



Western Cape
Government

2023-24

Municipal Economic Review and Outlook

Cape Metro





Western Cape
Government

2023-24 **Municipal
Economic
Review and
Outlook**



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2023-24 MERO FOREWORD

The Western Cape's distinct and incredible regions have buoyed its diversified economy, supporting job creation and economic recovery. Despite the many challenges the Province faces, its favourable economic trajectory perseveres, demonstrating its flexibility and agility to respond to shifting economic paradigms.

While urgent crises like the power emergency, ineffective logistics and transportation, slow economic growth, unemployment, poverty, and rising living expenses must be actively addressed, the Province also has a number of growth prospects that, when taken advantage of, have the potential to significantly boost the Western Cape economy.

The 2023-24 Municipal Economic Review and Outlook (MERO) provides valuable insights, enriching our understanding of the region's multifaceted dynamics stemming from an abundance of information contained in this impressive document.

The MERO provides critical information which will inform the Western Cape Government's and municipalities' next planning cycle, providing the ability to use the up-to-date data to address economic concerns and take advantage of numerous opportunities, especially within a constrained fiscal environment.

The economic intelligence informs municipal integrated development plans, spatial development frameworks, local economic development strategies and budgets, aiding evidence-based decision-making and the implementation of the Joint District and Metro approach to enable Province-wide socio-economic development.

To provide access to a wider range of socio-economic intelligence, the MERO is constantly sourcing fresh data. The innovations in the 2023-24 MERO include an examination of geographical tax data that offers economic information at the town level, trends in the real estate market, information on social grants, as well as migration and urbanisation. Deepening the spatial granularity of the MERO studies is achieved through the use of maps for data representation.

We trust that all users will find this publication most useful, giving a fresh approach to planning and policy development. We especially want to thank all the departments, agencies, municipalities, and the research and development team for their contributions to this cutting-edge publication.

A handwritten signature in black ink, appearing to read 'Mireille Wenger'.

Ms Mireille Wenger
Minister of Finance and Economic Opportunities

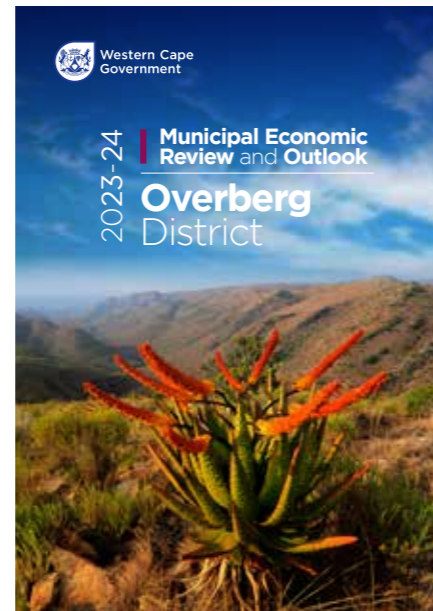
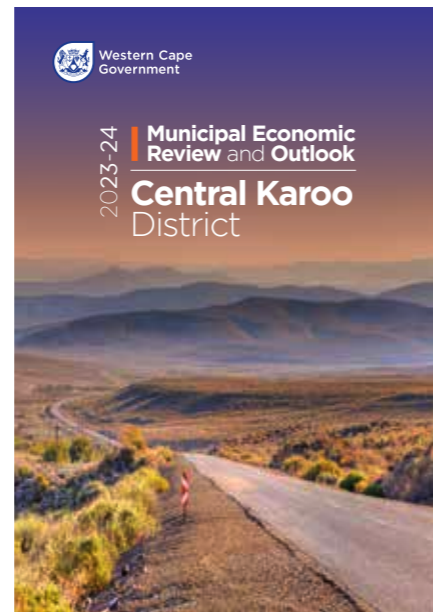
24 November 2023

ACRONYMS AND ABBREVIATIONS

ACVV	Afrikaanse Christelike Vrouevereniging
ASFR	Age-Specific Fertility Rate
BFAP	Bureau for Food and Agricultural Policy
BPO	Business Process Outsourcing
CBD	Central Business District
CKD	Central Karoo District
COVID-19	Coronavirus
CPI	Consumer Price Index
CSIR	Council for Scientific and Industrial Research
CTICC	Cape Town International Convention Centre
CWD	Cape Winelands District
DOL	Department of Labour
DRIM	Directorate Research and Information Management
DSD	Department of Social Development
EME	Exempted Micro Enterprise
EU	European Union
FET	Further Education and Training
FLISP	Finance Linked Individual Subsidy
FNB	First National Bank
FPL	Food Poverty Line
FTE	Full-Time Equivalent
GBV	Gender-Based Violence
GDP	Gross Domestic Product
GDPR	Gross Domestic Product Per Region
GFCF	Gross Fixed Capital Formation
GRD	Garden Route District
GWh	Gigawatt Hour
HDI	Human Development Index

HSRC	Human Sciences Research Council
HUG	Help Us Grow
IDP	Integrated Development Plan
IDZ	Industrial Development Zone
IRDP	Integrated Residential Development Programme
IRM	Infrastructure Reporting Model
IT	Information Technology
KET	Karoo Eisteddfod Trust
KFC	Kentucky Fried Chicken
KWV	Koöperatiewe Wijnbouwers Vereniging Van Suid-Afrika
LGSETA	Local Government Sector Education and Training Authority
MERO	Municipal Economic Review and Outlook
MFSI	Municipal Financial Sustainability Index
MICE	Meetings, Incentives, Conferences and Exhibitions
MOD	Mass participation; Opportunity and access; Development and growth (MOD) Programme
MTEF	Medium Term Expenditure Framework
MTREF	Medium Term Revenue and Expenditure Framework
MW	Megawatt
MYPE	Mid-Year Population Estimate
NASA	National Aeronautics and Space Administration
NDP	National Development Plan
NGO	Non-governmental Organisation
NPO	Non-profit Organisation
NSC	National Senior Certificate
OD	Overberg District
OPMII	Overview of Provincial and Municipal Infrastructure & Investment
PERO	Provincial Economic Review and Outlook
PFA	Priority Focus Area

PPFR	Preferential Procurement Policy Framework Regulations
PPU	Provincial Population Unit
PYEI	Presidential Youth Employment Initiative
QR	Quick Response
QSE	Qualifying Small Enterprise
RCL	Rainbow Chicken Limited
RDP	Reconstruction and Development Programme
SA	South Africa
SAB	South African Breweries
SANSA	South African National Space Agency
SAPS	South African Police Service
SARB	South African Reserve Bank
SARS	South African Revenue Service
SASSA	South African Social Security Agency
SMEC	Snowy Mountains Engineering Corporation
SMME	Small, Medium and Micro Enterprise
SSEG	Small-Scale Embedded Generation
TFG	The Foschini Group
TVET	Technical Vocational Education and Training
UISP	Upgrading of Informal Settlements Programme
UNDP	United Nations Development Programme
UNESCO	United Nations Educational, Scientific and Cultural Organization
VAT	Value Added Tax
WCD	West Coast District
WCED	Western Cape Education Department
WCSEB	Western Cape Supplier Evidence Bank
WHO	World Health Organization
WWF	World Wide Fund For Nature
YES	Youth Employment Service



2023-24 MERO BOOKLETS

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1. INTRODUCTION AND BACKGROUND

1.1 INTRODUCTION

The mosaic that is the Western Cape encompasses the vibrant Cape Metro, internationally renowned as one of the world's premier cities, as well as the expansive vistas of the Karoo. The fynbos-clad peaks of the Overberg and the alluring coastlines of the Garden Route draw both domestic and international travellers. Agriculture is a defining feature of the Province, extending from the Olifants River along the West Coast, where wheat fields thrive, to the vineyards of the Cape Winelands and the apple and pear orchards of the Overberg. Against this backdrop, Local Government fosters an environment that propels communities and enterprises towards prosperity.

Through evidence-based decision-making, opportunities for growth and development can be unlocked. To this end, the Municipal Economic Review and Outlook (MERO) makes use of a variety of data sources to provide a detailed analysis of socio-economic trends in municipal areas of the Western Cape. It is hoped that this analysis will inform policy, planning and budget allocation at the Local Government level. The MERO is an accompanying document to the Provincial Economic Review and Outlook (PERO), which provides economic intelligence at the Provincial level.

The comprehensive economic overview presented in the MERO is disaggregated at the metro, District and municipal levels. National economic and employment data are sourced from Statistics South Africa (Stats SA), while data pertaining to gross domestic product for the various regions of the Western Cape (GDPR) and Provincial employment data are obtained from Quantec. The most recent available statistics are used to ensure an accurate assessment of trends. The publication uses regional GDPR data for 2012 to 2021, while figures for 2022 are estimated.

Data for the various socio-economic indicators is sourced from Provincial departments, namely Treasury, Health, Education, Infrastructure, Social Development and Local Government. Tourism data is sourced from Wesgro and S&P Global and crime data from the South African Police Service (SAPS). District and local municipalities have provided additional insights into recent local development by completing the annual Municipal Perception Survey.

Lastly, the **review employs Spatial Tax Panel data developed by the National Treasury and the Human Sciences Research Council (HSRC), the first-ever use of data from this source in a MERO.** The Spatial Tax Panel was developed as part of a project by the Cities Support Programme that is aimed at mining the administrative tax data available within the Secure Data Facility of the National Treasury. The MERO can now present town-level information related to full-time equivalent (FTE) employment and wages at a subsector level thanks to Spatial Tax Panel data. This adds substantial value to the analysis of overarching municipal trends presented by previous publications. In addition, the Western Cape Government has developed a dashboard to display economic, gender, equality and youth trends between 2014 and 2022. The dashboard can be accessed by scanning the QR code.



CENSUS 2022. Demographic data from Census 2022 was released in October 2023, disaggregated to a municipal level. For the 2023/24 MERO, only the population data was utilised. Other demographic information was obtained from several sources, including Quantec and the Department of Social Development. Additional results from Census 2022 can be obtained from the Stats SA Census Portal, accessible through the QR code.

DATA DISCLAIMER. The South African Revenue Service (SARS) Spatial Tax Panel data only accounts for the activities of individuals and firms in the formal sector, and the spatial component is based on postal codes. The data excludes information concerning the informal sector and non-tax-registered firms. Furthermore, the data excludes individuals earning less than R2 000 per annum.

1.2 REPORT OUTLINE

The 2023/24 MERO is structured as follows:

SECTION A: MACROECONOMIC PERFORMANCE AND OUTLOOK

In the wake of COVID-19, it is evident that the contours of global economies have been reshaped by the pandemic. This transformation is not merely a product of the direct effects of COVID-19, but also of a complex interplay of forces that have rippled through nations and markets. Geopolitical tensions, economic fluctuations and environmental challenges have converged to create a landscape where uncertainty prevails. South Africa has not been spared these international impacts. This section discusses key elements that influenced the country's economy – and that of the Western Cape – in 2022 and the first quarter of 2023.

SECTION B: ECONOMIC GROWTH AND JOBS

Given the rapid population growth in the Western Cape, promoting economic growth and facilitating job creation are of paramount importance. Chapters in this section therefore address the following:

- **GDPR and employment**

This section analyses the performance of the economy in 2022, with a particular focus on economic recovery post-2020. An in-depth review of FTE employment at a town level and a disaggregated sector level compared with what is presented for GDPR data generates a new understanding of economic intricacies at a municipal level. The assessment of town-level employment data also enables greater insight into the spatial dynamics of where citizens work and live. In addition, an economic outlook for 2023 and 2024 is provided in the District and municipal economy review.

- **International trade**

Beyond the exchange of goods, international trade is an enabler of economic growth and attracting new investment. This section takes an in-depth look at historical trade trends and identifies the leading products imported to and exported from the District. Identification of the leading trading partners enables analyses of current and potential challenges to increasing exports and points to possible opportunities for trade.

- **Tourism**

The Western Cape is a world-renowned tourism destination. Each of the five districts and the Cape Metro offers unique natural landscapes, diverse activities and a range of accommodation services – a combination that proves attractive to domestic and international tourists alike. The industry has the potential to transform the economic prospects and employment opportunities of the various districts. As such, trends for 2022 are reviewed to identify the key markets and opportunities.

