect employment creation in providing goods and services to these facilities. Local SMMEs, in particular, can benefit from this. The Renewable Energy Independent Power Producer Procurement Programme (REIPPPP) has local content requirements, and local service providers and labour should therefore be upskilled and equipped to benefit from these requirements.

Catering and accommodation

The catering and accommodation services sector, which serves as a proxy for the tourism industry, was valued at R54.5 million in the CKD in 2019. However, this sector contracted at an average annual rate of 2.4 per cent per annum between 2015 and 2019, but still contributed positively to employment, creating 42 jobs on average per annum. This sector is heavily reliant on domestic tourism, particularly transit tourism. This makes the sector particularly vulnerable to challenging economic conditions that result in a decline in domestic tourism. This sector also provided significant informal employment opportunities (38.2 per cent) in 2019. These jobs will be more vulnerable to economic volatility and would have been significantly influenced by the COVID-19 pandemic. The tourism sector can play a valuable role in the economy of the CKD, as it can be utilised to diversify the economy, which is very reliant on the agriculture sector. Promoting agri-tourism, adventure tourism, astro-tourism and the like can offer farms additional income streams, which will make them less vulnerable to exogenous shocks impacting the agriculture sector. Furthermore, the CKD has a unique environmental and cultural heritage, which can be leveraged to promote the area as a tourism destination.

Transport and storage

The N1 is one of the main transit links in the country and the CKD benefits economically from this transit route, not only in terms of tourism but also in terms of freight. Providing goods and services to passing freight vehicles contributes substantially to the local economy. The transport sector was valued at R415.5 million in 2019. However, this sector was contracting by an average annual rate of 1.5 per cent prior to the COVID-19 pandemic. Despite its comparative advantage, employment creation was relatively low in 2019. However, this sector had a large informal component, with 40.3 per cent of workers being informally employed in 2019. This provides an opportunity for skills development and small business support to ensure sustainable employment opportunities in this sector.

Community, social and personal services

Another sector that can benefit from small business support is the community services sector. This sector grew at an average annual rate of 1.3 per cent between 2015 and 2019, and is one of the sectors that contributed substantially to local employment creation in this period. This sector is very dependent on household spending, and with the challenging economic environment it is therefore deemed vulnerable. In 2020, it is estimated that the sector shed 275 jobs.

Government sector

The CKD is very dependent on the government sector, not only in terms of GDP but also in terms of employment. The sector contributes 22.4 per cent to GDP and employs 3 382 people. However, this makes the economy of the CKD vulnerable, as fiscal budgets are becoming more constrained owing to the challenging economic climate.

Most of the priority sectors in which the CKD has a comparative advantage have only shown minimal employment creation in recent years, while GDP growth and investment have been poor. This highlights that intervention is required in the CKD to attract private investment that will result in job creation. Monetary and non-monetary support for SMMEs and entrepreneurs will also be a valuable boost for the local economy.

3.5 INVESTMENT

This subsection discusses various forms of investments occurring in the CKD, including new business investments, municipal spending on contracted services, and infrastructure development.

3.5.1 Private-sector investment

3.5.1.1 Sectoral investments and business expansion

The CKD has mineral resources that have been underutilised up until now. There are currently three mines in the District, which are predominantly quarries used for local building materials. However, the District is on the cusp of major change in the mining sector. The CKD has extensive uranium deposits and these deposits have attracted the attention of energy and mining conglomerates, but remain untouched. The District also contains gas-rich shale, which is currently being explored by energy companies.³⁴

3.5.2 Public-sector investment

Public-sector spending has the potential to stimulate growth of the local economy and create employment opportunities. SMMEs can be key role players in the development and creation of jobs through public-sector investment.

3.5.2.1 Municipal contracted services

The procurement processes of local municipalities can facilitate the development of local SMMEs that provide goods and services, while spending on infrastructure promotes the creation of an enabling environment for households and businesses to function optimally.



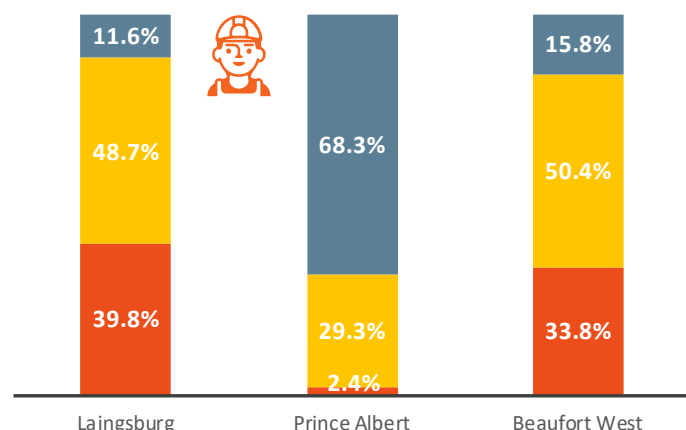
³⁴ (Central Karoo District Municipality, 2021).

Figure 3.16 illustrates the breakdown of spending on contracted services by the municipalities in the CKD. The spending patterns of the three municipal areas vary significantly, as each of these areas allocated most of their money to different services in 2019/20.

Figure 3.16
PROPORTION OF SPENDING ON CONTRACTED SERVICES PER MUNICIPAL AREA, Central Karoo District, 2019/20³⁵

- Outsourced services
- Consulting and professional services
- Contractors

Note: No data available for Central Karoo District Municipality
Source: National Treasury, 2021



In the 2019/20 period, the Laingsburg Municipality spent most of its contracted service spending on consulting and professional services (48.7 per cent), followed by outsourced services (39.8 per cent). The Laingsburg Municipality procures mainly the business and advisory services, as well as maintenance services. The rural nature of the municipal area may result in limited availability of many crucial business services, and external consultants must be utilised. The establishment of a business hub to support SMMEs will assist local businesses to access opportunities for providing services to the municipality.³⁶

In the Prince Albert Municipality, most of the spending was allocated to contractors (68.3 per cent), followed by consulting and professional services (29.3 per cent), while outsourced services made up 2.4 per cent of spending. In 2019/20, the Prince Albert Municipality spent R3.5 million on contractors. Capacitating local service providers, particularly SMMEs, to provide goods and services to the municipality will be a valuable injection into the local municipality.

The Beaufort West Municipality spent the most on consulting and professional services (50.4 per cent), followed by outsourced services (33.8 per cent), and spending on contractors amounted to 15.8 per cent of total spending. Spending on consulting and professional services included mainly business and advisory services; contractors were mainly used to maintain equipment; and security services were mainly outsourced.

³⁵ According to the Municipal Standard Chart of Accounts (mSCOA), municipalities should have the capacity and expertise to carry out certain services. Outsourced services are therefore services procured by the municipality when it temporarily does not have the capacity to perform these functions, or to save costs. Consulting services refer to specialist services and skills provided to a municipality for the achievement of a specific objective. It is unnecessary to maintain these skills in-house since they are often only required on a once-off or temporary basis. Contractors are utilised for services that are not the core business of the municipality.

³⁶ (Laingsburg Municipality, 2021).

3.5.2.2 Infrastructure

Infrastructure spending by local and Provincial governments is not only an important injection into the local economy, it also helps to create an enabling environment for economic and social development. Infrastructure capital spending has both short- and medium-term benefits. The capital injection not only boosts the economy from the initial injection but may also create numerous employment opportunities. Additionally, it can also stimulate economic activity from the operational activities resulting from the initial capital spending. Despite the importance and necessity of maintaining existing infrastructure and investing in new infrastructure, local governments are under pressure, as generating their own revenue is becoming increasingly constrained owing to rising unemployment and poor economic growth, while income from Provincial and national grants is declining.

JOINT DISTRICT AND METRO APPROACH



The Joint District and Metro Approach (JDMA) promotes collaboration and is an essential governance instrument that will enable co-planning, co-budgeting and co-implementation to strengthen service delivery in communities. The JDMA provides an implementation plan for planning and strategic priorities, development initiatives, service delivery and capacity-building.

A co-ordinated and combined effort from all spheres of government, as well as the private sector, can successfully leverage infrastructure investment as a catalyst for broad-based economic growth and development.



All three municipal areas in the CKD face human settlement challenges, which are amplified by the limited availability and quality of service infrastructure. Service infrastructure for the provision of water, electricity, sewerage and other municipal services is limited in the District.³⁷

Table 3.6 outlines the budgeted expenditure on infrastructure by the local municipalities in the CKD for 2021/22.

Table 3.6
SPENDING ON INFRASTRUCTURE,
Central Karoo District, 2021/22

DESCRIPTION R million	2021/22 Municipal infrastructure spend (original budget)
Economic Infrastructure	7.4
Road transport and public works	7.4
Environmental services	0.0
Social infrastructure	7.4
Education	0.0
Health	0.6
Social development	6.8
Housing	0.0
Trading services	29.1
Energy sources	10.6
Water management	12.8
Wastewater management	5.6
Waste management	0.0
Other	7.1
Total infrastructure spend	50.9

Source: Provincial Treasury, 2021

The local municipalities have collectively allocated R50.9 million to the capital expenditure budgets for 2021/22. This includes allocations made towards economic infrastructure, social infrastructure and trading services of R7.4 million, R7.4 million and R29.1 million respectively. Other capital expenses, which include governance and administration, public safety, community services, sport and recreation, planning and development, and environmental protection services, to the value of R7.1 million, were also budgeted for 2021/22. Most of the municipal infrastructure spending is allocated to water management (R12.8 million). Investment in water management infrastructure will contribute significantly to creating an enabling environment for economic activity given the rural nature of the CKD and its reliance on the agriculture sector for jobs and GDP growth.

³⁷ (Central Karoo District Municipality, 2021).

Provincial infrastructure investment in the Central Karoo District across the 2021 Medium Term Expenditure Framework (MTEF) accounts for R382.7 million, which is split among three departments, namely Transport and Public Works (R366.5 million), Health (R12.1 million) and Human Settlements (R4.1 million). The per capita spend in the District is R5 119. There are several sectors intervening in the social infrastructure space:

- Infrastructure investment in health facilities for the District is consolidated in the main towns in the District and will provide for mostly refurbishments and rehabilitation, upgrades and additions to existing facilities and non-infrastructure projects;
- Infrastructure investment in road transport infrastructure will mainly focus on upgrades, refurbishments and maintenance to road transport infrastructure, providing for maintaining quality inter-regional economic connections. Infrastructure investment in road transport comprises 95.8 per cent of the total investment for the District; and
- Investment in housing projects will be less than 1.0 per cent of the total budget and will be concentrated in Beaufort West.



The map indicates the distribution of infrastructure projects over the MTEF period. The total value of investments (projects and programmes) are indicated in the accompanying table for the applicable region or District.

Map 3.2
TOTAL DEPARTMENTAL MTEF
INFRASTRUCTURE BUDGET AND
NUMBER OF PROJECTS,
Central Karoo District, 2021/24

WC PROVINCIAL DEPARTMENT	No of projects	2021/22 MTEF (R'000)	2022/23 MTEF (R'000)	2023/24 MTEF (R'000)	MTEF total (R'000)
Health (DoH)	12	6 660	5 347	99	12 106
Human Settlements (DoHS)	2	280	1 000	2 811	4 091
Transport and Public Works (DTPW)	7	151 000	122 500	93 000	366 500
Total	21	157 940	128 847	95 910	382 697

Note: WCED is the Western Cape Education Department, DoH is the Department of Health, DoHS is the Department of Human Settlements and DTPW is the Department of Transport and Public Works
Source: The Provincial Infrastructure Reporting Model (IRM) was used for the first time (except for the data of the Department of Human Settlements). There is room to improve on the accuracy in future publications



Information about the **2021/22 budgeted Provincial infrastructure spend** is provided in the *Overview of Provincial and Municipal Infrastructure Investment* (OPMII), published by Provincial Treasury.



3.6 CONCLUDING REMARKS

The CKD experienced a positive trade balance between 2010 and 2020, which can be largely attributed to the manufacturing sector and the agriculture sector. The peak of the trade surplus for the period was experienced in 2020 and was mainly driven by the agriculture sector. The trade balance in the District increased from R51.0 million in 2019 to R65.6 million in 2020.

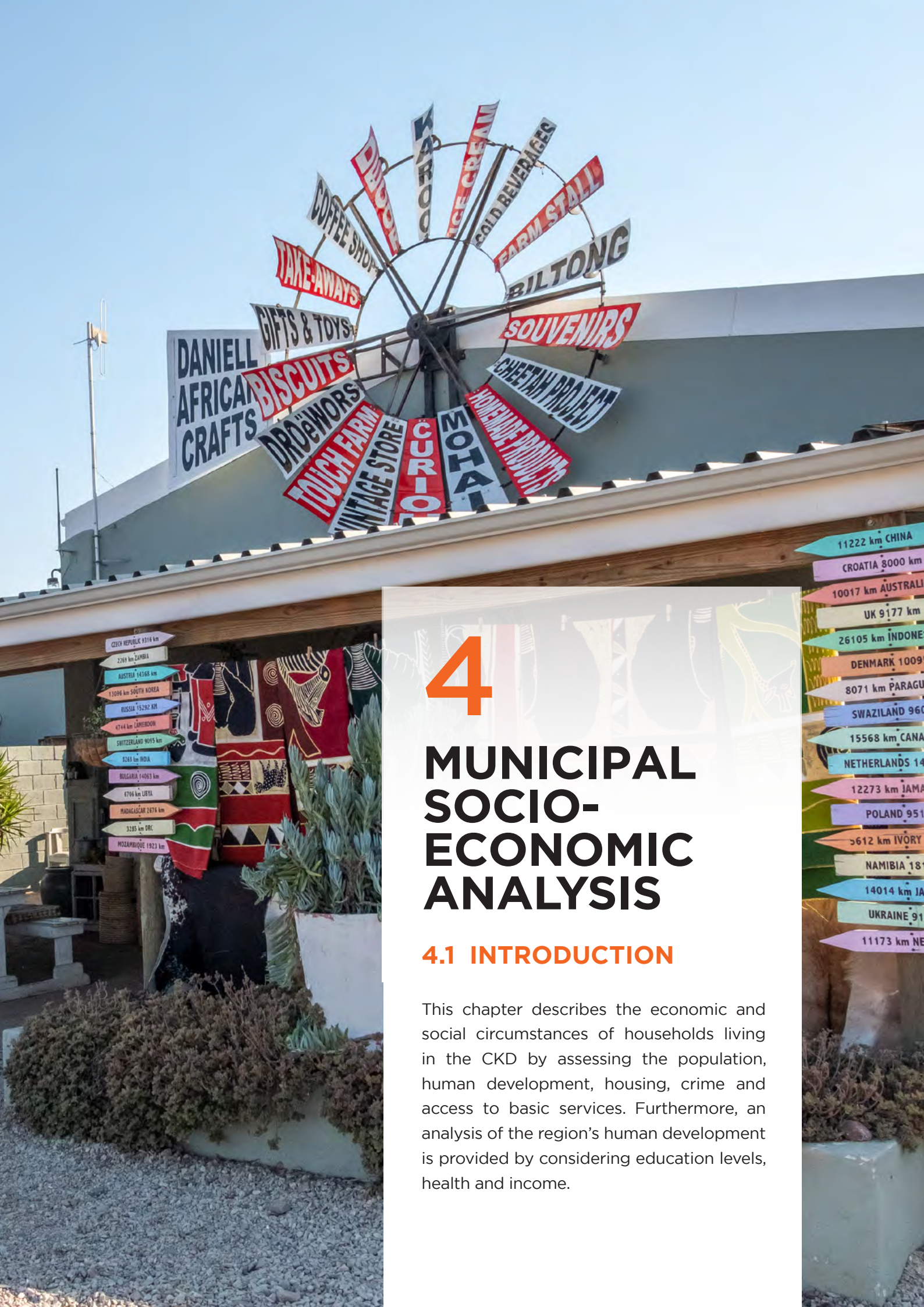
The District's top three import destinations in 2020 were the United Kingdom, the Netherlands and Ireland, while the top three export destinations were Namibia, Hong Kong and China. The main imported products were butter and related products, preparation products for animal feeding and forklift trucks. The main exported products from the CKD were milk and cream, buttermilk and related products, as well as whey.

The tourism sector in the CKD, like many other regions in the Western Cape, is experiencing revenue losses owing to the COVID-19 travel restrictions. However, the CKD's tourism trends indicate that the domestic tourism market started to improve as travel restrictions started easing. This shows that the CKD is a popular leisure destination for domestic tourists, especially from the Western Cape, Gauteng and KwaZulu-Natal.

The CKD is a popular destination for day visitors. The District offers domestic visitors short getaways where they can engage in activities such as culture and heritage tours, as well as visits to Karoo lamb farms and craft and food markets.

The agriculture sector is a vital source of employment in the CKD, but the sector contracted between 2015 and 2019, and experienced a decline in investment. Despite these challenges, it is estimated that the sector grew by 10.9 per cent in 2020. Strengthening local value chains will promote job creation over the entire value chain and niche tourism activities can also be value-added activities for working farms. Overall, increased private-sector investment, as well as monetary and non-monetary support for SMMEs and entrepreneurs, will also be a valuable boost for the local economy.

Public-sector infrastructure investment from the local municipalities to the value of R50.9 million is budgeted for 2021/22. Infrastructure investment contributes to economic growth, as it creates an enabling environment for business retention and expansion. Furthermore, by using local suppliers the multiplier effect of public spending in local communities is enhanced, boosting sectors such as construction.



4

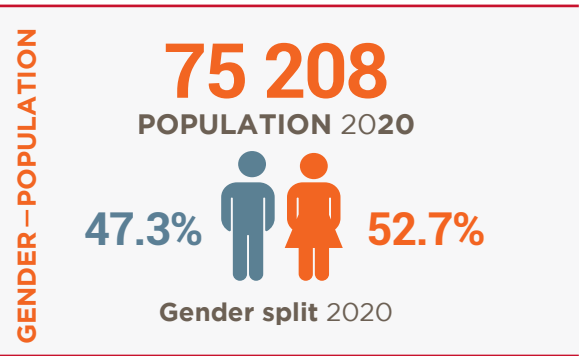
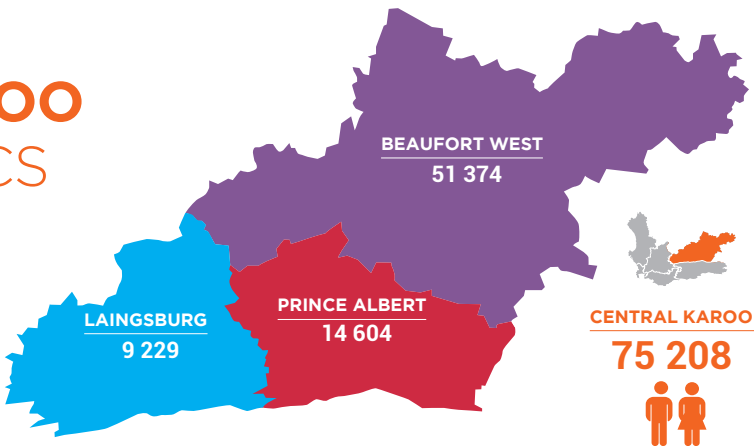
MUNICIPAL SOCIO-ECONOMIC ANALYSIS

4.1 INTRODUCTION

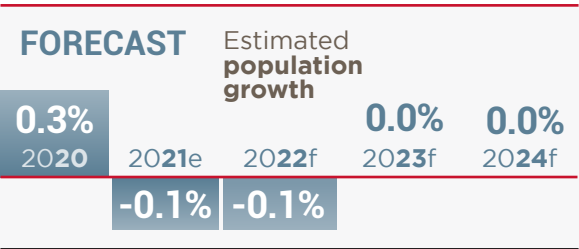
This chapter describes the economic and social circumstances of households living in the CKD by assessing the population, human development, housing, crime and access to basic services. Furthermore, an analysis of the region's human development is provided by considering education levels, health and income.

CENTRAL KAROO DEMOGRAPHICS

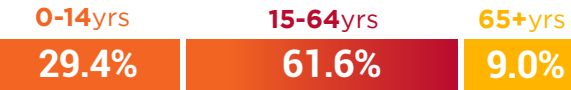
**CURRENT
POPULATION,**
Central Karoo
District,
2020



Some of the key indicators used in the socio-economic analysis include the population growth rate, GDPR per capita, household income, the Gini coefficient, the Human Development Index (HDI), educational development and dwelling types. These indicators are discussed in detail in the sections below.

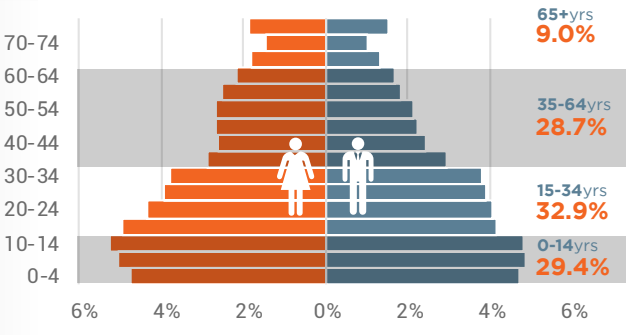


AGE PROFILE



Age split 2020

GENDER AND AGE DYNAMICS



HOUSEHOLDS



4.2 POPULATION PROFILE

The CKD has a population of 75 122 people in 2021, with most of the population concentrated in the Beaufort West municipal area (68.1 per cent). The Prince Albert and Laingsburg municipal areas contribute 19.5 per cent and 12.3 per cent respectively to the population of the CKD.

Figure 4.1 shows the population growth in the municipal areas of the CKD.

Figure 4.1

FUTURE POPULATION GROWTH, Central Karoo District, 2021 – 2025



Source: Western Cape Government PPU, 2021. Provincial, District and local municipality population estimates by sex and age (2002 – 2036) based on Stats SA MYPE series 2021 and 2020

The largest portion of the population is concentrated in the Beaufort West municipal area, where the population is expected to decrease at an average annual rate of 0.3 per cent between 2021 and 2025. In the Laingsburg and Prince Albert municipal areas, forecast trends show that the population for both these areas is expected to increase by a marginal annual rate of 0.5 per cent for the period between 2021 and 2025.

Declining fertility rates and migration patterns have contributed to the declining population as more people move to metropolitan areas or larger cities in search of employment opportunities, or better access to healthcare and other facilities and services. Population decline has implications for movement, infrastructure and socio-economic factors. Population decline could affect property prices and could lead to less demand for goods and services, which also results in less turnover for businesses in the area. As the younger population become better educated, they tend to move to larger cities and towns, which also means that the area loses well-trained and skilled workers.

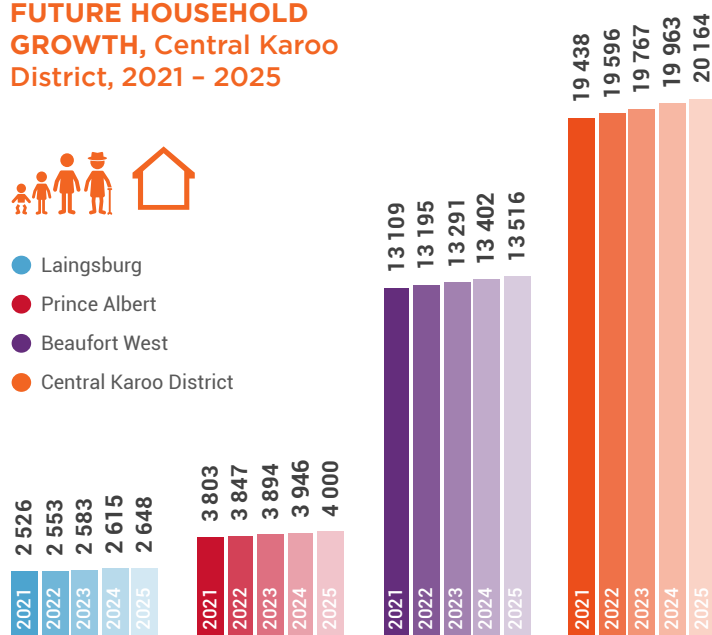
Figure 4.2 illustrates the future household growth in the municipal areas of the CKD.

Figure 4.2

FUTURE HOUSEHOLD GROWTH, Central Karoo District, 2021 - 2025



- Laingsburg
- Prince Albert
- Beaufort West
- Central Karoo District



Source: Western Cape Government PPU, 2021. Provincial, District and local municipality population estimates by sex and age (2002 - 2036) based on Stats SA MYPE series 2021 and 2020

Based on forecast trends, the number of households in the CKD is expected to increase at an average annual rate of 0.9 per cent from 19 438 in 2021 to 20 164 in 2025. The largest proportion of households are based in the Beaufort West municipal area (67.5 per cent) and this is expected to increase at an annual rate of 0.8 per cent from 13 109 households in 2021 to 13 516 households in 2025. The Prince Albert municipal area is expected to have the highest average annual growth rate (1.3 per cent) and is predicted to increase from 3 803 households in 2021 to 4 000 in 2025. The projected household growth rate for the Laingsburg municipal area is 1.2 per cent, with trends indicating an increase from 2 526 households in 2021 to 2 648 households in 2025.

Households are the central point of various demographic, social and economic processes owing to decisions regarding education, lifestyles and standards, healthcare and labour force participation. An increase in household growth and the establishment of new households provide a diverse consumer market. However, an increase in households and a decrease in population may suggest that the household composition is changing – households are getting smaller, and this could also have other implications, such as an increase in the demand for smaller residential units and other demand in terms of goods and services.³⁸

³⁸ (Urban Institute, 2020).

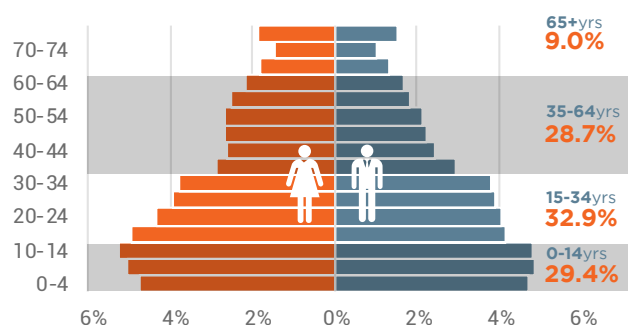
Figure 4.3 illustrates the gender and age patterns in the CKD in 2020.

Figure 4.3

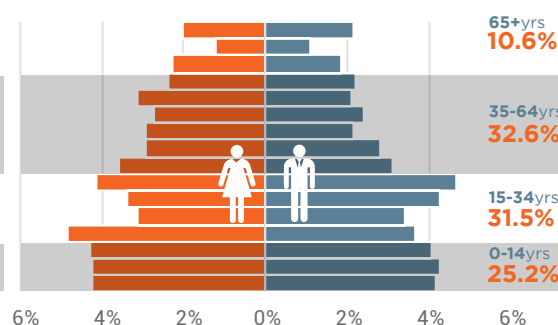
GENDER AND AGE DYNAMICS, Central Karoo District, 2020



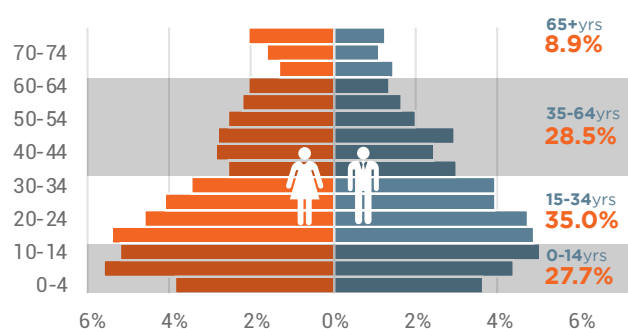
Central Karoo District



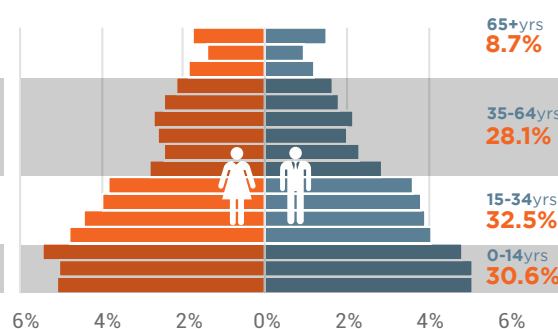
Laingsburg



Prince Albert



Beaufort West



Source: Western Cape Government PPU, 2021. Provincial, District and local municipality population estimates by sex and age (2002 – 2036) based on Stats SA MYPE series 2021 and 2020

The largest portion of the population (32.9 per cent) in the CKD is between the ages of 15 and 34 years, followed by individuals younger than 15 years (29.4 per cent in 2020). The smallest share of the District's population (9.0 per cent) consists of individuals older than 65 years. The population structure suggests that the District has a more youthful population, while the potentially economic active population or young working class between the ages of 15 and 34 also forms a large portion of the population. The large child population indicates that there is a large dependence on working-age people. However, the CKD has a high unemployment rate, placing a high burden of care on those who do have employment.