- **Investment**

Public sector investment serves as a catalyst for private sector investment, nurturing communities and supporting sustainable development. This section reviews current and future public sector infrastructure budgets as well as spending on contractors in 2021/22. In addition, it provides a glimpse of private sector sentiments through an analysis of building plans passed and completed and of gross fixed capital formation (GFCF) trends.

SECTION C: SAFETY AND WELLBEING

This section delves into the social trends that shape the identity of the District. Population dynamics, income, housing needs and essential services are reviewed to provide a detailed illustration of the socio-economic dynamics within the District and municipal areas, shedding light on social disparities. The section includes a nuanced examination of healthcare, education and crime metrics. Overall, it provides a comprehensive view of community wellbeing and future prospects, showing the interplay of social and economic undercurrents in the District.





2022 WESTERN CAPE

AREA **129 462.2km²** | AREA **10.6%** OF SOUTH AFRICA | DENSITY **55.7/km²** | SEAT **Cape Town**

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

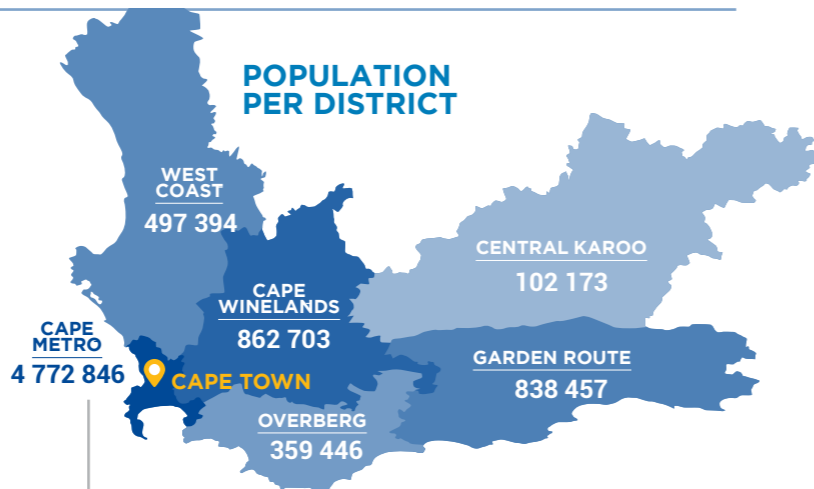
POPULATION 7 433 020

Male **49.4%**
Female **50.6%**

AGE SPLIT
0-14yrs **24.1%** | 15-64yrs **68.9%** | 65+yrs **7.1%**

ESTIMATED POPULATION GROWTH

1.5% 2022e | 1.6% 2023f | 1.6% 2024f | 1.6% 2025f | 1.6% 2026f



HOUSEHOLDS 2 145 570

R7 689 Average median income | R 349 056 Indigent households

ACCESS TO SERVICES

99.4% Access to water (piped or tap) | 96.6% Access to electricity | 97.9% Access to solid waste removal | 95.2% Access to improved sanitation

TOURISM

VISITORS: OVERSEAS **18.5%** | DOMESTIC **81.5%** | OVERNIGHT **44.4%** | DAY VISITORS **35.1%**
Top activities: Cuisine **14.4%** | Scenic drives **13.9%** | Culture/heritage **10.5%**



13.7% CONTRIBUTION TO SOUTH AFRICA

GDPR R764.7 BILLION

2021

JOBS 2 301 352 EMPLOYED

15.9% CONTRIBUTION TO SOUTH AFRICA

GDPR FORECAST: 2.3% 2022e | 0.5% 2023f | 1.1% 2024f

Estimated 2022e **125 491** JOB GAINS

R107 661 **GDPR PER CAPITA** (2021 current prices)

Estimated 2022e **24.5%** UNEMPLOYMENT RATE

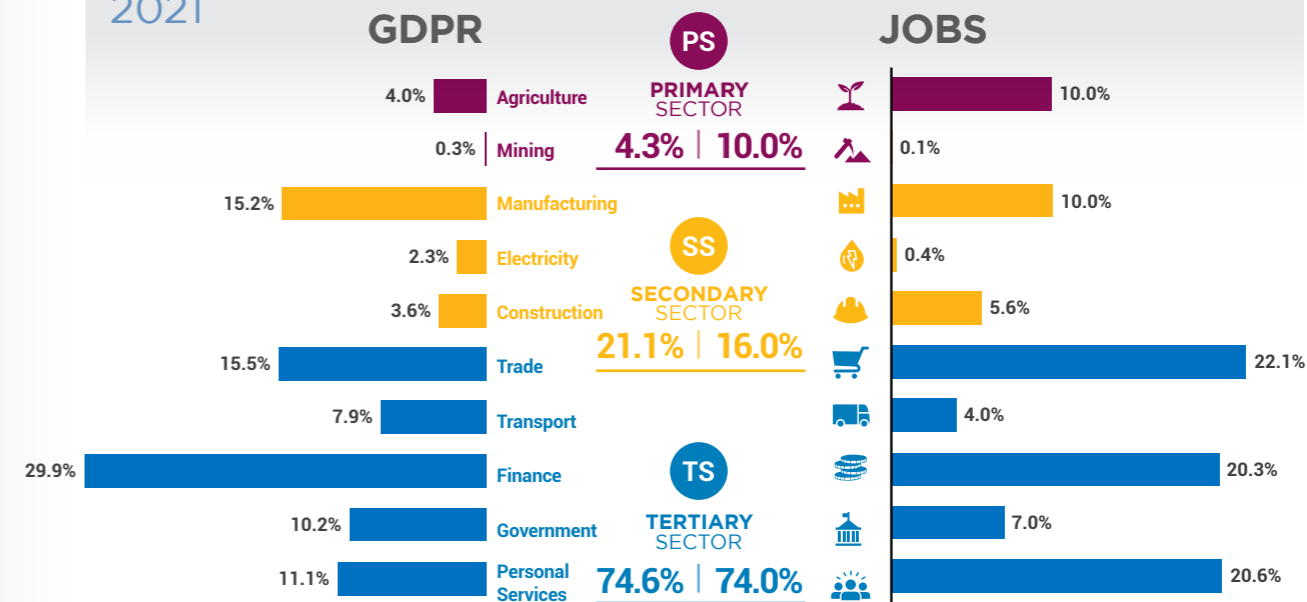
INTERNATIONAL TRADE 2022

IMPORTS **R337.2** BILLION | EXPORTS **R188.7** BILLION

Top 3 exported products: Citrus fruit, Petroleum oils other than crude, Grapes. Top 3 export destinations: Netherlands, United States, United Kingdom.

SECTORAL CONTRIBUTION

2021



See reference list for sources

SECTION

A

MACROECONOMIC PERFORMANCE AND OUTLOOK

1. GLOBAL ECONOMIC CONTEXT



The PERO provides an in-depth analysis of macroeconomic and socio-economic trends pertaining to the Western Cape and can be accessed through the QR code.

As the world emerged from the COVID-19 pandemic, Europe grappled with the intensifying Ukraine-Russia conflict. The reverberations of these events were felt along supply chains, resulting in a relentless uptick in inflation across the globe, with food and energy prices soaring to unprecedented highs in 2022.

While commodity prices eased in the first quarter of 2023, they look set to remain above the benchmarks established before the pandemic. The Ukraine conflict continues to impact oil and wheat prices. Should this geopolitical turmoil continue, it may further elevate food, fuel and fertiliser prices. Alongside these events, El Niño threatens to wreak havoc on global crop yields in 2023, affecting food security and pushing food prices to even higher levels.¹

In a bid to tackle inflation, the world's central banks – including the Federal Reserve, the Bank of Canada, the Bank of England and the European Central Bank – hiked interest rates in 2022 and continued their strategic stance in 2023. As a result, global headline inflation, which hit 8.7 per cent in 2022, is predicted to decline to 5.2 per cent in 2024.

Amid these conditions, the International Monetary Fund downgraded global GDP growth projections from the 3.5 per cent estimated for 2022 to a more muted 3.0 per cent for 2023 and 2024.

Given the turbulence in Ukraine and the slower-than-expected recovery of the Chinese economy, uncertainty about trade persists. Furthermore, other variables – including inflation rate volatility and the unpredictable responses of financial markets to monetary policy changes – can impact GDP projections, leaving economies navigating uncharted waters in 2024 and beyond.

¹ (International Monetary Fund, 2023).

2. DEVELOPMENTS IN THE SOUTH AFRICAN ECONOMY

South Africa has not been sheltered from the push and pull of global economic currents, and the South African Reserve Bank (SARB) has aligned its response to inflation with that of its international counterparts. In the course of 2022, South Africa also found itself grappling with the dual challenge of floods in KwaZulu-Natal and persistent load-shedding, making this an arduous period for the country.

Amid this turbulence, South Africa's GDP increased by 0.4 per cent in the first quarter of 2023, predominantly buoyed by the finance and manufacturing sectors.

In the context of a slow recovery from the setbacks of 2020 and 2021, the labour market struggled with ongoing job losses and surging unemployment, which stood at 32.6 per cent in the second quarter of 2023. In addition, a surge in inflation mid-2022 saw food prices outpace the Consumer Price Index (CPI) for other goods. The relentless rise in petrol prices, together with the unyielding repo rate increase, chipped away at household purchasing power throughout 2022. Households were finally able to breathe a sigh of relief in July 2023 when inflation waned to 4.7 per cent. This development prompted the SARB to hold the repo rate steady at 8.25 per cent, thereby concluding the interest rate hiking cycle initiated in November 2021. July 2023 marked a shift, with petrol prices falling as the South African rand gained ground against major international currencies.

These improvements notwithstanding, business confidence is faltering in 2023 in the face of ongoing load-shedding, escalating government debt and rising production costs. It is anticipated that the performance of the finance, transport and mining sectors will steadily improve as manufacturing, construction, trade and general government services strive to stay afloat.

GDP growth prospects remain subdued, with a modest increase of 0.4 per cent projected for 2023 and a rise of 1.0 per cent for 2024.²

The prospect of continued load-shedding in 2023 affects businesses and households alike. The effect of the outages on the mining sector, a key player in the economy, is especially harmful, not least at a time that the sector is also affected by reduced commodity prices. South Africa's economic prospects going into 2024 are thus uncertain, with GDP growth expected to be subdued compared with expansion in other developing market economies.



² (South African Reserve Bank, 2023).

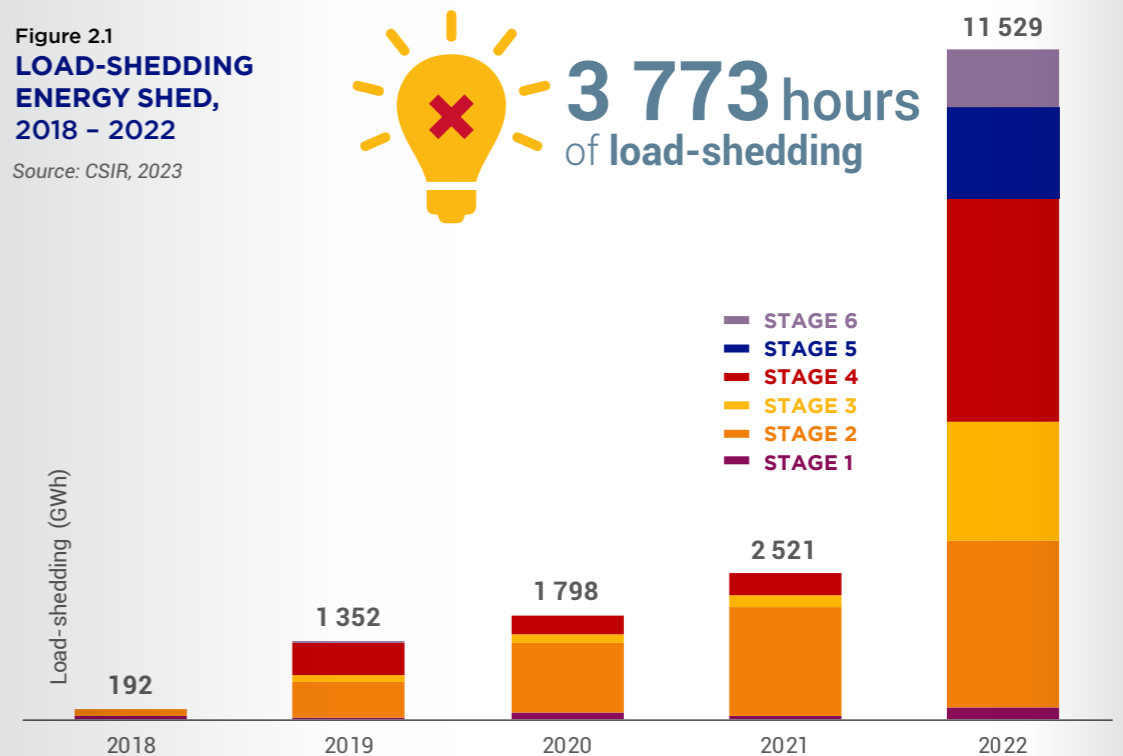
THE SOUTH AFRICAN ENERGY CRISIS



Adequate access to electricity is at the heart of economic activity, especially for sectors such as mining and manufacturing, and is a basic necessity for South African households. However, 2022 was a year of substantial challenges in generating sufficient electricity to meet demand: 3 773 hours of load-shedding were recorded, which amounted to 11 529 gigawatt hours (GWh). The resultant knock-on effect was a drop in income for businesses and employees alike – negatively affecting business expansion, consumer expenditure and the economy as a whole. These trends have continued into 2023, with load-shedding occurring on most days.