In the Laingsburg municipal area, the population aged between 35 and 64 years, namely the working-age population, makes up the largest share (32.6 per cent) of the population, followed by the population aged between 15 and 34 (31.5 per cent). Compared with the District, the Laingsburg municipal area has a larger proportion of the older population. This municipal area has a larger share of the population aged between 35 and 64, as well as those older than 64, when compared with the District. Compared with the other municipalities within the District, the Laingsburg municipal area has the highest proportion of people aged between 35 and 64, and the lowest proportion of children and youth. The lower proportion of the younger

population may mean that this municipal area has a lower birth rate, or that young people are migrating out of the area. The higher proportion of the ageing population may increase pension and healthcare costs,³⁹ while the smaller child and youth population will have future labour market implications.

In the Prince Albert municipal area, the largest share of the population is made up of individuals between 15 and 34 years (35.0 per cent). This is followed by individuals between 35 and 64 years (28.5 per cent) and people younger than 14 years (27.7 per cent). This means that most individuals are in the potentially economically active population and are able to generate an income, therefore making a positive contribution to the labour market and the economy.⁴⁰ There is thus a high demand for employment in the Prince Albert municipal area. When compared with the District's population categories, the proportion of the population between 15 and 34 years is higher than that of the same age category in the District. However, the other age categories have a higher population share in the District compared with that of the Prince Albert municipal area.

In the Beaufort West municipal area, the largest share of the population is made up of individuals between the ages of 15 and 34 (32.5 per cent), followed by people younger than 14 years (30.6 per cent). The population between 35 and 64 makes up 28.1 per cent of the population. Individuals older than 65 make up the smallest share of the population (8.7 per cent). The population share of individuals younger than 14 is higher than that of the District. This population profile indicates that there is a large share of children depending on the working-age population. A youthful population may suggest a larger workforce in the future and an increase in the demand for products and services. On the other hand, a youthful population could also lead to insufficient job opportunities to support the growing demand for jobs and may increase pressure on healthcare systems. Furthermore, there would be a high demand for education facilities and skills development programmes to equip the youth for future employment.



³⁹ (The Gleaner, 2015).

⁴⁰ (International Labour Organization, 2020).

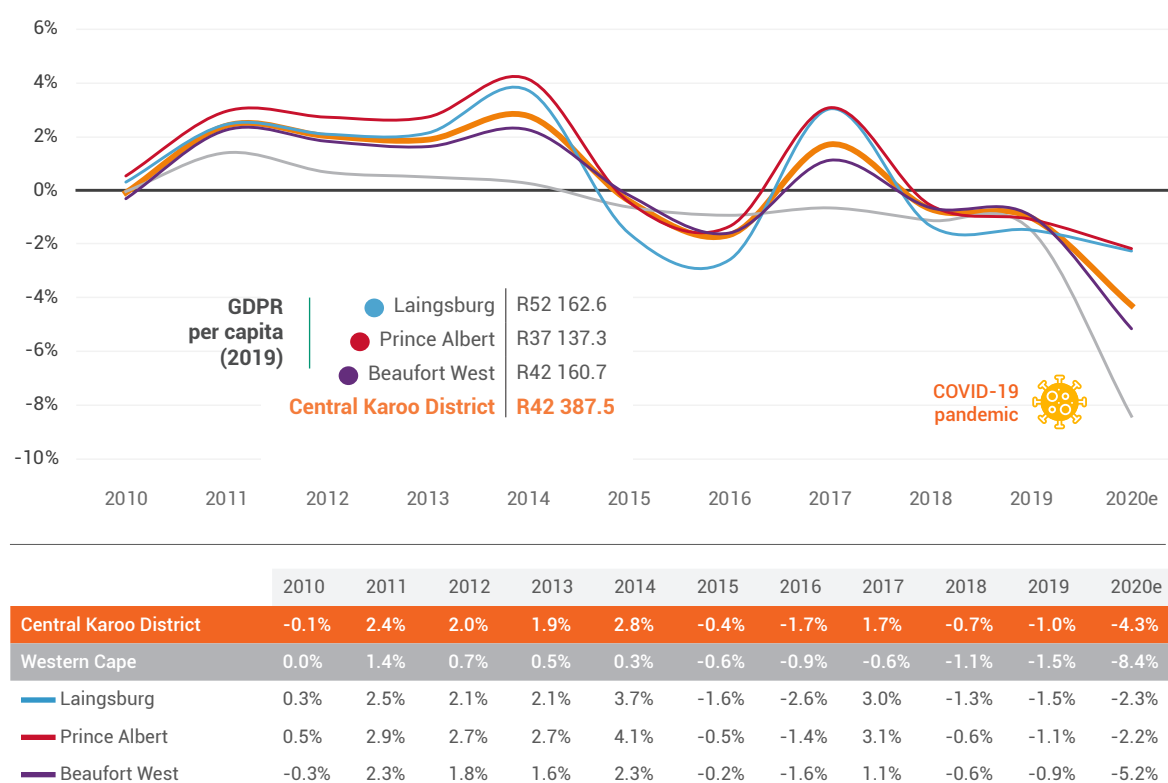
4.3 HUMAN DEVELOPMENT

Economists expect economic growth to result in improvements in human development, and economic decline to have an adverse effect on human development. The United Nations uses the HDI to assess the level of socio-economic development in countries. The performance of the economy plays a major role in determining the quality of life for citizens, which is measured by the standard of education, health, dwellings, access to basic services and crime levels.

4.3.1 Income

GDPR per capita is often used as an indicator for the standard of living in a society. Figure 4.4 shows the growth in GDPR per capita of the CKD between 2010 and 2020.

Figure 4.4
GDPR PER CAPITA GROWTH, Central Karoo District, 2010 - 2020



Source: Quantec Research, 2021 (e denotes estimate)

In 2010, the Western Cape experienced stagnant GDPR per capita growth, while the CKD's GDPR per capita contracted by 0.1 per cent. Albeit minimal, the Prince Albert municipal area experienced the highest GDPR per capita growth (0.5 per cent) in the CKD, followed by the Laingsburg municipal area, with growth of 0.3 per cent. The Beaufort West municipal area experienced a downturn in terms of GDPR per capita growth, with a 0.3 per cent decline. These growth rates indicated signs of recovery after the global economic crisis in 2008 and continued to improve until 2014.

The GDPR per capita for all municipal areas plunged in 2015, which could have been the result of the drought experienced in most regions in the Western Cape between 2015 and 2017. The agricultural sector plays a significant role in the District's employment and economic contribution. Thus, the climate crises during this period had a significant impact on the agricultural sector and therefore also affected the GDPR per capita. In 2017, some recovery was seen, after which the GDPR per capita experienced further declines. In 2019, the Laingsburg municipal area experienced the largest contraction (1.5 per cent) compared with the other municipal areas in the CKD. In 2020, all municipal areas in the District contracted further as a result of the impact of the global COVID-19 pandemic and the associated regulations and restrictions placed on movement, business operations and trade. However, the contraction in GDPR per capita was less severe in the CKD compared with the Province as a result of slower population growth trends.

Table 4.1 below displays the average monthly household income in the CKD.

Table 4.1

**AVERAGE MONTHLY HOUSEHOLD INCOME (CURRENT PRICES),
Central Karoo District, 2019**

MUNICIPALITY	Average household income 2019 (current prices)	Trend 2015 – 2019
● Laingsburg	R13 083	1.7%
● Prince Albert	R12 439	2.3%
● Beaufort West	R13 229	1.2%
Central Karoo District	R13 068	1.5%
Western Cape	R19 430	-0.3%

Source: Urban-Econ calculations based on Quantec Research, 2021

In 2019, households in the CKD had an average monthly income of R13 068 per month, which was significantly lower than the average household income of R19 430 in the Western Cape. The Beaufort West and Laingsburg municipal areas had an average household income of R13 229 and R13 083 respectively, both higher than that of the CKD. The Prince Albert municipal area had the lowest average household income at R12 439.

The Western Cape experienced a decline of 0.3 per cent per annum in the average household income between 2015 and 2019, whereas the District experienced a 1.5 per cent increase over the same period. The Prince Albert municipal area had the highest growth rate (2.3 per cent) between 2015 and 2019, followed by the Laingsburg municipal area, with a growth rate of 1.7 per cent, and Beaufort West with a growth rate of 1.2 per cent. However, these growth rates were still lower than the average inflation rate over the same period (5.0 per cent),⁴¹ emphasising that households remain under pressure considering the weakening economy in the CKD.

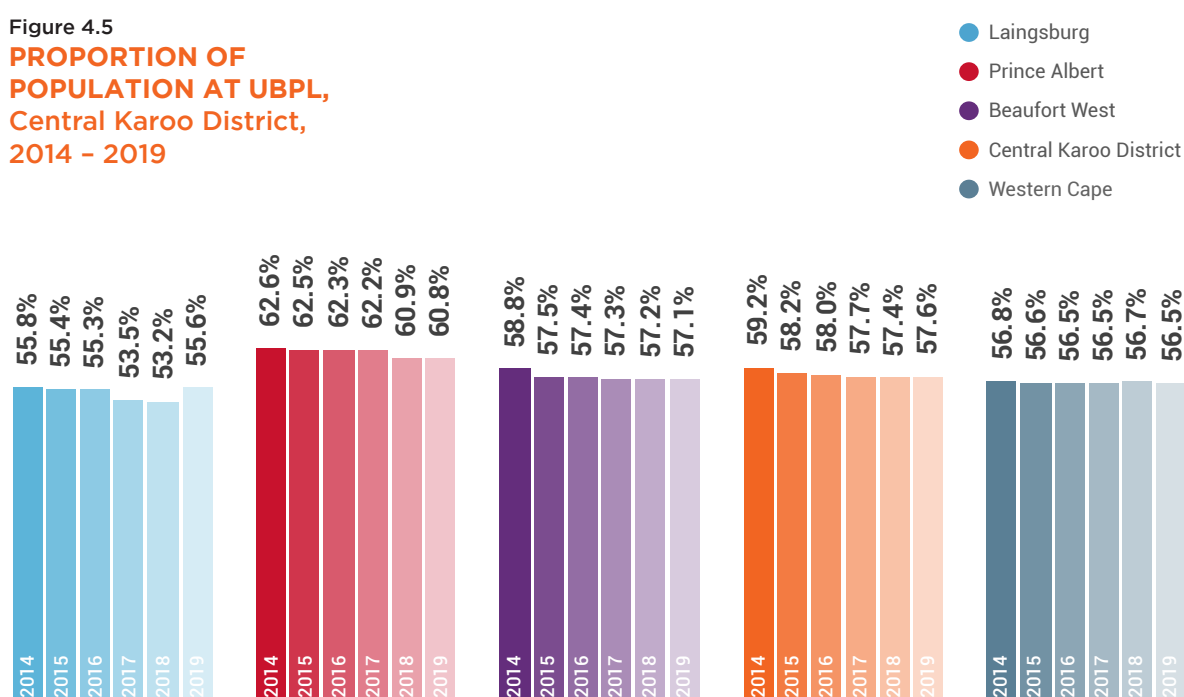
A decline in the average household income is expected for 2020, as research shows an increase in job losses and households left with no income with the onset of the COVID-19 pandemic. In a national survey conducted by Stats SA, 5.2 per cent of respondents indicated that they had no income before the national lockdown was implemented, whereas 15.4 per cent of respondents indicated that they had no income by the sixth week of lockdown.⁴²

⁴¹ (Stats SA, 2021).

⁴² (Stats SA, 2021).

Stats SA utilises a cost-of-basic-needs approach to produce three poverty lines, namely the food poverty line (FPL), the lower-bound poverty line (LBPL) and the upper-bound poverty line (UBPL). This allows monitoring of poverty at different levels. The FPL is the rand value below which individuals are not able to afford sufficient food that is required for adequate health. The LBPL and the UBPL use the food-poverty line as a base, but they also have a non-food component. Individuals at the LBPL do not have enough resources to purchase both adequate levels of food and non-food items, and must therefore sacrifice food to obtain essential non-food items. Those at the UBPL can afford both adequate food and non-food items.⁴³ Between 2019 and 2020, the FPL increased from R561 to R585, the LBPL increased from R810 to R840, and the UBPL increased from R1 227 to R1 268 per person per month.⁴⁴

The figure below details the proportion of the population considered to be at the UBPL.



Source: Quantec Research, 2021

There is a larger proportion of people in the CKD at the UBPL compared with South Africa and the Western Cape over the reference period. The proportion of people at the UBPL in the CKD declined from 59.2 per cent in 2014 to 57.4 per cent in 2018, before increasing marginally to 57.6 per cent in 2019. The Laingsburg municipal area recorded a similar declining trend between 2014 and 2018, before increasing in 2019, while continued declines were recorded in the Prince Albert and Beaufort West municipal areas. The Prince Albert municipal area has the highest proportion of people at the UBPL in the CKD over the reference period. Given the increase in job losses in 2020, it is anticipated that the proportion of people at the UBPL will increase. This puts extra strain on all spheres of government; households struggle to pay rates and taxes to local authorities, income tax receipts decline and the need for income support increases.

⁴³ (Stats SA, 2017).

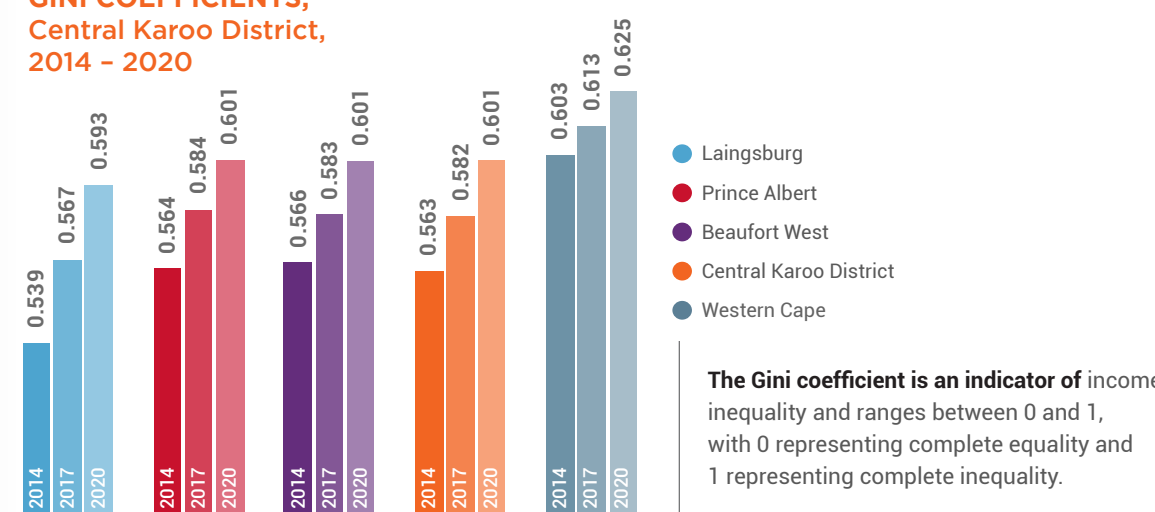
⁴⁴ (Stats SA, 2020).



There are numerous measurements of inequality in a society, including income, expenditure, asset, employment, education, health, basic services and social mobility inequality. By utilising a multidimensional view of inequality, the broader context of the challenges South Africans face can be analysed. Ratios and indices that measure inequality include the Gini coefficient, the Theil index, general entropy, the Palma ratio and the Atkinson index.⁴⁵ However, on a local municipal level, data that is readily available is the Gini coefficient, which can therefore be utilised to analyse income inequality on a local level.

Figure 4.6 outlines the Gini coefficients for the local municipal areas of the CKD.

Figure 4.6
GINI COEFFICIENTS,
Central Karoo District,
2014 – 2020



Source: Quantec Research, 2021

During the period of review, the CKD had a lower income inequality compared with the Western Cape. However, income inequality increased in the District for the period between 2014 and 2020. In 2020, the Laingsburg municipal area experienced the lowest Gini coefficient (0.593), indicating a lower level of inequality compared with the Prince Albert and Beaufort West municipal areas, which both had a Gini coefficient of 0.601. All municipal areas in the CKD experienced an increase in income inequality for the period of review.

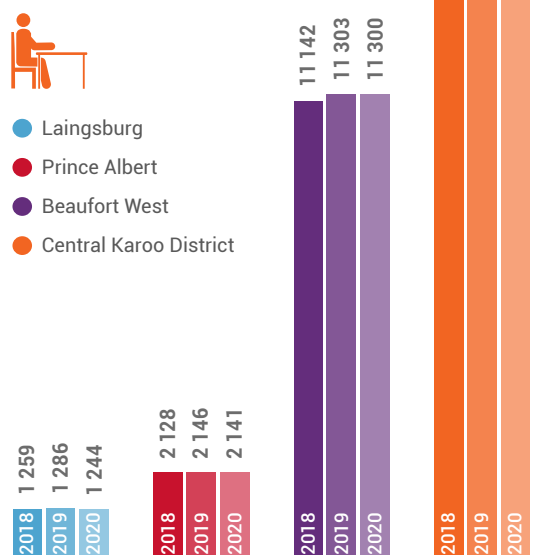
The job losses as a result of the COVID-19 pandemic would have contributed to income inequality. Workers who were able to work from home would have been able to continue earning an income, while those who were unable to do so, either owing to a lack of connectivity or because their jobs required physical labour, would have been left without an income. This also emphasises the importance of COVID-19 relief measures such as TERS.

⁴⁵ (Stats SA, 2019).

4.3.2 Education

In this subsection, the trends related to education in the CKD between 2018 and 2020 are discussed. Figure 4.7 illustrates the number of learners enrolled in schools in the CKD.

Figure 4.7
LEARNER ENROLMENTS,
Central Karoo District,
2018 - 2020



Enrolment numbers is an important indicator for the demand for schools, learner transport and educators within a municipal area.

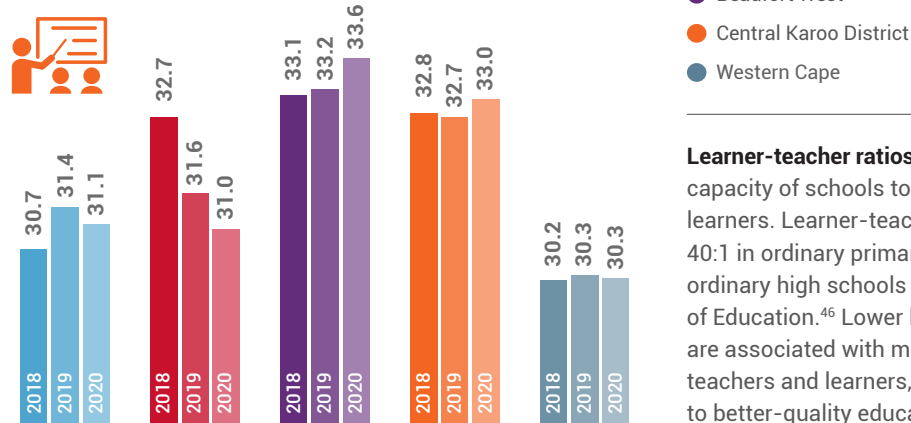
Source: Western Cape Education Department, 2021

The CKD experienced an increase in the number of learner enrolments, from 14 529 learners in 2018 to 14 685 in 2020. The largest number of enrolments in the CKD was in the Beaufort West municipal area, which experienced an increase from 11 142 in 2018 to 11 300 in 2020. The learner enrolment figure for the Prince Albert municipal area increased from 2 128 learners in 2018 to 2 141 learners in 2020. However, in the Laingsburg municipal area, the number of enrolments decreased from 1 259 in 2018 to 1 244 in 2020. This is in line with a slower child population growth in the Laingsburg municipal area.

The increase in the number of learners in the CKD may indicate the need for more educational facilities or resources. The increased number of enrolments also means that more people are receiving an education, which in turn has a positive impact on the local economy.

Figure 4.8 compares the learner teacher ratio of the CKD with the Western Cape.

Figure 4.8
LEARNER-TEACHER RATIO,
Central Karoo District,
2018 - 2020



Learner-teacher ratios are indicative of the capacity of schools to accommodate more learners. Learner-teacher ratio upper limits of 40:1 in ordinary primary schools and 35:1 in ordinary high schools are set by the Department of Education.⁴⁶ Lower learner-teacher ratios are associated with more interaction between teachers and learners, which could contribute to better-quality education.⁴⁷

Source: Western Cape Education Department, 2021

⁴⁶ (Sephton, S, 2017).

⁴⁷ (Southern and Eastern Africa Consortium for Monitoring Educational Quality, 2011).

In 2020, the learner-teacher ratio in the CKD (33.0 learners per teacher) was higher than that of the Western Cape (30.3 learners per teacher). The District also experienced an increase from 32.8 learners per teacher in 2018 to 33.0 learners per teacher in 2020, indicating that the number of educators did not increase sufficiently, considering the increase in learner enrolments.

For the entire period under review, the Beaufort West municipal area not only had the highest learner-to-teacher ratio compared with the other municipal areas in the District, the ratio was also higher than that of the CKD and the Western Cape. The learner-to-teacher ratio of the Beaufort West municipal area increased from 33.1 learners per teacher in 2018 to 33.2 learners per teacher in 2019 and 33.6 learners per teacher in 2020. Despite the marginal decrease in its number of enrolments from 2019 to 2020, the Beaufort West municipal area experienced an increase in the learner-teacher ratio during the same period, indicating a decrease in educators from the municipal area. The rural nature of the CKD may influence the ability of schools to attract educators to relocate to the area in order to meet the demands of the growing learner enrolments.

The Prince Albert municipal area had the lowest learner-teacher ratio in the District in 2020. The learner-teacher ratio in this municipal area declined from 32.7 learners per teacher in 2018 to 31.6 learners in 2019 and 31.0 in 2020. In 2020, learner enrolment decreased by five learners, while the learner-teacher ratio continued to decline. This indicates that there are more teachers in the municipal area, which may result in better teaching and grading outcomes.

The learner-teacher ratio in the Laingsburg municipal area experienced slight fluctuations during the period under review. The learner-teacher ratio increased from 30.7 learners per teacher in 2018 to 31.4 learners in 2019, after which it decreased to 31.1 learners per teacher in 2020. There is a correlation between the number of enrolments and the learner-teacher ratio over the past three years. In 2019, both the number of enrolments and the learner-teacher ratio increased, while in 2020 the number of enrolments and the learner-teacher ratio decreased. This may suggest that the learner-teacher ratio is more affected by the number of enrolments in a given year and that the number of teachers in the area remains steady.

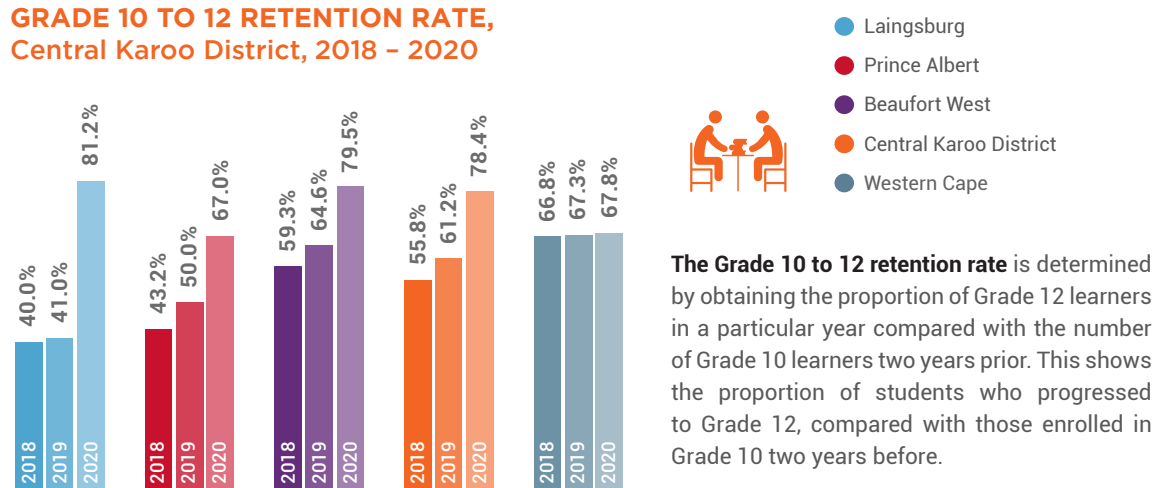
The learner-teacher ratio is a strong indicator of the students' level of engagement in a class, the quality of education and student achievement. A lower learner-teacher ratio therefore indicates that there are fewer learners per teacher and learners generally have the advantage that teachers are able to provide more personalised/tailored teaching methods and support, which improve the quality of education received and the ability of students to achieve. Research has also shown that lower learner-teacher ratios are associated with better test results, fewer drop-out learners and higher graduation rates.⁴⁸

⁴⁸ (The Hun School of Princeton, 2019).

Figure 4.9 considers the retention rate in the Grade 10 to 12 phase of the schools in the CKD.

Figure 4.9

GRADE 10 TO 12 RETENTION RATE, Central Karoo District, 2018 - 2020



Source: Western Cape Education Department, 2021

Despite the disruptions to the school year in 2020 owing to COVID-19, the CKD experienced consistent improvements in the learner retention rate over the reference period. The retention rate for the CKD improved from 55.8 per cent in 2018 to 61.2 per cent in 2019 and 78.4 per cent in 2020. Compared with the Province, the CKD had a lower retention rate in 2018 and 2019, after which the District's retention rate overtook that of the Province.

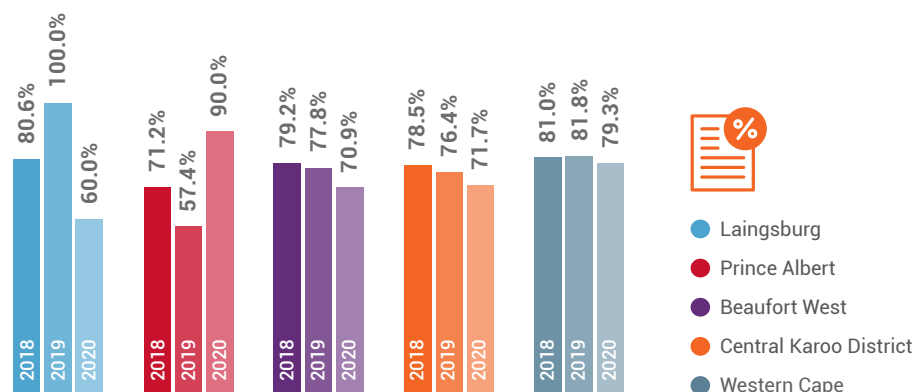
In 2020, the Laingsburg municipal area had a retention rate of 81.2 per cent, which was higher than that of the District and the Province. This municipal area also experienced the highest growth in the retention rate, improving from 40.0 per cent in 2018 to 41.0 per cent in 2019 and 81.2 per cent in 2020. The Prince Albert municipal area recorded constant growth in the retention rate, improving from 43.2 per cent in 2018 to 50.0 per cent in 2019 and 67.0 per cent in 2020. The Beaufort West municipal area also experienced an improvement in the retention rate, from 59.3 per cent in 2018 to 64.6 per cent in 2019 and 79.5 per cent in 2020.