Figure 2.1
LOAD-SHEDDING ENERGY SHED, 2018 – 2022

Source: CSIR, 2023



Load-shedding severely curtailed productivity in 2022, affecting output and, ultimately, GDP. The SARB has estimated that load-shedding reduced GDP by between 0.7 and 3.2 percentage points. Other institutions³ put the loss at between 0.4 and 4.2 percentage points.⁴

Ever reliant on coal, South Africa aims to increase power generation through the use of other energy sources, including nuclear energy, natural gas, solar energy and wind, as it decommissions its coal power stations over the next 10 to 30 years. Furthermore, even as they lack a reliable supply of power, South African households and businesses are paying considerably more for electricity, with prices having increased by 139.8 per cent since 2013. By comparison, the CPI increased by 56.0 per cent during the same period.

In an effort to be less reliant on Eskom, many households and businesses are investing in rooftop solar generation, battery storage solutions and diesel-operated generators, the latter being an unsustainable option given escalating fuel prices. Diesel is significantly more expensive than electricity. In an effort to keep their doors open, businesses have had to bear the brunt of rising operating costs and reduced profit margins.

³ These institutions include Absa, First National Bank, Investec, PwC South Africa and Intellidex.

⁴ (Janse van Rensburg & Morema, 2023).

3. DEVELOPMENTS IN THE WESTERN CAPE ECONOMY

Less reliant on the mining and personal services sectors, and with a more finance-oriented economy than other provinces, the **Western Cape increased its contribution to the South African economy by 0.1 of a percentage point in 2022, accounting for 14.3 per cent of GDP in this year.** This uptick has been chiefly attributed to significant growth in the finance, trade and transport sectors.

Capitalising on global demand for South African produce and wines, the agriculture sector has expanded by an impressive 37.1 per cent over the past decade. Furthermore, the finance and personal services sectors grew by 27.5 per cent and 21.9 per cent respectively over the same period, indicative of the rapid urbanisation that has occurred in many parts of the Western Cape in recent years. Urbanisation, fuelled by semigration, has led to a hike in property prices and increased the demand for housing and other public services in the Province.

An estimated 2.3 per cent growth in GDP in 2022 notwithstanding, the prospects for economic expansion within the Western Cape were limited during this year by load-shedding and logistical difficulties at the Port of Cape Town and with the national rail network.

On the employment front, the Western Cape made notable gains in 2022, with finance, personal services, manufacturing and trade being the principal catalysts of job creation. As a result, **unemployment in the Province stood at 24.5 per cent in 2022 – a rate considerably lower than the 33.9 per cent unemployment in the country overall.**

The first quarter of 2023 witnessed further job growth as the unemployment rate declined to 21.6 per cent, the lowest in the nation. Moreover, the Western Cape had the highest labour market absorption rate in South Africa in the first quarter of 2023: 53.6 per cent. Despite these gains, both Provincial and national labour markets face persistent challenges, including elevated unemployment among the youth and individuals with low levels of education. Joblessness has led to poverty within these groups and necessitated the provision of governmental support. Given the substantial youth demographic, addressing youth unemployment is of great importance.

The **Western Cape recorded Greenfield investments worth R13.3 billion in 2022, resulting in the creation of 2 315 employment opportunities.** International trade has provided further stimulation of the Provincial economy. The Western Cape has become a powerhouse in the export of fresh and processed food, with a substantial volume of grapes, oranges, apples, mandarins, pears and lemons being sent to countries such as the Netherlands, the United Arab Emirates, the United Kingdom, China and Russia in 2022.

However, amid the opportunities lie challenges that constrain farmers. These include escalating input and transport costs, suboptimal operations at the Port of Cape Town and disruptions in power supply. Stringent regulations aimed at combating the proliferation of the false codling moth and the spread of the citrus black spot in Europe may constitute additional obstacles for citrus growers.

Globally renowned for its superb wines, the Western Cape's viniculture sector contributes substantially to international trade, with wine ranking as the third most exported product in 2022. The sector has carved out a distinctive niche within the broader tourism spectrum that renders the Western Cape an exceptional destination for both domestic and international tourists. Slightly impacted by a global dip in wine consumption, exports observed a slight decline in 2022. Furthermore, the wine sector is contending with dwindling profitability, a trend that is putting the livelihoods of about 45 610 individuals working in primary production activities at risk.

The foremost international portal into the Province, Cape Town International Airport has registered growth in passenger numbers since 2020. In 2022, the number of domestic and international arrivals rose to 6.1 million and 2.2 million respectively. This marked a decrease in domestic arrivals relative to the figure for 2019 (8.1 million). International arrivals, however, showed near complete recovery from the hardship inflicted by COVID-19 (the number of international arrivals for 2019 was 2.4 million).⁵ By April 2023, the number of international arrivals had fully rebounded to pre-pandemic levels while domestic arrivals were at 80.0 per cent of the 2019 total. This indicates that the outlook for the tourism sector in 2023 is promising.⁶

While the prospects for trade, tourism and investment in the Western Cape are good, the Province cannot be viewed in isolation from South Africa as a whole. As such, the poor outlook for national energy security and lack of business confidence in the country overall may compromise growth in the Western Cape.

Against this background, the forecast for Provincial GDP growth in 2023 is a modest 0.5 per cent, which is expected to reach 1.1 per cent in 2024.⁷



⁵ (Airports Company South Africa, 2023).

⁶ (Wesgro, 2023).

⁷ The GDP forecast for the Western Cape is derived from the South African Reserve Bank (SARB) July 2023 national forecast using the Standardised Regional data from Quantec released in August 2023.

ENERGY RESILIENCE IN THE WESTERN CAPE

Through the Energy Resilience Programme, the Western Cape Government aims to reduce the Province's reliance on Eskom for electricity.

The Programme comprises six strategic intervention categories, namely:

- Disaster mitigation and management to minimise the impact of load-shedding.
- A Provincial Integrated Resource Plan to provide an evidence-based and cost-optimal series of energy options to enable planning and investment.
- A demand-side management programme to enable proper sizing and cost reductions regarding alternative energy systems along with negotiations about load-shedding buffering for the Province.
- A new energy generation programme to enable the generation, procurement and trading of low-carbon energy.
- A network development programme providing for the maintenance and expansion of the required grid infrastructure to enable the movement of energy.
- Increased investment in the energy sector.⁸

For the Western Cape Government to achieve the goal of an efficient, sustainable and affordable electricity supply, a considerable amount of public investment is required. The Cape Metro has allocated 10.7 per cent of the region's municipal capital expenditure towards energy infrastructure, while the Garden Route District (GRD) aims to spend 21.5 per cent of its municipal capital budget on energy infrastructure. Reliable electricity in the Cape Metro, the business capital of the Province, is of paramount importance in maintaining productivity.

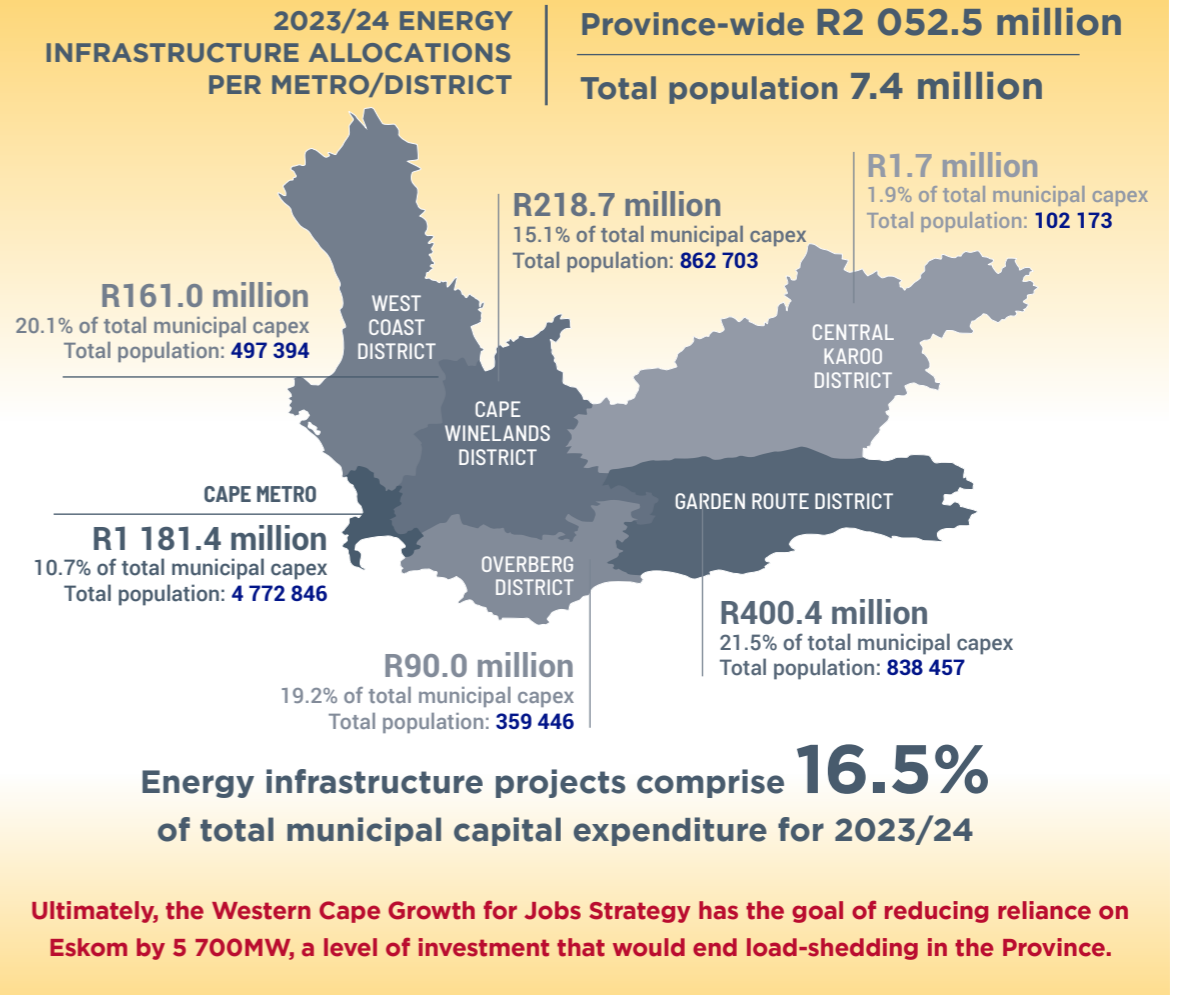


ON A LARGER SCALE, the Western Cape, especially the Central Karoo District (CKD), is uniquely positioned to make use of both wind and solar energy to generate electricity. In 2022, 16 environmental authorisation applications were submitted for wind and solar developments in the Province, 13 of which are planned for the CKD.⁹ If realised, these projects could contribute significantly to new economic opportunities.

⁸ (Western Cape Government, 2023).

⁹ (Department of Forestry, Fisheries and the Environment, 2023).

2023/24 MTREF MUNICIPAL ENERGY INFRASTRUCTURE EXPENDITURE



Source: Western Cape Provincial Treasury, 2023

Along with investing in energy infrastructure projects, **municipalities across the Western Cape are adopting small-scale embedded generation (SSEG) programmes.**¹⁰ In addition, **wheeling is being piloted in the City of Cape Town as well as by the George Municipality.**¹¹

By adopting SSEG programmes, municipalities can reduce their reliance on Eskom and move towards carbon neutrality – all while stimulating private sector investment in solar rooftop installations and thus job creation.

SSEG programmes allow consumers to generate their own electricity through solar rooftop installations, while feeding excess supply back into the grid.



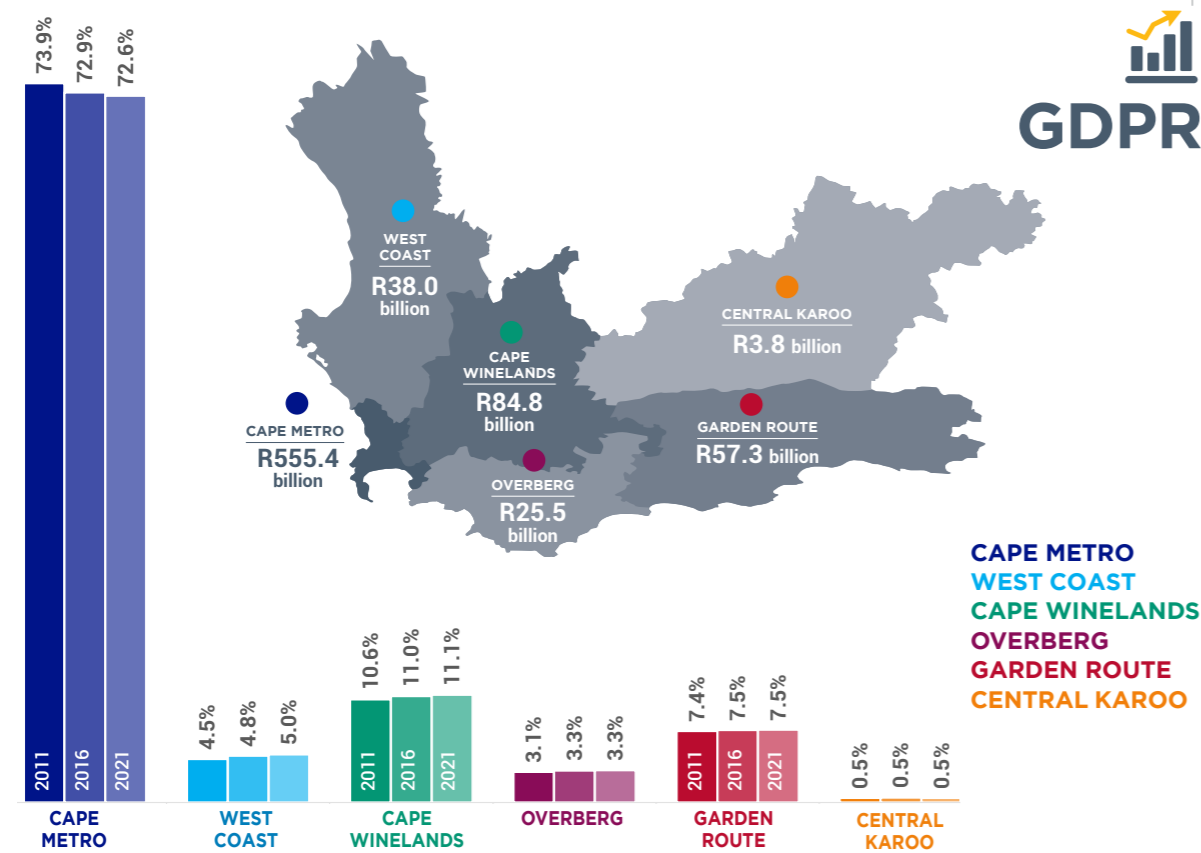
Wheeling is the transportation of electricity from a supplier to a third party, through a network not owned, controlled or leased by either party.

¹⁰ (GreenCape, 2023).

¹¹ (South African Local Government Association, 2023).

3.1 REGIONAL GDP AND EMPLOYMENT PERFORMANCE

Figure 3.1
REGIONAL CONTRIBUTIONS TO PROVINCIAL GDP (CURRENT PRICES),
2012 - 2021

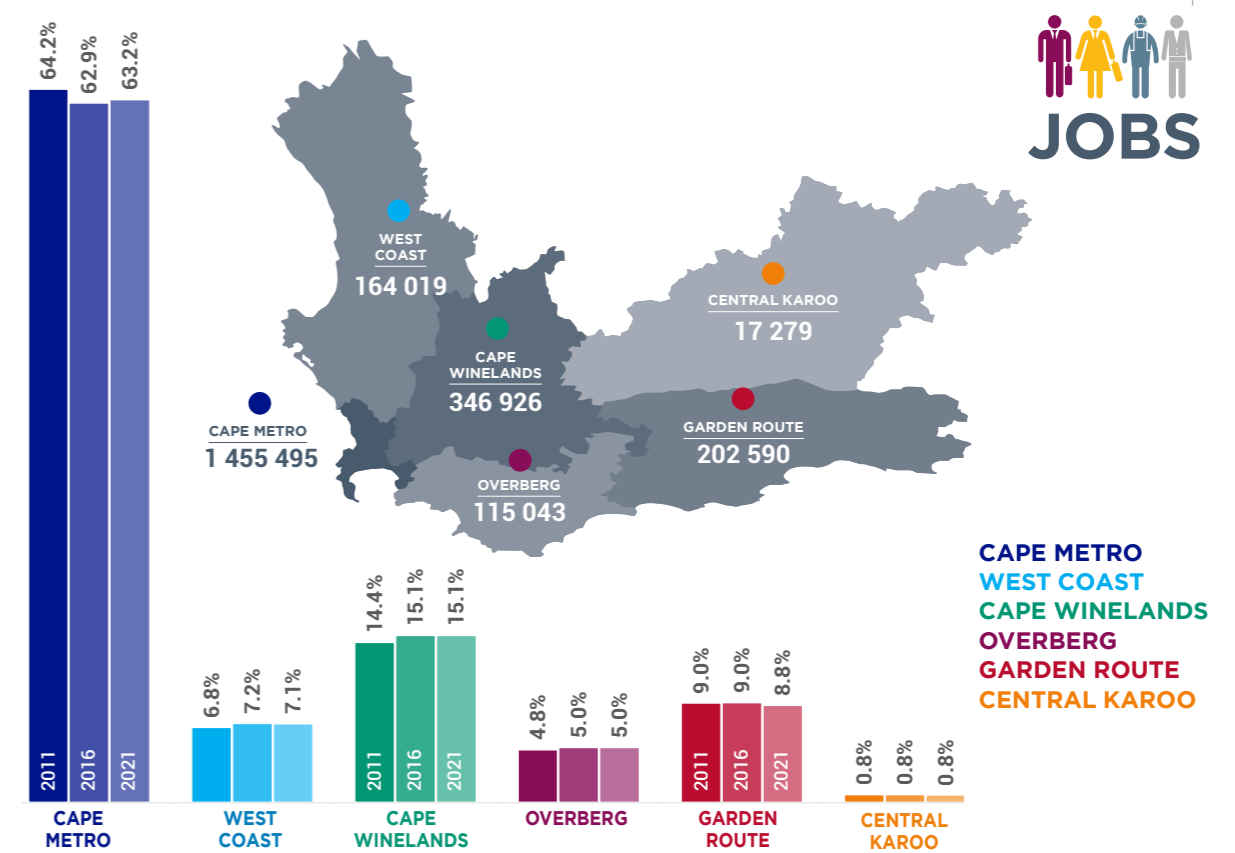


Source: Quantec research, 2023

With a GDP of R555.4 billion in 2021, the Cape Metro dominated the economic landscape of the Western Cape during that year, contributing 72.6 per cent of Provincial GDP and accounting for 63.2 per cent of employment in the Western Cape. The finance and general government sectors are foundational to the Cape Metro's economy, which features a concentration of capital-intensive industries that rely on skilled labour. By contrast, the districts tend to rely on labour-intensive forms of agriculture for employment, resulting in the employment contributions of these regions exceeding their GDP contributions.

A noticeable shift has occurred over the past decade, with the Cape Metro's contribution to the Provincial economy decreasing and the contributions from most other districts - especially the West Coast District (WCD) and the Cape Winelands District (CWD) - increasing. The increase in the contributions from the WCD and CWD is largely as a result of the strong growth in the agriculture sectors of these two regions in recent years. The contributions of the CKD, which has a limited amount of economic activity, have seen little change.

Figure 3.2
REGIONAL CONTRIBUTIONS TO PROVINCIAL EMPLOYMENT,
2012 - 2021



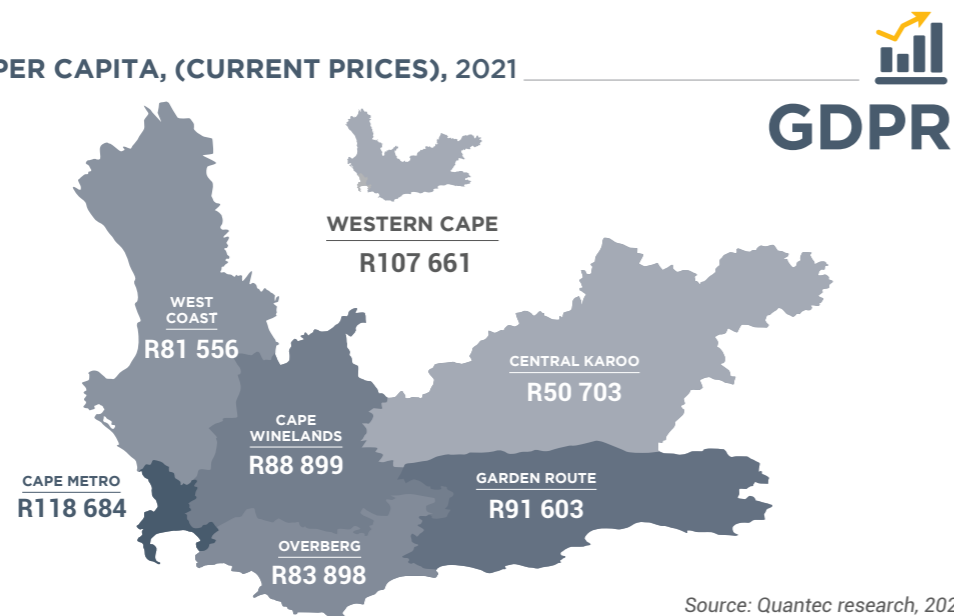
Source: Quantec research, 2023



GDPR PER CAPITA

GDPR per capita is useful in assessing a population's economic wellbeing and living standards. It shows the average economic output generated per individual, thereby providing a valuable measure of the overall prosperity and quality of life across the Province. As an international service and trade hub, the Cape Metro area has the largest regional economy and the highest living standards in the Western Cape. While the GRD has the third-largest economy of the Province in terms of GDPR, it leads the districts with regard to living standards, followed closely in the rankings by the CWD. The population of the Western Cape is constantly expanding, fuelled by in-migration; however, the historical long-term economic growth trend has been declining, and GDPR per capita is thus also on a downward trend.

Map 3.1
GDPR PER CAPITA, (CURRENT PRICES), 2021



Source: Quantec research, 2023

As much as GDPR per capita serves as a gauge of average living standards, it doesn't reflect how wealth is distributed within a population. The GRD has the highest income inequality in the Province, recording a Gini coefficient of 0.608 in 2022. This was primarily due to high levels of income inequality in the Bitou and Knysna municipal areas. By contrast, the CKD, where residents have a lower standard of living than the inhabitants of other districts, had a below-average level of income inequality in 2022.