Access to education is an important indicator for labour market skills and access to economic opportunity. The increase in learner retention is therefore positive, especially considering that most sectors require semi-skilled and skilled labour.



Figure 4.10 depicts the proportion of learners who passed Grade 12 and earned a school-leaving certificate in the CKD between 2018 and 2020.

Figure 4.10
MATRIC PASS RATE,
Central Karoo District,
2018 – 2020



Source: Western Cape Education Department, 2021

Despite the improvements in learner retention, the CKD recorded a consistent decline in the matric pass rate during the three-year period. In 2018, the District's matric pass rate was 78.5 per cent. Between 2019 and 2020, the pass rate declined from 76.4 per cent to 71.7 per cent. The matric pass rate of the District was lower than that of the Western Cape during the three-year period.

The Prince Albert municipal area had the highest matric pass rate in 2020 (90.0 per cent), increasing from 57.4 per cent in 2019. This municipal area also recorded an increase in the learner retention rate during this period.

The matric pass rate in the Beaufort West municipal area declined from 79.2 per cent in 2018 to 77.8 per cent in 2019, and in 2020 the pass rate declined further to 70.9 per cent. The Grade 10 to 12 retention rate in the municipal area shows an increase from 64.6 per cent in 2019 to 79.5 per cent in 2020, which means that although a larger proportion of learners was retained, the proportion of learners who passed matric decreased.

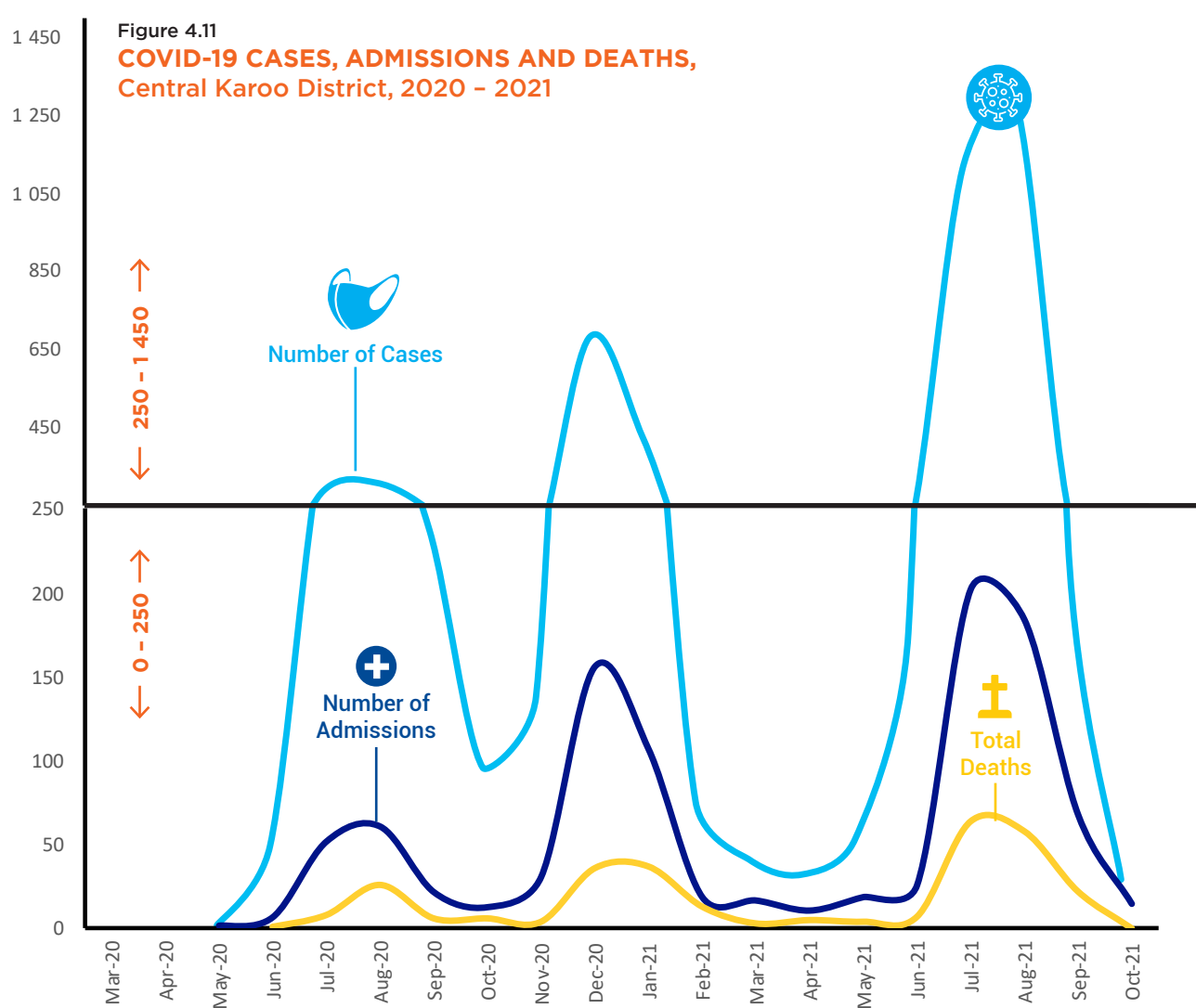
The Laingsburg municipal area recorded the highest matric pass rate (80.6 per cent) in 2018 compared with other municipal areas and achieved a 100.0 per cent matric pass rate in 2019. However, in 2020 the matric pass rate declined to 60.0 per cent, while the retention rate increased. Additional resources may be required to ensure that learners are equipped to pass Grade 12.

4.3.3 Health

The health conditions of persons living within the CKD are analysed in this section by looking at the prevalence of COVID-19, TB, HIV, infant mortality rates, maternal death rates and teenage pregnancies.

4.3.3.1 COVID-19

Figure 4.11 indicates the number of COVID-19 cases, admissions and deaths, as well as the distribution of deaths per age group, in the CKD since the start of the COVID-19 pandemic in March 2020.⁴⁹



Source: Western Cape Department of Health, 2021

	Mar 20	Apr 20	May 20	Jun 20	Jul 20	Aug 20	Sep 20	Oct 20	Nov 20	Dec 20	Jan 21	Feb 21	Mar 21	Apr 21	May 21	Jun 21	Jul 21	Aug 21	Sep 21	Oct 21
Cases			3	50	287	307	236	96	138	680	422	76	42	33	54	176	1 109	1283	231	30
Admissions			2	7	52	61	22	13	31	156	107	19	17	11	19	26	202	184	68	15
Total deaths				1	8	26	6	6	4	36	37	13	3	5	4	7	64	58	22	0

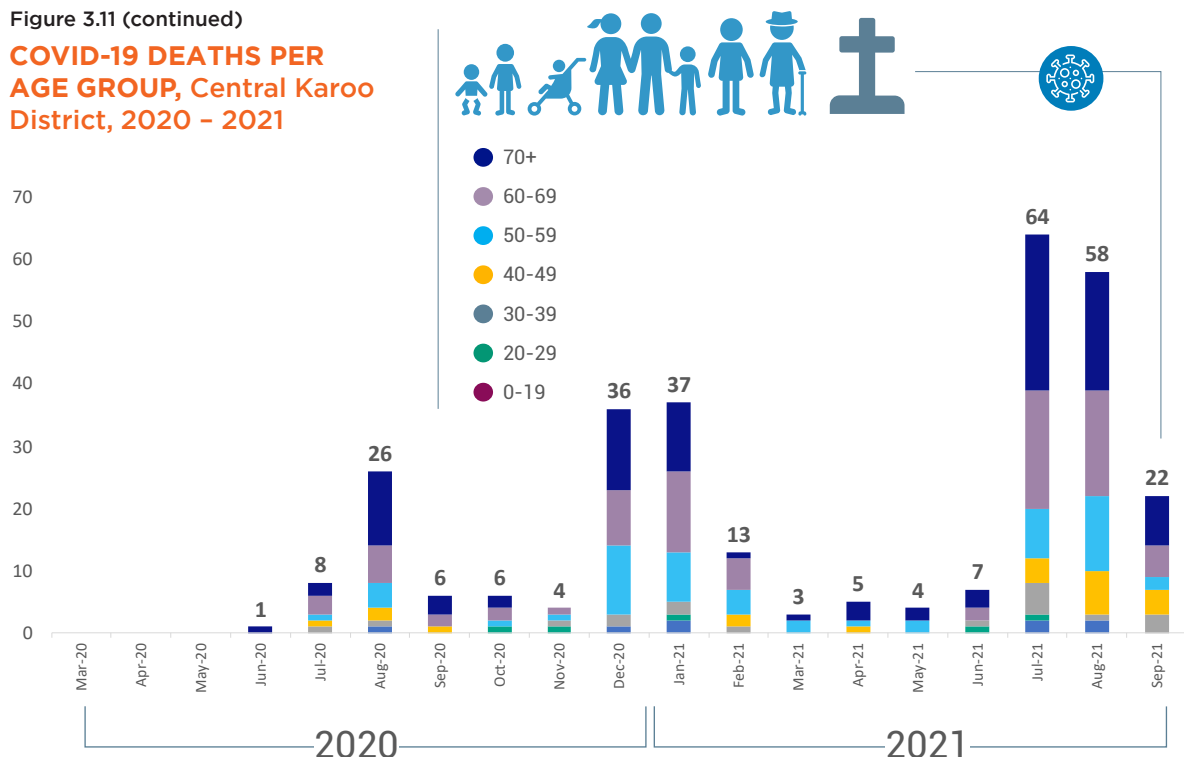
⁴⁹ Data for COVID-19 cases, admissions and deaths was extracted in November 2021.

There were no COVID-19 cases recorded in the CKD between March and April in 2020. However, three cases were recorded in May 2020, which significantly increased to 306 in August 2020. The first wave of COVID-19 in South Africa is defined as the period from weekly incidence of 30 cases per 100 000 persons to peak weekly incidence (week 24 to week 28).⁵⁰ Cases of COVID-19 during the first wave in the CKD therefore lagged that of the Province and the country. During the second wave, admissions peaked at 156 cases in December 2020, and again at 198 cases in July 2021 during the third wave.

The number of deaths recorded in the CKD follows a similar trend to the number of admissions. It is clear that with an increase in admissions, the number of deaths also increases. The recorded number of deaths increased from one in June 2020 to 36 in December the same year. In 2021, the number of deaths increased from 37 in January to 64 in July. People older than 60 have a higher probability of death from COVID-19. At the peak of the first, second and third waves in terms of death, 69.2 per cent, 65.8 per cent and 67.2 per cent of deaths respectively were people older than 60.

Figure 3.11 (continued)

COVID-19 DEATHS PER AGE GROUP, Central Karoo District, 2020 – 2021



Source: Western Cape Department of Health, 2021



By mid-August 2021, 38.7 per cent of persons older than 60 had been vaccinated in the CKD compared with 54.4 per cent provincially. Vaccinations of persons between the ages of 50 and 59 (32.3 per cent) were more on par with Provincial vaccinations (33.4 per cent). For the 35-to-49 age group, vaccination progress (15.2 per cent) was marginally higher compared with the Province (14.2 per cent). The Laingsburg and Prince Albert municipal areas recorded vaccination rates of 18.4 per cent and 18.3 per cent respectively in this age group.

⁵⁰ (Centre of Respiratory Diseases and Meningitis, NICD-NHLS, 2021).

4.3.3.2 Mortality

Table 4.2 provides an overview of the top 10 natural causes of death in the CKD in 2018.

Table 4.2

TOP 10 NATURAL CAUSES OF DEATH, Central Karoo District, 2018



Rank	Central Karoo District		Western Cape	
	Cause of death	%	Cause of death	%
1	Chronic lower respiratory diseases	9.5%	Diabetes mellitus	7.6%
2	TB	8.8%	Ischaemic heart disease	6.1%
3	Cerebrovascular disease	6.9%	Cerebrovascular disease	5.9%
4	Hypertensive diseases	5.5%	HIV	5.7%
5	Diabetes mellitus	5.5%	Chronic lower respiratory diseases	5.1%
6	Ischaemic heart disease	4.7%	TB	4.9%
7	Other forms of heart disease	4.6%	Malignant neoplasms of digestive organs	4.5%
8	Malignant neoplasms of respiratory and intrathoracic organs	4.4%	Malignant neoplasms of respiratory and intrathoracic organs	4.5%
9	HIV	3.6%	Hypertensive diseases	3.8%
10	Malignant neoplasms of digestive organs	3.3%	Other forms of heart disease	3.3%
Other natural		33.7%		35.6%
Non-natural		9.4%		13.0%

Source: Stats SA, 2021

In the CKD, chronic lower respiratory diseases, TB and cerebrovascular disease were the main causes of natural death, accounting for 9.5 per cent, 8.8 per cent and 6.9 per cent of deaths respectively. Provincially, most natural deaths were caused by diabetes mellitus (7.6 per cent) and ischaemic heart disease (6.1 per cent).

The proportion of people dying from TB in the CKD increased from 5.9 per cent in 2017 to 8.8 per cent in 2018 – emphasising the importance of public healthcare efforts in treating this disease. Diabetes mellitus also accounted for a larger proportion of deaths in the CKD in 2018 compared with 2017 (5.1 per cent).

Non-natural deaths accounted for 9.4 per cent of deaths in the District, which is lower than the Western Cape's 13.0 per cent. Positively, the proportion of non-natural deaths declined from 15.3 per cent in 2017.