Figure 3.3
REGIONAL SECTORAL GDPR CONTRIBUTIONS TO PROVINCIAL GDPR, 2021 (%)

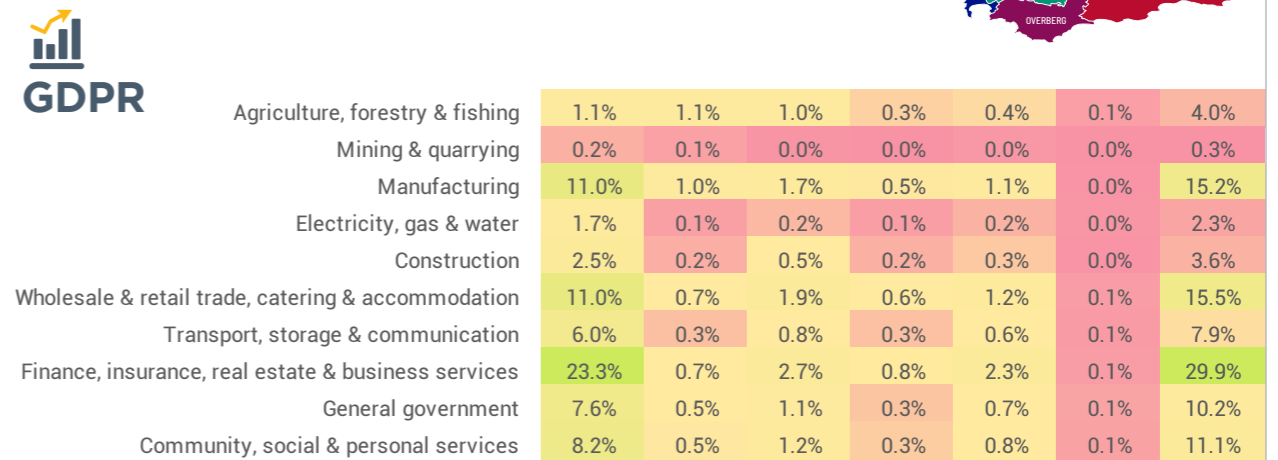
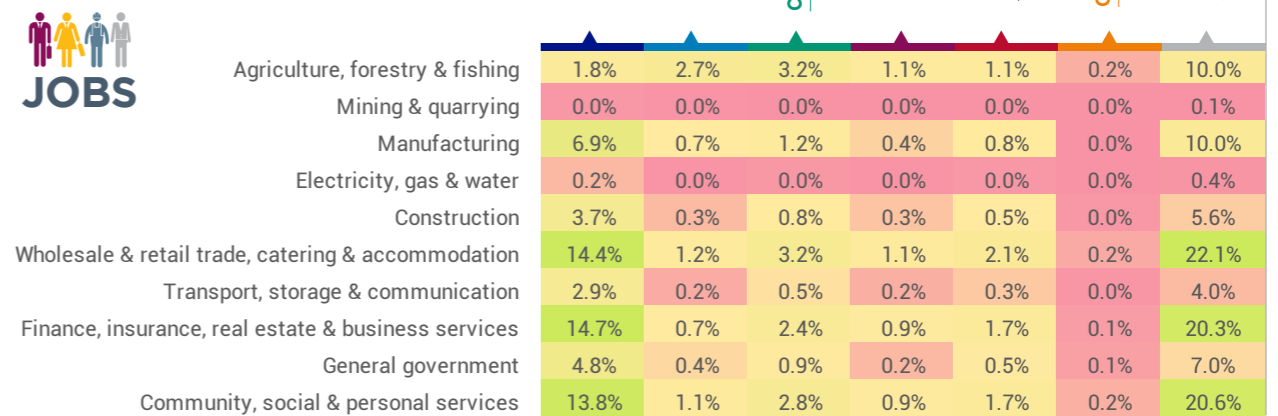


Figure 3.4
REGIONAL SECTORAL EMPLOYMENT¹² CONTRIBUTIONS TO PROVINCIAL EMPLOYMENT, 2021 (%)



Source: Quantec research, 2023

The activities of the finance, trade, personal services and manufacturing sectors in the Cape Metro contribute substantially to Provincial GDP and employment. This trade hub is known for its tech and business process outsourcing (BPO) industries. Key manufacturing industries include clothing, textiles, food and beverages, and electronics. The BPO industry is becoming an essential driver of job creation and an important means of attracting foreign investment to the Province, having created 3 257 new jobs in 2022. The Cape Metro area is also the epicentre of the Western Cape's promising film and media industry.

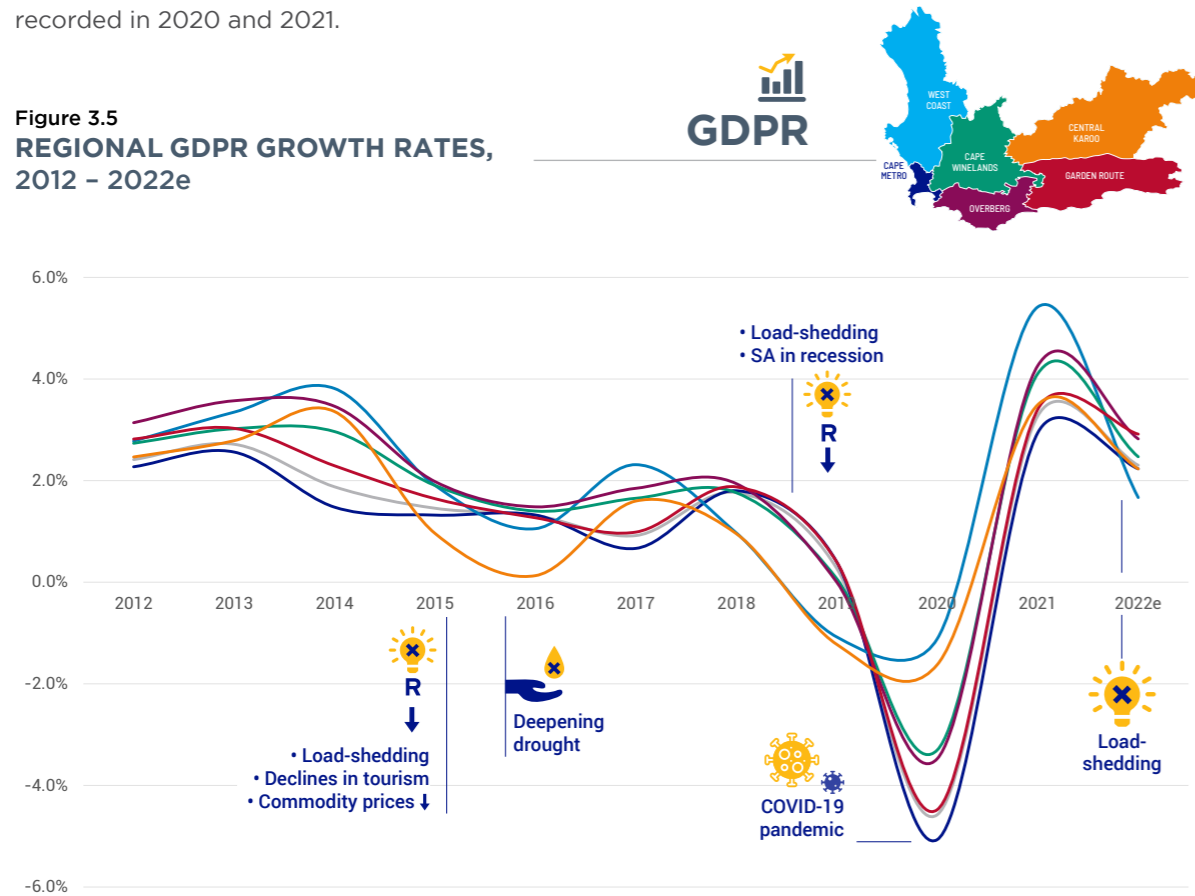
The growing urban centres of Paarl and Stellenbosch, in the CWD, are leading growth among regional areas through the trade, finance and personal services sectors. At the same time, the rising popularity of George as a tertiary service centre for the GRD means that it is also a growing contributor to the Provincial GDP. Despite offering several opportunities for the mining and renewable energies industries, the sparsely populated CKD contributes the least to the Provincial economy and employment.

¹² Includes formal and informal employment.

Thanks to the strong performance of the agriculture sector in 2021, GDPR in the districts witnessed a recovery in the course of this year from the lows induced by the COVID-19 pandemic, although the Cape Metro's GDPR lagged behind that of 2019. However, in 2022, the estimated 2.2 per cent GDPR growth in the Cape Metro surpassed that of 2019. The Cape Metro was the primary source of GDPR growth in the Western Cape in 2022 (accounting for 1.7 percentage points of the growth), while the CWD and GRD contributed 0.3 of a percentage point and 0.2 of a percentage point respectively.

Unfortunately, employment trends did not follow that of the GDPR. Although large-scale job gains were recorded in the Cape Metro, CWD and GRD in 2022, they did not make up for the severe losses recorded in 2020 and 2021.

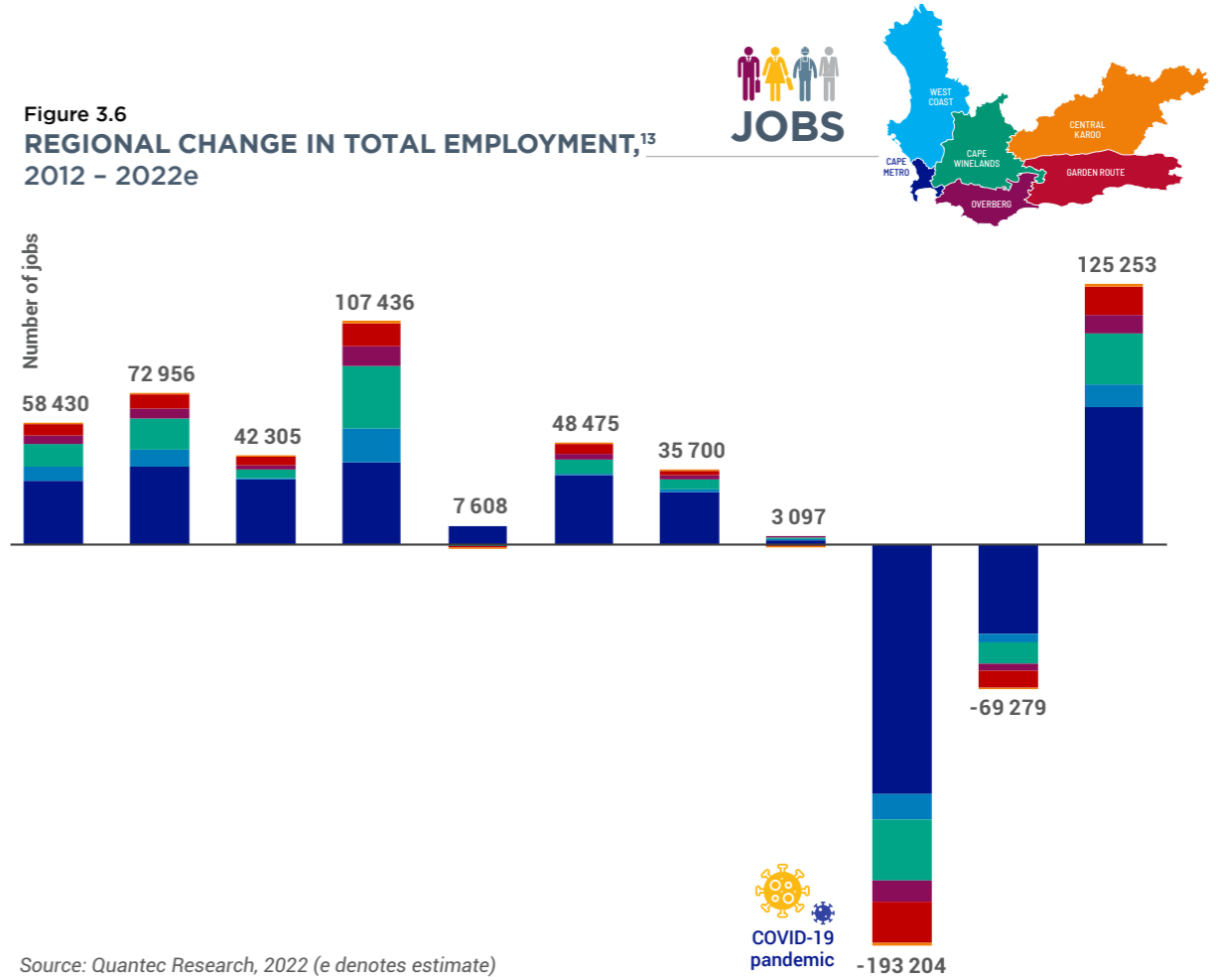
Figure 3.5
REGIONAL GDPR GROWTH RATES, 2012 - 2022e