WELLBEING

Diabetes mellitus is considered a lifestyle disease that places severe strain on the public healthcare system. Obesity, caused by poor diet and lack of physical activity, is one of the leading causes of Type 2 diabetes. One of the focus areas of the Western Cape Recovery Plan is increasing the wellbeing of citizens by promoting nutrition, exercise and psycho-social support, and it can therefore play a critical role in reducing the burden of lifestyle diseases, as well as mortalities, on the healthcare system.

4.3.3.3 HIV/AIDS and TB

Table 4.3 provides the trends in HIV testing, treatment and outcomes in the CKD between 2017/18 and 2020/21.

Table 4.3

TRENDS IN HIV TESTING, TREATMENT AND OUTCOMES, Central Karoo District, 2017/18 – 2020/21



	2017/18	2018/19	2019/20	2020/21
Known HIV+ (Tested; n)	3 359	3 325	3 155	3 211
Of which: Clients started but no longer on ART	39.8%	48.4%	22.9%	23.3%
Of which: Clients on ART	58.6%	60.8%	61.3%	61.5%
Of which: Clients with confirmed viral suppression	62.9%	51.2%	58.6%	57.6%

Source: Western Cape Department of Health, 2021

During the period under review, the number of people who tested positive for HIV experienced a decline from 3 359 in 2017/18 to 3 211 in 2020/21. The Joint United Nations Programme on HIV/AIDS (UNAIDS) targeted that by 2020, 90.0 per cent of all people living with HIV would know their status, 90.0 per cent of people diagnosed with HIV would be receiving ART and 90.0 per cent of people receiving ART would have viral suppression.⁵¹ The number of patients on antiretroviral treatment (ART) has shown a continuous increase from 58.6 per cent in 2017/18 to 60.8 per cent in 2018/19, 61.3 per cent in 2019/20 and 61.5 per cent in 2020/21.

Viral suppression is when HIV medicine is used to reduce the viral load in the body in such a way that the immune system is able to function.⁵² Despite the increase of patients on ART, patients with confirmed viral suppression decreased from 62.9 per cent in 2017/18 to 57.6 per cent in 2020/21.

The proportion of people who started with ART but are no longer on the treatment increased from 39.8 per cent in 2017/18 to 48.4 per cent in 2018/19. Following this, a decline is evident, with a recorded 22.9 per cent of patients in 2019/20, after which there was an increase, reaching 23.3 per cent in 2020/21.



⁵¹ (UNAIDS, 2014).

⁵² (Centers for Disease Control and Prevention, 2021).

Table 4.4 shows the trends in TB notification and outcomes in the CKD between 2018/19 and 2020/21. TB is the second-leading natural cause of death, and improved outcomes in treating the disease are therefore critical in the CKD.

Table 4.4

**TRENDS IN TB NOTIFICATION AND OUTCOMES,
Central Karoo District, 2018/19 – 2020/21**



	2018/19	2019/20	2020/21
TB programme success rate	75.9%	79.7%	81.8%
TB clients lost to follow-up	18.2%	14.1%	12.5%
TB client death rate	4.5%	5.0%	3.9%
TB/HIV co-infected	29.4%	37.9%	30.4%
TB MDR treatment success rate	46.4%	70.6%	73.9%

Source: Western Cape Department of Health, 2021

Despite the challenges the COVID-19 pandemic posed to the healthcare system, TB health outcomes remained positive. The TB programme success rate increased from 75.9 per cent in 2018/19 to 79.7 per cent in 2019/20 and 81.8 per cent in 2020/21. The percentage of TB clients lost to follow-up continuously declined from 18.2 per cent in 2018/19 to 14.1 per cent in 2019/20 and 12.5 per cent in 2020/21. The TB client death rate fluctuated over the three-year period from 4.5 per cent in 2018/19 to 5.0 per cent in 2019/20 and 3.9 per cent in 2020/21. The TB/HIV co-infection rate also fluctuated, from 29.4 per cent in 2018/19 to 37.9 per cent in 2019/20 and 30.4 per cent in 2020/21. The multidrug-resistant (MDR) treatment success rate has shown significant increases from 46.4 per cent in 2018/19 to 70.6 per cent in 2019/20 and 73.9 per cent in 2020/21.

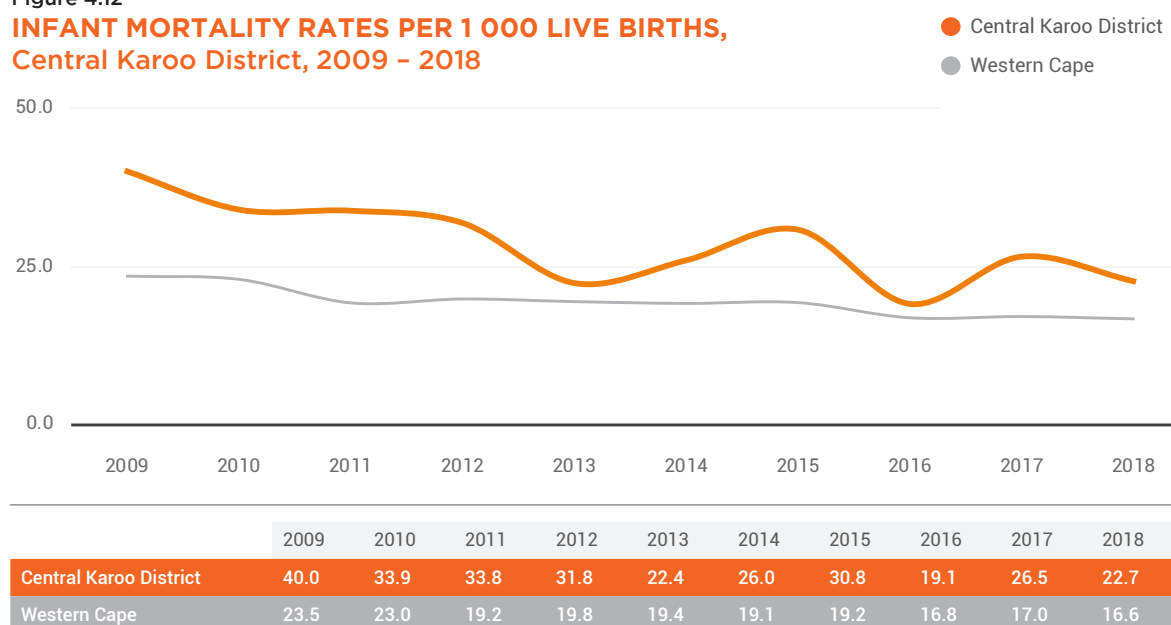


4.3.3.4 Infant, child and maternal health

Figure 4.12 provides the infant mortality rates per 1 000 live births in the CKD and the Western Cape between 2009 and 2018.

Figure 4.12

INFANT MORTALITY RATES PER 1 000 LIVE BIRTHS, Central Karoo District, 2009 – 2018



Source: Western Cape Department of Health, 2021

In general, the infant mortality rate of the CKD, as well as the Western Cape, declined between 2009 and 2018, although the mortality rate in the CKD was higher than the Western Cape for the entire period. The infant mortality rate for the CKD declined from 40.0 deaths per 1 000 births in 2009 to 22.7 deaths in 2018, while the Province recorded 23.5 deaths per 1 000 births in 2009 and 16.6 deaths per 1 000 births in 2018.

Table 4.5 provides the maternal death rates per 100 000 live births in the CKD between 2018 and 2020.

Table 4.5

MATERNAL DEATH RATES PER 100 000 LIVE BIRTHS, Central Karoo District, 2018 – 2020

MUNICIPALITY	2018	2019	2020
● Laingsburg	0.0	0.0	0.0
● Prince Albert	0.0	0.0	0.0
● Beaufort West	244.5	0.0	223.0
Central Karoo District	201.6	0.0	195.0

Source: Western Cape Department of Health, 2021

The maternal death rate is defined as maternal deaths per 100 000 live births in health facilities. Maternal death is death occurring during pregnancy, childbirth and the puerperium of a woman while pregnant or within 42 days of termination of pregnancy, irrespective of the duration and site of pregnancy and irrespective of the cause of death (obstetric and non-obstetric).

Maternal death rates in the CKD declined from 201.6 deaths per 100 000 live births in 2018 to zero in 2019, before increasing to 195.0 deaths per 100 000 live births in 2020. In 2018, the Beaufort West municipal area had 244.5 maternal deaths per 100 000 births, and 223.0 deaths per 100 000 live births in 2020.

4.3.3.5 Teenage pregnancy

Table 4.6 provides the delivery rate of women between the ages of 10 and 19 years in the CKD between 2018 and 2020.

Table 4.6

DELIVERY RATE TO WOMEN 10 – 19 YEARS, Central Karoo District, 2018 – 2020

MUNICIPALITY	2018	2019	2020
● Laingsburg	15.8%	11.9%	13.2%
● Prince Albert	10.0%	14.1%	11.9%
● Beaufort West	18.6%	15.7%	18.5%
Central Karoo District	17.7%	15.4%	17.7%

Source: Western Cape Department of Health, 2021

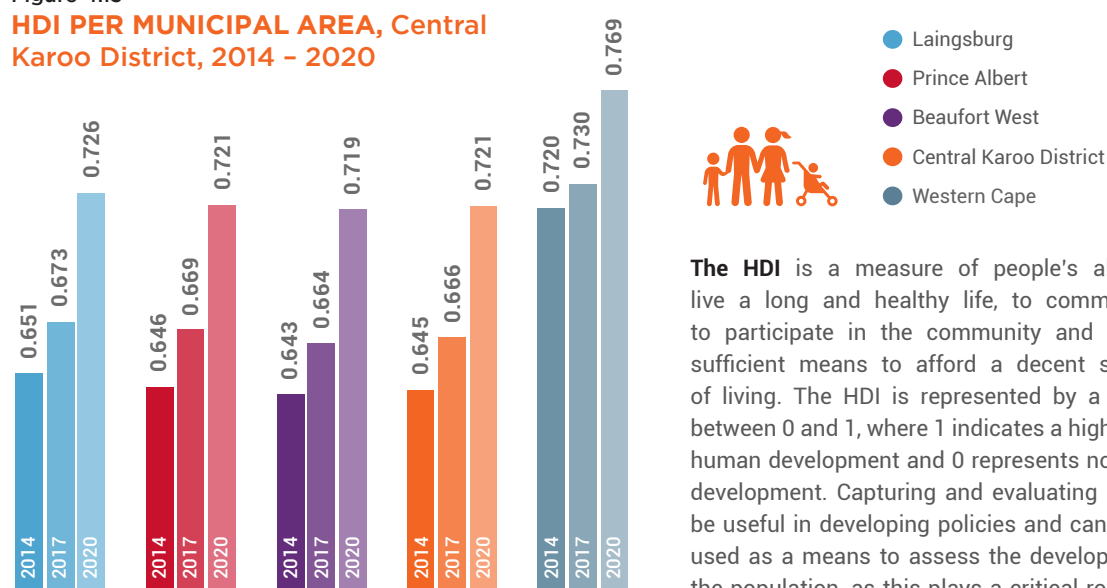
In the CKD, the delivery rate to women aged between 10 and 19 years was 17.7 per cent in 2018, after which it declined to 15.4 per cent in 2019 and increased to 17.7 per cent again in 2020. The Beaufort West municipal area experienced the highest delivery rate for the entire period of review, reaching 18.5 per cent in 2020. The Laingsburg municipal area experienced an increase from 11.9 per cent in 2019 to 13.2 per cent in 2020, and accounts for the second-largest percentage of teenager delivery rates in the CKD. The Prince Albert municipal area experienced a decline from 14.1 per cent in 2019 to 11.9 per cent in 2020.

4.3.4 Human Development Index

Figure 4.13 outlines the HDI for the municipal areas of the CKD.

Figure 4.13

HDI PER MUNICIPAL AREA, Central Karoo District, 2014 – 2020



Source: IHS Markit, 2021

The HDI is a measure of people's ability to live a long and healthy life, to communicate, to participate in the community and to have sufficient means to afford a decent standard of living. The HDI is represented by a number between 0 and 1, where 1 indicates a high level of human development and 0 represents no human development. Capturing and evaluating HDI can be useful in developing policies and can also be used as a means to assess the development of the population, as this plays a critical role in the development of the economy.⁵³

⁵³ (World Health Organization, 2021).

The CKD has a lower HDI when compared with the Province. Despite this, the HDI has been improving for the period under review. The HDI of the District increased from 0.645 in 2014 to 0.721 in 2020, meaning that there was an increased level of human development. All municipal areas experienced an increased level of HDI for the period under review. In 2020, the Laingsburg municipal area had the highest HDI level of 0.726, followed by the Prince Albert municipal area with an HDI of 0.721. The Beaufort West municipal area had the lowest HDI level of 0.719.



GLOBAL HDI COMPARISON

According to the United Nations Development Programme (UNDP),⁵⁴ South Africa was ranked 114th in the world with an HDI of 0.709 in 2019, which is lower than the average world HDI of 0.737. However, the HDI in South Africa is still considered high and is above the average HDI of developing countries (0.689). Globally, Norway had the highest HDI in 2019 (0.957), while Niger was ranked lowest at 0.394. In 2019, the HDI in the Western Cape was also considered high according to the UNDP classification and was similar to the HDI in Azerbaijan and the Dominican Republic (0.756). The 2019 HDI in the CKD (0.704) was considered high according to the HDI classification and was on a par with that of Vietnam and the Marshall Islands.



⁵⁴ (UNDP, 2021).

4.4 HOUSING AND ACCESS TO BASIC SERVICES

Table 4.7 depicts the various types of dwellings of households in the CKD in 2020.