Source: Quantec research, 2023 (e denotes estimate)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022e
Western Cape	2.4%	2.7%	1.9%	1.5%	1.3%	0.9%	1.8%	0.3%	-4.6%	3.3%	2.3%
— Cape Metro	2.3%	2.6%	1.5%	1.3%	1.3%	0.7%	1.8%	0.4%	-5.1%	2.9%	2.2%
— West Coast	2.8%	3.3%	3.8%	1.9%	1.1%	2.3%	1.0%	-1.1%	-1.1%	5.4%	1.7%
— Cape Winelands	2.7%	3.0%	3.0%	1.9%	1.4%	1.7%	1.8%	0.1%	-3.3%	4.1%	2.5%
— Overberg	3.1%	3.6%	3.5%	2.0%	1.5%	1.8%	1.9%	0.0%	-3.5%	4.3%	2.8%
— Garden Route	2.8%	3.0%	2.3%	1.6%	1.3%	1.0%	1.9%	0.4%	-4.5%	3.4%	2.9%
— Central Karoo	2.5%	2.8%	3.4%	1.0%	0.1%	1.6%	1.0%	-1.2%	-1.6%	3.5%	2.2%

Figure 3.6
REGIONAL CHANGE IN TOTAL EMPLOYMENT,¹³ 2012 - 2022e



Source: Quantec Research, 2022 (e denotes estimate)

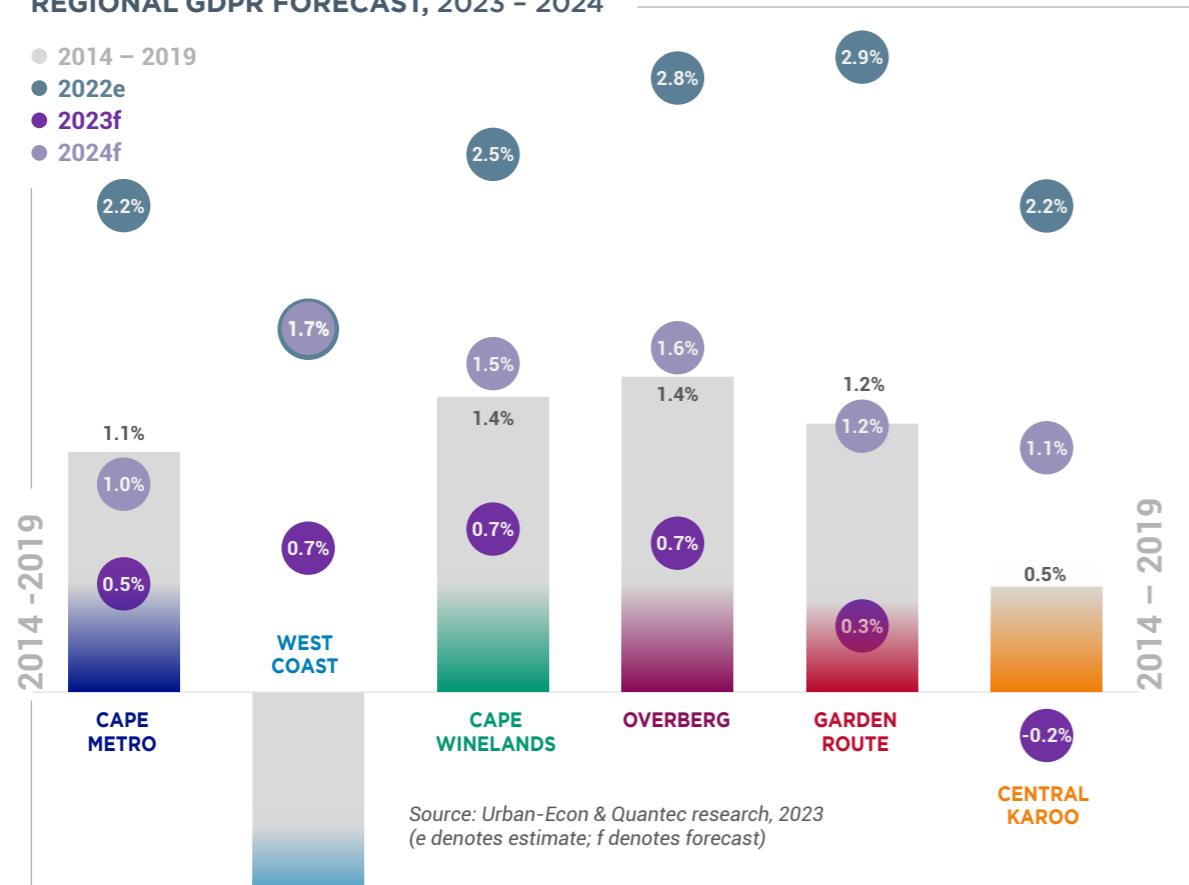
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022e
Western Cape	58 430	72 956	42 305	107 436	7 608	48 475	35 700	3 097	-193 204	-69 279	125 253
— Cape Metro	30 480	37 356	31 127	39 676	8 925	33 233	25 274	1 766	-119 943	-43 255	65 911
— West Coast	6 811	8 359	706	16 247	-393	922	1 030	594	-12 186	-4 072	10 882
— Cape Winelands	11 121	14 657	4 396	29 703	-97	7 027	4 924	1 255	-29 444	-9 863	24 944
— Overberg	4 092	5 007	1 799	9 658	-160	2 678	1 860	238	-10 256	-3 755	8 999
— Garden Route	5 499	7 043	4 210	10 791	-527	4 493	2 514	-707	-19 801	-7 824	13 514
— Central Karoo	427	534	67	1 361	-140	122	98	-49	-1 574	-510	1 003



¹³ Includes formal and informal employment estimates.

Despite the momentum gained in 2022, it is forecast that GDP growth will slow across the districts in 2023, with growth in the CKD expected to contract by 0.2 per cent. GDP growth will probably expand in 2024 if the effects of inflation, interest rate hikes and load-shedding on consumer and business confidence can be contained. If job growth coincides with the stabilisation of inflation, interest rate hikes and load-shedding, these GDP gains can translate into improved living standards. The outlook for 2024, however, remains above the five-year average GDP growth recorded before the COVID-19 pandemic for most regions.

Figure 3.7
REGIONAL GDP FORECAST, 2023 - 2024



WESTERN CAPE GROWTH FOR JOBS STRATEGY

Over recent years, the Western Cape Government has identified the need for a strategy to increase the Provincial economic growth rate and, to the extent that growth continues to falter in South Africa, decouple the Province's growth trajectory from that of the rest of the country. This gave rise to the Western Cape Growth for Jobs Strategy, issued in 2023. The strategy has several important aspects:

- **Clear principles are set out in a strategic framework** that has guided thinking and decisions.
- **Crucial priority focus areas (PFAs)** shape decisions about the nature of the interventions needed to maximise impact.
- **Key levers, enablers and accelerators** facilitate the achievement of these goals.

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

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

PRIORITY FOCUS AREAS FOR HORIZON 1 (UP TO 2026)



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



Source: Western Cape Government, 2023

Building on agriculture and agro-processing industries, the regions of the Western Cape are becoming more service-oriented. The finance, transport, personal services and trade sectors were among the most significant contributors to regional GDP in 2022. Furthermore, the trade sector played an important role in creating employment, with 6 513 new formal full-time opportunities created for retail workers in non-specialised stores in 2022, most of which were in the Cape Metro area (99.8 per cent).

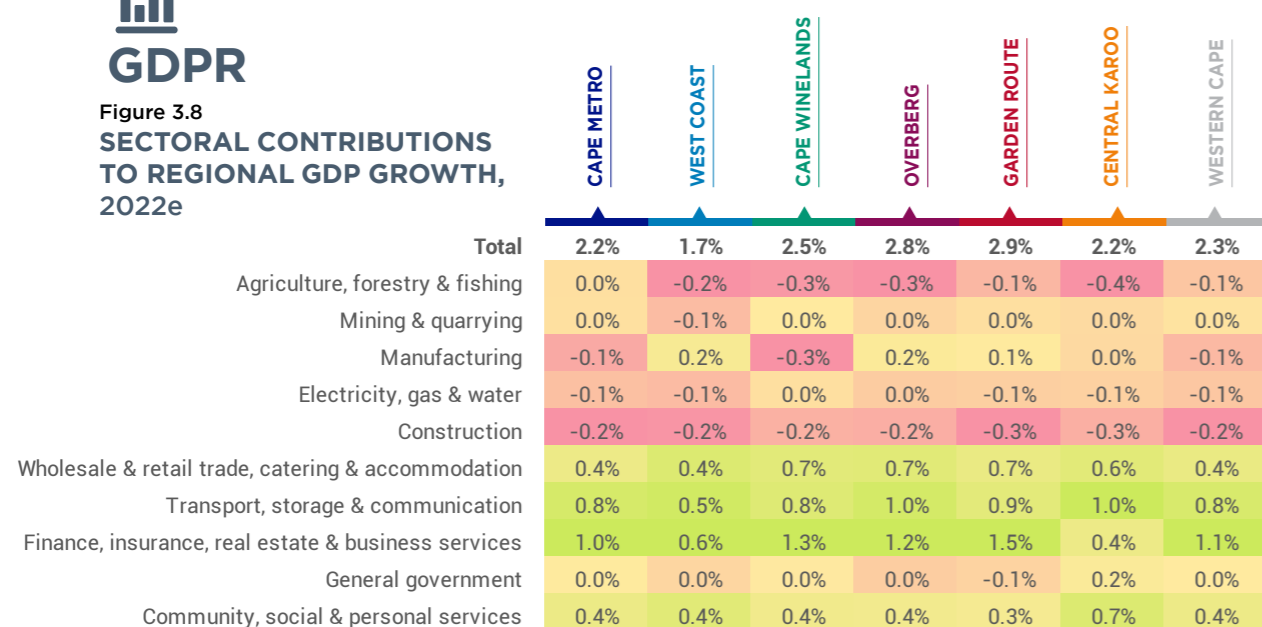
The agriculture sector is estimated to have stagnated or contracted across the Province in 2022. This was primarily due to a normalisation of trends, as the sector had recorded exceptional growth since 2020 because of high international commodity prices. Despite this, 5 950 new jobs were created in the perennial crop industry, mainly in pome and stone fruit farming in the CWD, bush fruit and nut farming in the Overberg District (OD) and citrus farming in the WCD.

The WCD and OD manufacturing sectors also contributed to the positive GDP performance of the two districts. Food and beverage manufacturing is becoming increasingly important to the economy of the WCD, with seafood processing, winemaking, grain processing and rooibos tea production adding value to primary agriculture and fishing sector activities.

Featuring rolling canola fields, fruit orchards and an extensive coastline, the OD has a manufacturing sector that is dominated by food production. However, strong growth in manufacturing industries such as printing, the production of motor vehicle parts and accessories, and the production of paper and plastic goods signals potential economic diversification and strengthening of the local agricultural value chain. The provision of goods for the transport industry and of the packaging which ensures that fresh and processed food from the OD can be distributed nationally as well as globally adds depth and resilience to the District's economy.

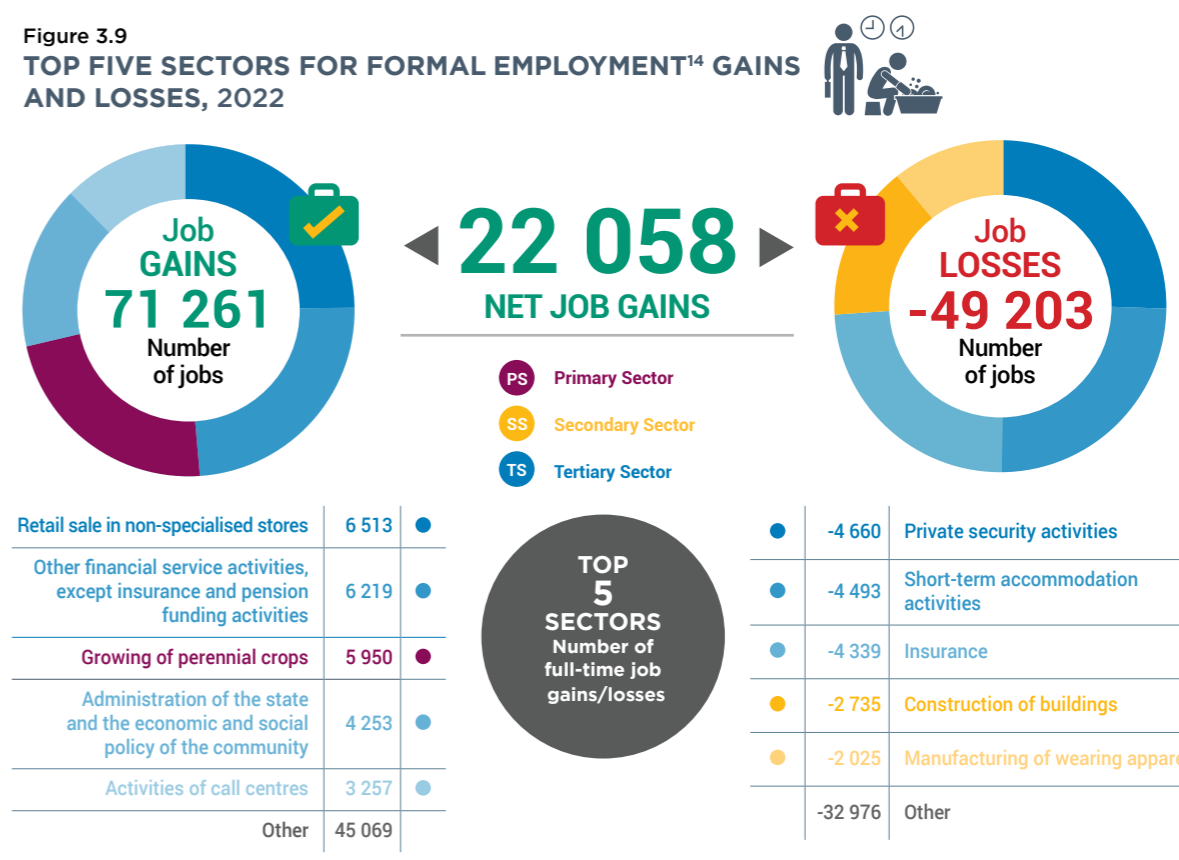
GDPR

Figure 3.8
SECTORAL CONTRIBUTIONS TO REGIONAL GDP GROWTH, 2022e



Source: Quantec research, 2023 (e denotes estimate)

Figure 3.9
TOP FIVE SECTORS FOR FORMAL EMPLOYMENT¹⁴ GAINS AND LOSSES, 2022



Source: Nell, A & Visagie, J. Spatial Tax Panel 2014 – 2022 (dataset). Version 3. National Treasury Cities Support Programme and Human Sciences Research Council (producer and distributor), 2023

While certain industries saw employment creation in 2022, others continued to shed jobs, a trend emblematic of the general decline of the South African economy. Amid job losses, households are coming under pressure from rising food and fuel prices, and higher interest rates. The increasing cost of living has damaged the domestic tourism industry, resulting in 4 493 formal job losses in short-term accommodation activities in the Province (mostly in the Cape Metro, GRD and OD). Surprisingly, the CKD recorded an increase of 43 jobs in this industry, signalling the return of business travel through this District.



¹⁴ Because of the in-depth data made available through SARS and the HSRC, this publication is able to present FTE employment data at a more disaggregated level than would be possible using only GDPR data, which is aggregated to a 10-sector level.

INFORMAL EMPLOYMENT¹⁵

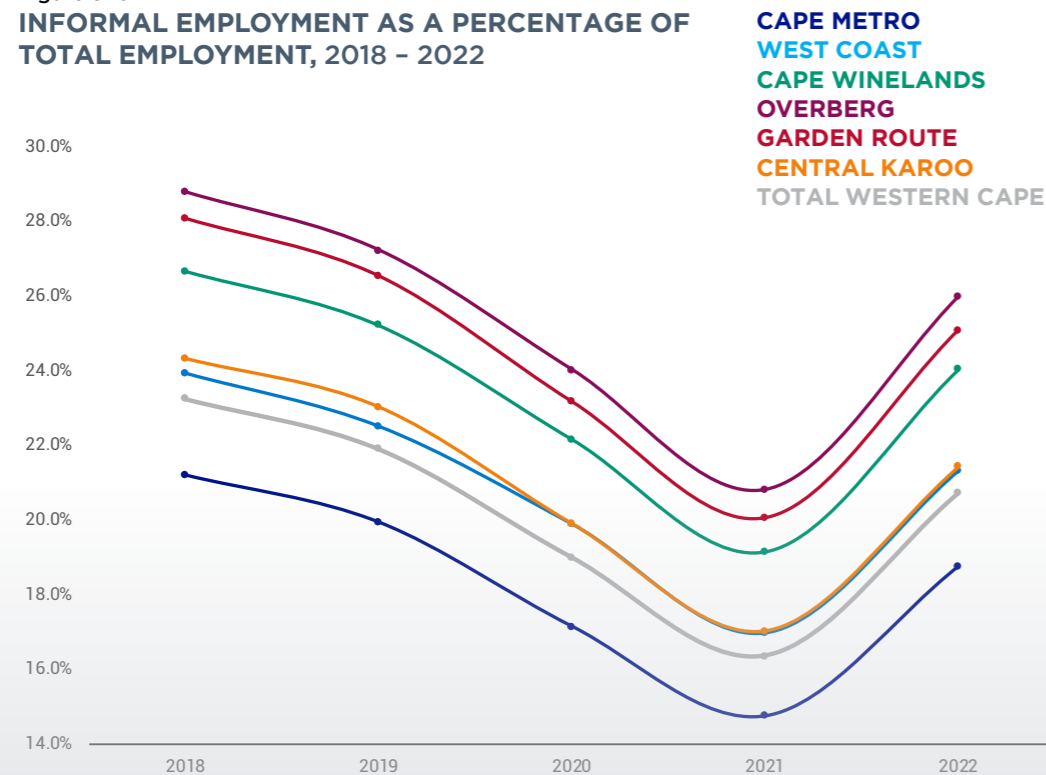
From spaza shop owners in the Cape Metro to the hairdresser operating from a Beaufort West home in the Central Karoo, the informal sector is pivotal in generating employment opportunities in the Province.

Typically, the informal economy creates jobs during economic downturns as those departing formal employment find jobs in the informal sector or become self-employed. However, the sector has not taken on this role in South Africa post-COVID, indicating that the informal economy is recovering from the pandemic at a slower pace than the formal economy.

In the Western Cape, the share of total employment originating in the informal sector has varied over time, declining from 23.3 per cent in 2018 to 16.4 per cent in 2021 as businesses dealt with the effects of COVID-19 restrictions. Encouragingly, a resurgence of informal employment was recorded in 2022, when the informal economy increased its contribution to overall employment to 20.7 per cent.

The trade sector, in particular, has a high proportion of informal jobs, accounting for 32.2 per cent of the informally employed. The construction industry also provides a significant number of informal employment opportunities, although this total has waned in recent years.

Figure 3.10
INFORMAL EMPLOYMENT AS A PERCENTAGE OF TOTAL EMPLOYMENT, 2018 - 2022



Source: Quantec research, 2023

¹⁵ Quantec obtains its employment information from South Africa's most authoritative labour data sources, namely the Quarterly Employment Statistics (QES) and the Quarterly Labour Force Survey (QLFS), both produced by Stats SA. The QES data is sourced from a subset of non-agricultural businesses and provides a quantification of formal employment (note that domestic staff are also excluded from this subset). The QLFS is based on household data and provides statistics for both formal and informal employment. To reconcile variations between the formal employment values derived from these datasets, Quantec adopts the QES formal employment figure, augmenting it with the figures for formal agricultural and domestic worker employment. The aggregate employment data gleaned from the QLFS is then utilised to determine informal employment, which is deduced as a residual. This remainder surpasses the QLFS-reported tally for employment because of the incorporation of small, medium and micro enterprises (SMMEs), a segment that the QES does not encompass.

Figure 3.11
SECTORAL INFORMAL EMPLOYMENT CONTRIBUTION TO TOTAL EMPLOYMENT, 2022



	CAPE METRO	WEST COAST	CAPE WINELANDS	OVERBERG	GARDEN ROUTE	CENTRAL KAROO	WESTERN CAPE
Primary sector	26.2%	18.8%	29.0%	28.5%	27.2%	24.6%	21.7%
Agriculture, forestry & fishing	26.4%	19.0%	29.2%	28.5%	27.3%	24.7%	21.6%
Mining & quarrying	8.5%	9.3%	5.5%	12.8%	7.7%	6.6%	50.0%
Secondary sector	20.4%	19.4%	15.5%	22.0%	25.4%	25.4%	29.6%
Manufacturing	14.8%	13.5%	12.9%	18.1%	19.1%	20.1%	29.7%
Electricity, gas & water	11.4%	9.5%	12.1%	15.6%	14.9%	16.4%	21.3%
Construction	31.0%	31.4%	23.1%	28.5%	34.1%	33.9%	30.7%
Tertiary sector	20.0%	18.6%	16.7%	23.0%	25.7%	25.1%	20.6%
Wholesale & retail trade, catering & accommodation	32.2%	30.7%	27.1%	35.1%	36.7%	38.2%	41.6%
Transport, storage & communication	28.7%	26.0%	30.2%	36.1%	37.0%	34.8%	36.8%
Finance, insurance, real estate & business services	15.3%	14.0%	12.9%	18.4%	21.4%	19.5%	18.7%
Community, social & personal services	15.6%	15.1%	11.6%	16.9%	19.6%	19.4%	9.2%

Source: Quantec research, 2023

In the CKD, where economic activity is primarily driven by the general government sector, employment hinges on the activities of small, medium and micro enterprises (SMMEs) more than in any other region. Such enterprises are fundamental to the region's prosperity, as compensation for those who are informally employed is typically lower than pay earned by their formal counterparts. This is especially true of the trade, construction and agriculture sectors.

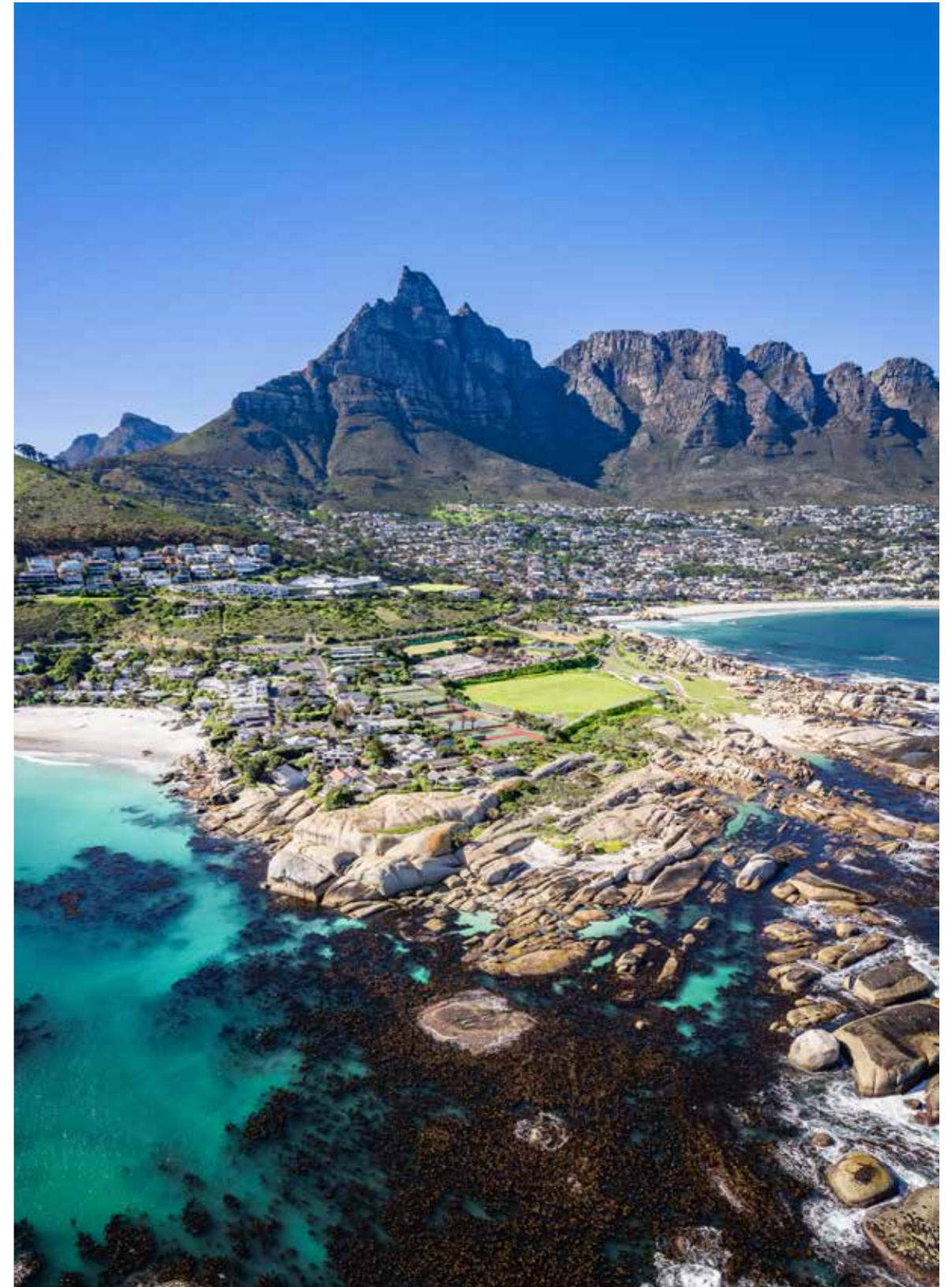
Across the districts, employment in informal agriculture contributes substantially to the overall jobs total, especially in the WCD, CWD and OD. However, informal agricultural workers typically earn less than the minimum wage, meaning that informal agricultural employment, while essential, does not always enable workers to escape the poverty trap.