Table 4.7

NUMBER AND PROPORTION OF DWELLINGS, Central Karoo District, 2020



	Central Karoo District		● Laingsburg		● Prince Albert		● Beaufort West	
	Number	% of total	Number	% of total	Number	% of total	Number	% of total
Formal	19 125	97.0%	2 347	96.4%	3 375	94.0%	13 403	97.9%
Informal	366	1.9%	30	1.3%	157	4.4%	178	1.3%
Other	226	1.1%	57	2.4%	59	1.7%	110	0.8%

Source: Quantec Research, 2021

Formal dwelling refers to a structure built according to approved plans, i.e. house on a separate stand, flat or apartment, townhouse, room in back yard, rooms or flatlet elsewhere.

Informal dwelling is a makeshift structure not erected according to approved architectural plans, for example shacks or shanties in informal settlements or in back yards.

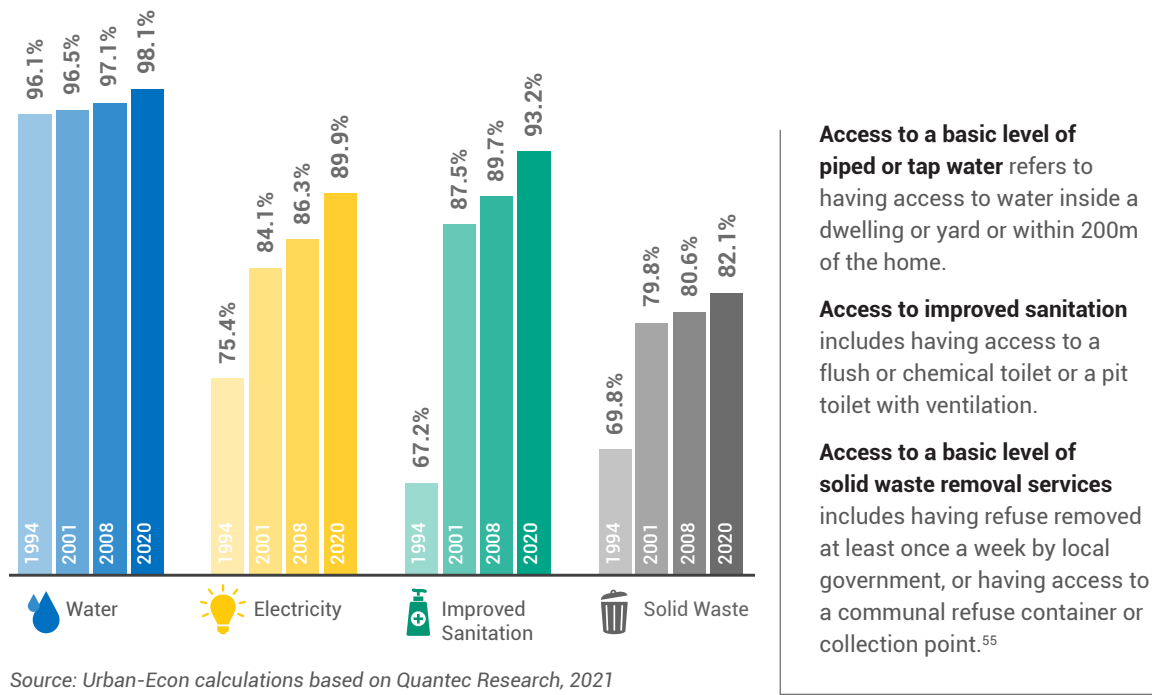
Most households in the CKD reside in formal dwellings, which accounted for 97.0 per cent of dwellings in 2020. A total of 1.9 per cent of households in the District resided in informal dwellings. The Beaufort West municipal area had the largest share of households living in formal dwellings (97.9 per cent), followed by the Laingsburg municipal area (96.4 per cent) and the Prince Albert municipal area (94.0 per cent).



Access to basic services, particularly services such as water and sanitation, can influence the health, safety and wellbeing of communities. Furthermore, by providing basic services to communities, municipalities are creating an enabling environment that will allow for private investment and entrepreneurship that can create local economic opportunities. In some instances, households have access to electricity directly from Eskom, and not through a local authority.

Figure 4.14 illustrates the access to basic services in the municipal areas of the CKD.

Figure 4.14
ACCESS TO BASIC SERVICES, Central Karoo District, 1994 – 2020



Access to electricity and solid waste removal services in the CKD lags behind the provision of piped water and improved sanitation. The rural nature of the CKD does influence the feasibility and capabilities of local government to provide waste removal services. Access to piped water improved over the reference period, from 96.1 per cent in 1994 to 98.1 per cent in 2020. Access to electricity increased from 75.4 per cent in 1994 to 89.9 per cent in 2020. Access to improved sanitation also increased substantially, by 26.0 percentage points over the reference period, while access to solid waste removal services increased from 69.8 per cent in 1994 to 82.1 per cent in 2020. These improvements indicate that service provision has kept up with household growth in the CKD.

⁵⁵ (Stats SA, 2017).

INDIGENT HOUSEHOLDS

In order to qualify as an indigent household and to receive free basic services, households must be assessed in accordance with the relevant municipality's criteria. In the Laingsburg municipal area, households must have a monthly income of less than R3 500 per month in order to qualify as an indigent household.⁵⁶ In the Beaufort West municipal area, a household with an income of less than R3 380 per month can be registered as an indigent household.⁵⁷ In the Prince Albert municipal area, households may be registered as indigent if their total monthly income is less than R3 500.⁵⁸

Table 4.8

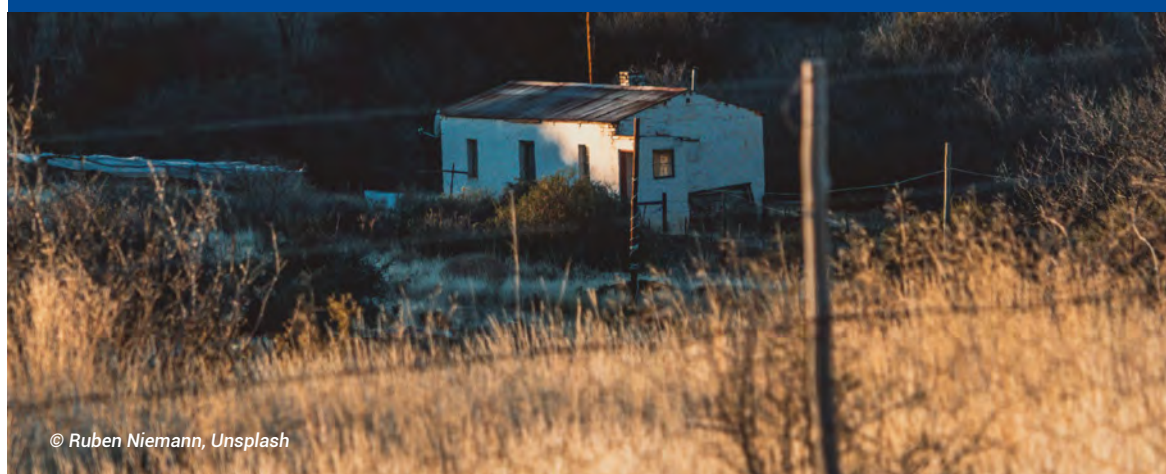
NUMBER OF INDIGENT HOUSEHOLDS, Central Karoo District, 2018 – 2020

	2018		2019		2020	
	Number	% of households	Number	% of households	Number	% of households
● Laingsburg	613	25.1%	685	27.7%	784	31.4%
● Prince Albert	893	24.3%	1 092	29.3%	1 210	32.1%
● Beaufort West	7 150	55.5%	6 433	49.7%	6 990	53.6%
Central Karoo District	8 656	45.5%	8 210	42.9%	8 984	46.5%

Source: Department of Local Government, 2021

The number of indigent households in the CKD increased from 42.9 per cent in 2019 to 46.5 per cent in 2020. The Beaufort West municipal area had the largest share of indigent households, which increased from 49.7 per cent in 2019 to 53.6 per cent in 2020. In the Prince Albert municipal area, the share of indigent households increased from 29.3 per cent in 2019 to 32.1 per cent in 2020. The Laingsburg municipal area had the lowest share of indigent households but also experienced an increase, from 27.7 per cent in 2019 to 31.4 per cent in 2020. These increases can largely be attributed to job losses that occurred as a result of the COVID-19 pandemic.

Indigent households place pressure on the municipality's financial resources to service these households with free basic services and may be affected by the lack of funds, or inadequate infrastructure.⁵⁹



⁵⁶ (Laingsburg Local Municipality, 2020).

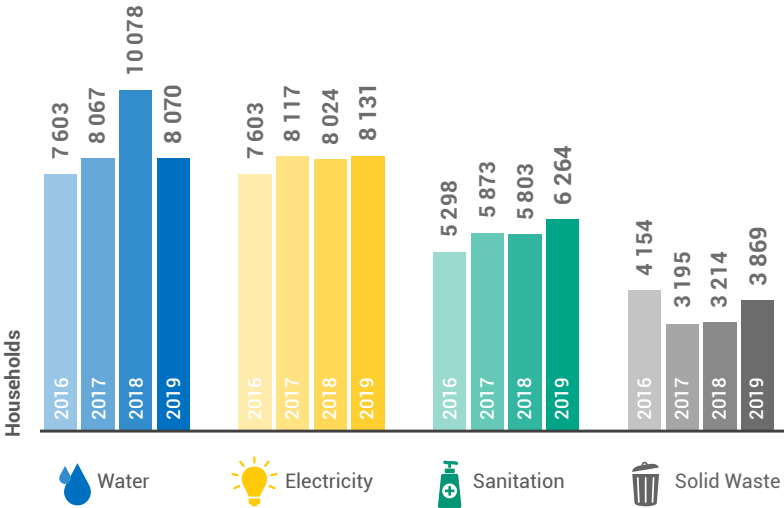
⁵⁷ (Beaufort West Municipality, 2020).

⁵⁸ (Prince Albert Local Municipality, 2021).

⁵⁹ (Stats SA, 2019).

Figure 4.15 illustrates the access to free basic services in the CKD between 2016 and 2019. Free basic services are available to households that qualify as indigent households.

Figure 4.15
ACCESS TO FREE BASIC SERVICES,
Central Karoo District, 2016 – 2019



Source: Non-financial Census of Municipalities, Stats SA, 2021

The extent of free basic services support is determined by the indigent policy of each local municipality. Most municipalities offer free basic water services (up to 6kl) and free electricity up to 50kWh – with some providing partial support for sanitation and solid waste services as well. The provision of free basic services therefore differs according to the type of service, as access levels and policies differ across municipalities. Access to free basic water increased from 7 603 households with access in 2016 to 8 070 households in 2019. Access to free basic electricity increased from 7 603 households in 2016 to 8 131 households in 2019. The number of households with access to free basic sanitation also increased from 5 298 in 2016 to 6 264 in 2019. The number of households with access to free basic solid waste removal declined from 4 154 households in 2016 to 3 869 in 2019.



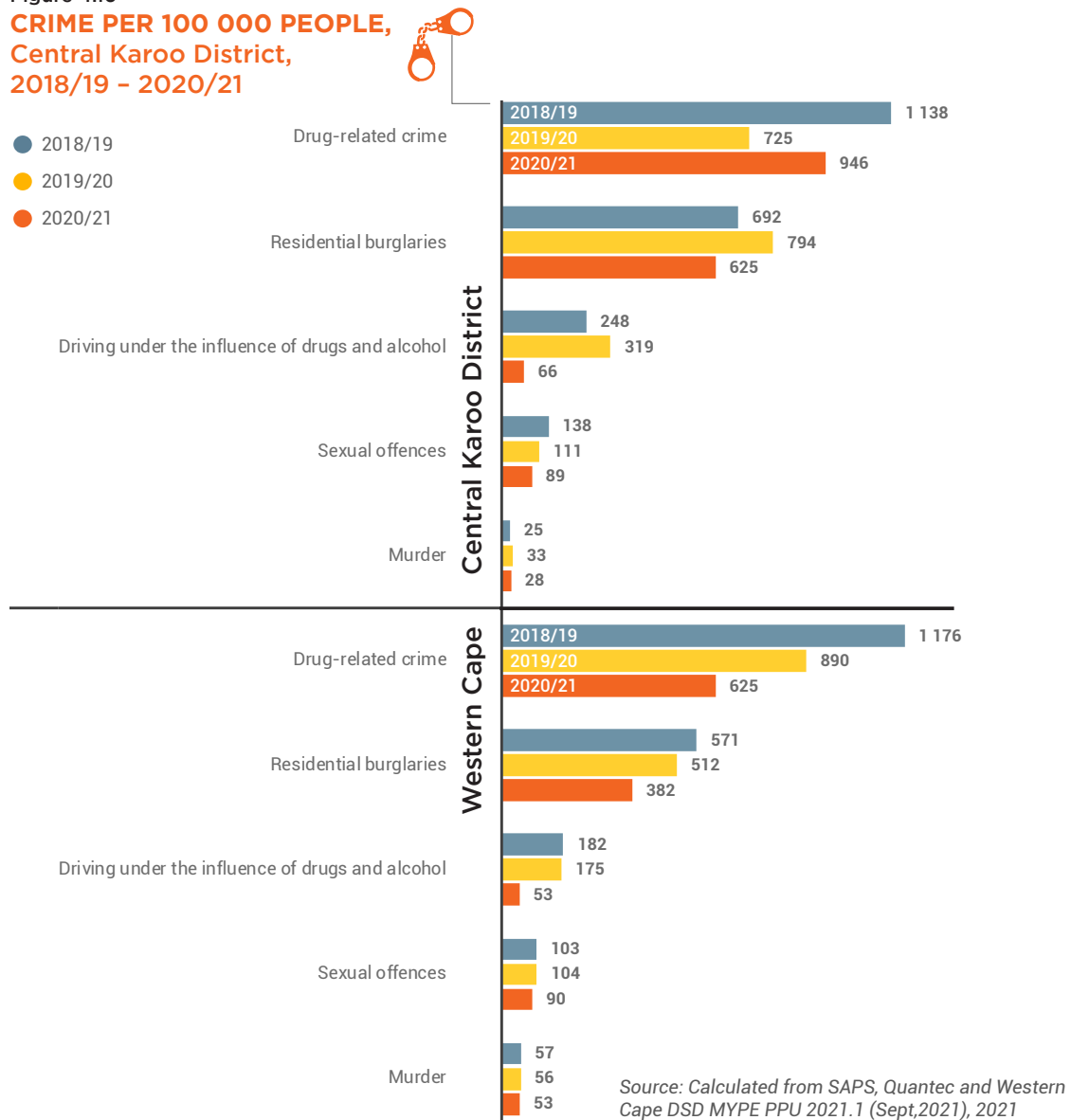
4.5 CRIME

An analysis of a region's crime rate is important to determine the potential occurrence and types of criminal activities that are prevalent in the region.

Figure 4.16 compares the types of the crime rate in the CKD and the Western Cape between 2018/19 and 2020/21.

Figure 4.16

**CRIME PER 100 000 PEOPLE,
Central Karoo District,
2018/19 – 2020/21**



For 2020/21, the CKD recorded more instances of driving under the influence of drugs or alcohol, residential burglaries and drug-related crime compared with the Province. However, in most crime categories, fewer instances of crime were recorded for 2020/21 compared with 2019/20. The lockdown measures put in place to curb the spread of COVID-19 are likely to have had a positive impact on these crime categories.

The murder rate increased from 25 cases per 100 000 people in 2018/19 to 33 cases per 100 000 people in 2019/20 before declining to 28 cases per 100 000 people in 2020/21. The murder rate was particularly low in the Prince Albert municipal area, at 13 cases per 100 000 people in 2020/21. Sexual offences have been on a consistent declining trend, decreasing from 138 cases per 100 000 people in 2018/19 to 89 cases per 100 000 people in 2020/21. The Laingsburg municipal area recorded the most cases per 100 000 people in the CKD, with 131 cases per 100 000 people in 2019/20 and 112 cases per 100 000 people in 2020/21.

In 2020/21, there were 625 cases per 100 000 of residential burglaries in the CKD compared with 382 cases per 100 000 people in the Province. The curfew imposed as part of the COVID-19 lockdown measures would have reduced residential burglaries. In 2020/21, the Beaufort West municipal area reported 676 cases per 100 000 people, while the Prince Albert and Laingsburg municipal areas reported 511 cases per 100 000 people and 520 cases per 100 000 people respectively.

As a result of alcohol restrictions in 2020, cases of driving under the influence of alcohol declined from 248 cases per 100 000 people in 2019/20 to 66 cases per 100 000 people in 2020/21. This would also have had a positive impact on road accidents and road fatalities.

Drug-related crime decreased from 1 138 cases per 100 000 people in 2018/19 to 725 cases per 100 000 people in 2019/20, before increasing to 946 cases per 100 000 people in 2020/21. On a Provincial level, drug-related crime decreased consistently over the reference period. Drug-related crime increased in all municipal areas in the CKD, with the highest number of incidences being recorded in the Laingsburg municipal area (1 561 cases per 100 000 people in 2020/21).

The number of incidences reported in the CKD was much higher compared with the Province, indicating that additional resources are required to reduce crime, particularly in the Laingsburg municipal area, where the crime rate is the highest for most crime categories that are reported on.



4.6 CONCLUDING REMARKS

The CKD has an estimated 75 122 people in 2021 and this number is expected to decline marginally in future. In the Laingsburg and Prince Albert municipal areas, the population is expected to increase at an annual rate of 0.5 per cent. The largest portion of the population is concentrated in the Beaufort West municipal area, where the population is expected to decrease at an average annual rate of 0.3 per cent between 2021 and 2025. The number of households in the District is expected to increase at an average annual rate of 0.9 per cent from 2021 to 2025.

Most of the population (32.9 per cent) fall between the ages of 15 and 34 (youth), followed by children (29.4 per cent) and individuals between 35 and 64 (28.7 per cent). The smallest share of the District's population (9.0 per cent) are individuals older than 65 years. This suggests that the District has a more youthful population. This will influence the need for childcare and education facilities and will also influence future employment demand. Not only will skills development be necessary to ensure employability, intervention will also be required to ensure sustainable job creation in the CKD, as the economy has been underperforming.

In 2020, GDP per capita in all the municipal areas in the District contracted further as a result of the impact of the global COVID-19 pandemic and the associated regulations and restrictions placed on movement, business operations and trade. However, the contraction in GDP per capita was less severe in the CKD compared with the Province as a result of slower population growth trends.

In 2019, households in the CKD had an average monthly income of R13 068 per month, which was lower than that of the Western Cape. The Beaufort West and Laingsburg municipal areas had an average household income of R13 229 and R13 083 respectively, while the Prince Albert municipal area had an average household income of R12 439. The CKD had a lower income inequality compared with the Western Cape. However, trends show an increase in inequality in the District. All municipal areas in the CKD experienced an increase in income inequality for the period under review. Job losses in 2020 as a result of the COVID-19 pandemic would have increased income inequality in the CKD.

The CKD experienced an increase of 0.5 per cent in the number of learner enrolments from 14 529 learners in 2018 to 14 685 in 2020. The largest number of enrolments in the District was in the Beaufort West municipal area, which is in line with the population distribution of the CKD. Learner enrolments in the Prince Albert municipal area increased from 2 128 learners in 2018 to 2 141 learners in 2020. In the Laingsburg municipal area, the number of enrolments decreased from 1 259 in 2018 to 1 244 in 2020. In 2020, the learner-teacher ratio in the CKD (33.0) was higher than that of the Western Cape (30.3). The District experienced an increase from 32.8 learners per teacher in 2018 to 33.0 learners per teacher in 2020, highlighting that the number of educators did not increase, while learner enrolments increased.

The Grade 10 to 12 retention rate for the CKD increased from 55.8 per cent in 2018 to 78.4 per cent in 2020. The Laingsburg municipal area had a retention rate of 81.2 per cent in 2020. The Prince Albert municipal area recorded constant growth in the retention rate, increasing from 43.2 per cent in 2018 to 67.0 per cent in 2020. The Beaufort West municipal area also experienced an increase in the retention rate, from 59.3 per cent in 2018 to 79.5 per cent in

2020. The CKD experienced a decline in the matric pass rate from 2018 to 2020. In 2020, the Prince Albert municipal area had a matric pass rate of 90.0 per cent, the Beaufort West municipal area recorded a matric pass rate of 70.9 per cent and the Laingsburg municipal area recorded 60.0 per cent.

The number of COVID-19 cases, admissions and related deaths followed a similar trend. As the number of cases increased, the number of hospital admissions and deaths increased. For the period under review, COVID-19 cases peaked at 11 153 in August 2021, admissions peaked at 1 330 in July 2021, and the number of deaths peaked at 423, also in July 2021. In the CKD, chronic lower respiratory diseases and TB were the main causes of natural death, accounting for 9.5 per cent and 8.8 per cent of deaths respectively.

The number of people testing positive for HIV experienced a decline from 2017/18 to 2020/21. The number of patients on ART has shown a continuous increase from 58.6 per cent in 2017/18 to 61.5 per cent in 2020/21. Patients with confirmed viral suppression decreased from 62.9 per cent in 2017/18 to 57.6 per cent in 2020/21. The proportion of people who started with ART but are no longer on the treatment stands at 23.3 per cent in 2020/21.

The TB programme success rate increased from 75.9 per cent in 2018/19 to 81.8 per cent in 2020/21. The percentage of TB clients lost to follow-up has continuously declined from 18.2 per cent in 2018/19 to 12.5 per cent in 2020/21. The TB client death rate declined from 4.5 per cent in 2018/19 to 3.9 per cent in 2020/21. The TB/HIV co-infection rate increased from 29.4 per cent in 2018/19 to 30.4 per cent in 2020/21. The MDR treatment success rate has shown significant increases from 46.4 per cent in 2018/19 to 73.9 per cent in 2020/21.

The infant mortality rate for the CKD declined from 40.0 deaths per 1 000 births in 2009 to 22.7 deaths in 2018, while the Province recorded 23.5 deaths per 1 000 births in 2009 and 16.6 deaths per 1 000 births in 2018.

The HDI of the District increased from 0.645 in 2014 to 0.721 in 2020, meaning that there was an increased level of human development. All municipal areas experienced an increased level of HDI for the period under review. The largest portion of households in the CKD resided in formal dwellings (97.0 per cent) in 2020. The Beaufort West municipal area had the largest share of households living in formal dwellings (97.9 per cent), followed by the Laingsburg municipal area (96.4 per cent) and the Prince Albert municipal area (94.0 per cent). The number of households with access to basic services have increased substantially since 1994, particularly electricity (14.5 percentage points) and improved sanitation services (26.0 percentage points).

The number of indigent households in the CKD increased from 42.9 per cent in 2019 to 46.5 per cent in 2020. The Beaufort West municipal area had the largest share of indigent households. All the municipal areas in the CKD experienced an increase in indigent households from 2019 to 2020.

Considering the crime categories under review, the CKD had higher crime indices than the Province, except for murder and sexual offences. However, most crime categories experienced a decline between 2019/20 and 2020/21, except for drug-related crimes which increased over the period.



CENTRAL KAROO DISTRICT

GROWTH POTENTIAL STUDY 2018



The **CENTRAL KAROO** has the **lowest overall growth potential in the Western Cape**, and the **lowest performance** across all themes – human capital, institutional, economic, infrastructure and physical natural. Indicators on crime, amenities and social service organisation show challenges and are likely linked to challenges with unemployment and personal income, inter alia. Indicators on infrastructure backlog reduction show signs of improvement, although indicators on access to basic services show that challenges still exist.

PRECONDITIONS FOR GROWTH

ECONOMIC

- Extent and diversity of retail and services sector
- Tourism potential
- Economic size and growth
- Economic diversity
- Market potential
- Change in labour force
- Property market

PHYSICAL NATURAL

- Availability and quality of water
- Natural potential

INFRASTRUCTURE

- Land availability and use
- Transport and communication
- Availability of municipal infrastructure

INNOVATION POTENTIAL

INSTITUTIONAL

- Quality of governance
- Safety and security
- Administrative and institutional function
- Availability of community and public institutions

HUMAN CAPITAL

- Poverty and inequality
- Human resources
- Population structure and growth

DEVELOPMENTAL POTENTIAL

Development potential reflects inherent preconditions for growth and innovation potential

General improvement in human capital conditions

General regression in economic, physical natural and infrastructure conditions, and institutional components

The **Growth Potential Study (GPS)** is an instrument for effective spatial decision-making and implementation. This support tool aims to inform strategic objectives, policy-making and spatially targeted investment, and to strengthen allocative decisions for integrated management, service delivery and spatial alignment within the Provincial and municipal spheres of government in the Western Cape.

Economic, infrastructure and physical natural composite thematic indices form the basis for modelling growth preconditions, and institutional and human capital composite thematic indices model innovation potential, informed by local, national and international literature, and are the premise for forecasting where economic growth is likely to occur, i.e. growth or development potential.

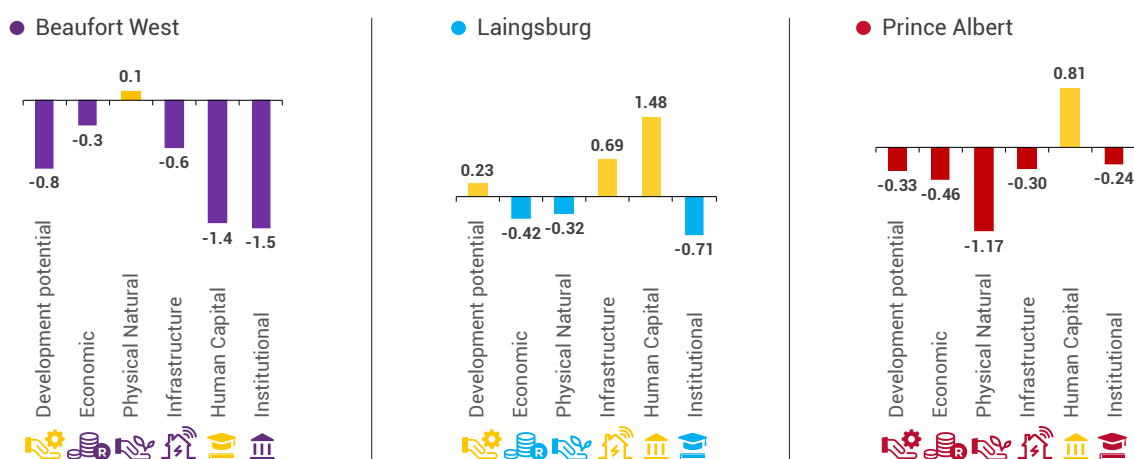
The **GPS2018** shows that the **Laingsburg** municipal area has “**low**” growth potential, and **Beaufort West** and **Prince Albert** have “**very low**” growth potential.

BEAUFORT WEST has had regression in all themes except the physical natural theme. It is now the municipal area with the **lowest growth potential** in the Province. Indicators on crime, unemployment and personal income show challenges, and indicators on skill and willingness of labour show opportunities for future improvements of growth potential.

The **LAINGSBURG** municipal area has had a change in classification from GPS2013 to GPS2018, up from “**very low**” growth potential. This is due to gains made in the human capital and infrastructure themes, and better performance in indicators on economic empowerment, access to basic services and state of wastewater infrastructure.

PRINCE ALBERT has had regression in all themes except the human capital theme. Indicators on education, institutional or governance capacity, crime and the economy are challenges. Indicators show that access to basic services is improving, information and communications technology (ICT) innovation remains slow, and there is stronger performance in economic empowerment.

Difference between GPS18 Z-score and GPS13 Z-score⁶⁰



⁶⁰ The Z-score is a method (statistical test) that can denote the range (gap) between the lowest- and highest-scoring municipalities, i.e. the greater the difference, the greater the gap. It signifies the extent of relative municipal performance. For instance, the further away from zero the indicator scores, the further away from the average score for municipalities, relative to one another. This type of scoring is useful to identify outliers and indicate areas for improvement or praise.

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