4. CONCLUDING REMARKS

Post-COVID, the global economy continues to face challenges linked to the aftereffects of the pandemic, notably the disruption of supply chains. Russia's invasion of Ukraine has added to the stress on the economy, mainly through exacerbating food and fuel price inflation. Furthermore, additional geopolitical tensions and uncertainties linked to climate change are taking a toll on economic activity.

South Africa's economic journey is being influenced by these global dynamics, as the country is grappling with inflation, unemployment and energy security concerns. The economic evolution of the Western Cape is marked by a strategic shift towards a service-oriented economy prompted by the expansion of the finance, trade and transport sectors. Job creation and growth continue despite the numerous difficulties with which the Province is currently confronted, reflecting the Western Cape's adaptability in the face of changing economic paradigms.





CAPE METRO

2 445.0km²

1.9% | OF WESTERN CAPE



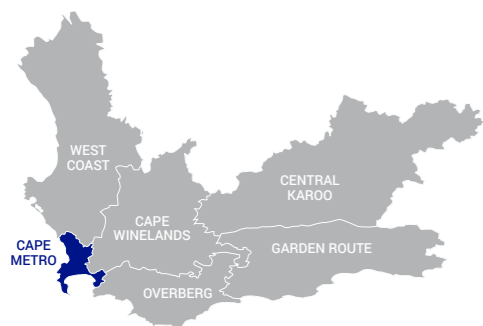
Atlantis

Robben Island

CAPE TOWN

Somerset West

Cape Point



CAPE METRO



2022

AREA **2 445.0km²** | AREA **1.9%** OF WESTERN CAPE | DENSITY **1 935/km²** | SEAT **Cape Town**

CAPE POINT, SOMERSET WEST, ATLANTIS, ROBBERN ISLAND

POPULATION

4 772 846

Male **49.4%**
Female **50.6%**

AGE SPLIT

0-14yrs **23.4%** | 15-64yrs **69.4%** | 65+yrs **7.2%**

ESTIMATED POPULATION GROWTH

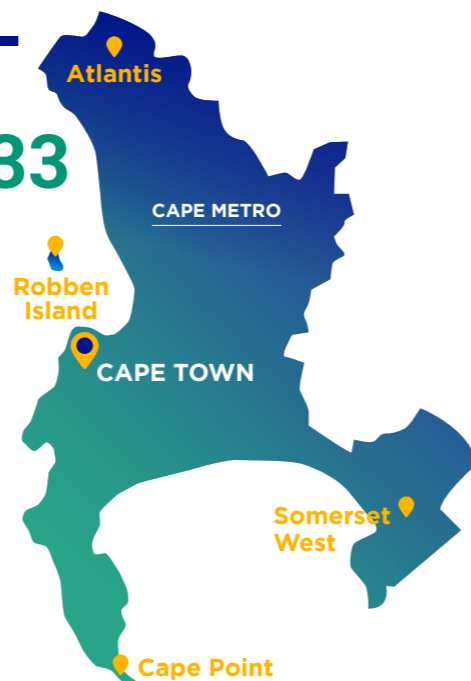
1.6% 2022 | 1.7% 2023f | 1.7% 2024f | 1.7% 2025f | 1.7% 2026f

Number of **HOUSEHOLDS**
1 460 933

R9 746
Average median income



201 707
Indigent households



ACCESS TO SERVICES

99.6% Access to water (piped or tap) | **97.3%** Access to electricity | **99.3%** Access to solid waste removal | **94.3%** Access to improved sanitation

TOURISM

VISITORS OVERSEAS **11.1%** | DOMESTIC **88.9%** | OVERNIGHT **63.4%** | DAY VISITORS **36.6%**

ACTIVITIES Top activities: V&A Waterfront **28.5%**, Cape Town restaurants & bars **11.3%**, Table Mountain **7.8%**



72.6% CONTRIBUTION TO WESTERN CAPE

GDPR

R555.4 BILLION

2021

JOBS

1 455 495 EMPLOYED

63.2% CONTRIBUTION TO WESTERN CAPE

GDPR FORECAST: 2.2% 2022e | 0.5% 2023f | 1.0% 2024f

R118 684
GDPR PER CAPITA (2021 current prices)

65 911 Estimated 2022e **JOB GAINS**

28.6% Estimated 2022e **UNEMPLOYMENT RATE**

INTERNATIONAL TRADE

2022

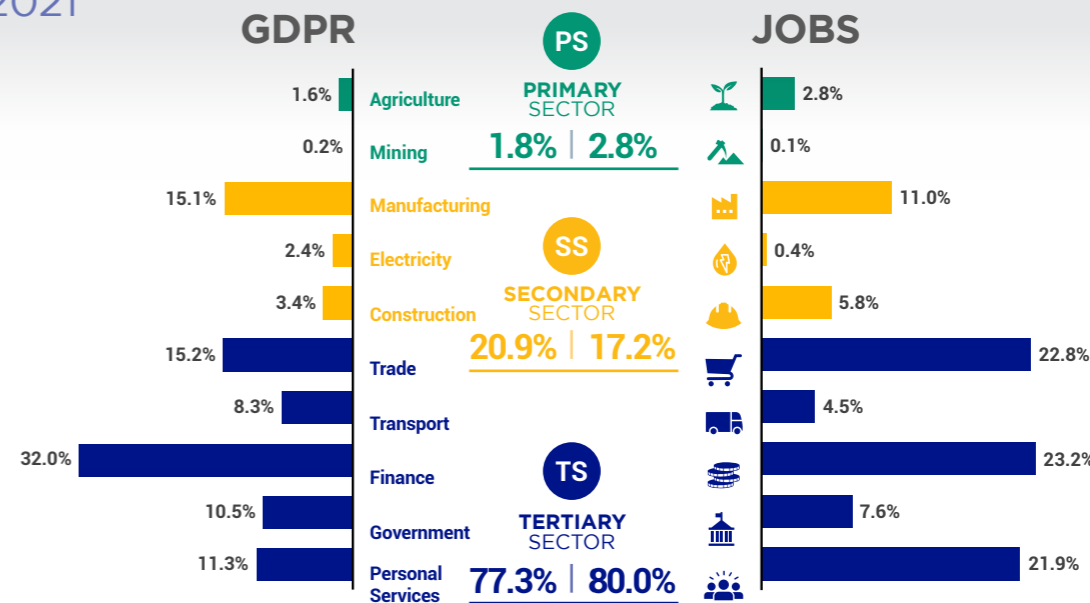
IMPORTS **R299.7 BILLION**

EXPORTS **R114.0 BILLION**

Top 3 exported products: Petroleum oils & oils other than crude, Citrus fruit, Coal briquettes, ovoids & similar solid fuels
Top 3 export destinations: Botswana, Namibia, United States

SECTORAL CONTRIBUTION

2021



See reference list for sources

SECTION B ECONOMIC GROWTH AND JOBS

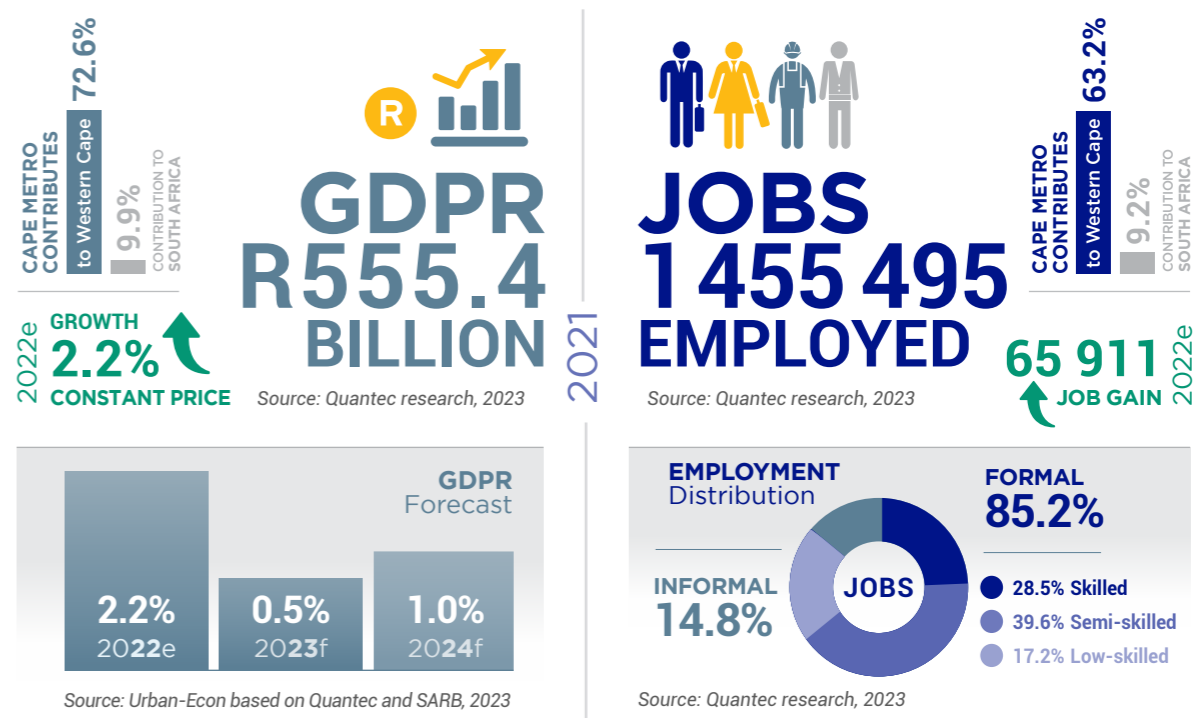
1. INTRODUCTION

The Western Cape is a region of remarkable diversity, blending breathtaking natural landscapes with a complex economic tapestry. At its heart lies the Cape Metro, a place of scenic beauty, history and culture, and a thriving economic hub that plays a pivotal role in the nation's prosperity. From the bustling central business district (CBD) of Cape Town to the tranquil vineyards of Somerset West and the resilient communities of Khayelitsha, the economy of the Cape Metro is shaped by its unique position as the premier trade and tourism hub of the Western Cape. Thanks to its diverse economy, the Cape Metro has become one of the most attractive destinations in the country in which to live and work.

Several sectors' performances underpin the economic prospects of the Cape Metro area, with international trade, tourism, and private and public sector investments serving as catalysts for new economic opportunities, job creation and the overall wellbeing of local communities, all discussed in this section.

2. GDPR AND EMPLOYMENT PERFORMANCE

Diagram 2.1
GDPR AND EMPLOYMENT CONTRIBUTIONS, Cape Metro



EMPLOYMENT PROFILE

Unemployment rate	Labour force participation rate	Labour absorption rate (employment-to-population ratio)	Not economically active proportion of working-age population
2021 ↓ 2022e	2021 ↑ 2022e	2021 ↑ 2022e	2021 ↓ 2022e
28.8%	63.3%	45.0%	36.7%
28.6%	64.7%	46.2%	35.3%

Source: Quantec research, 2023 (e denotes estimate)

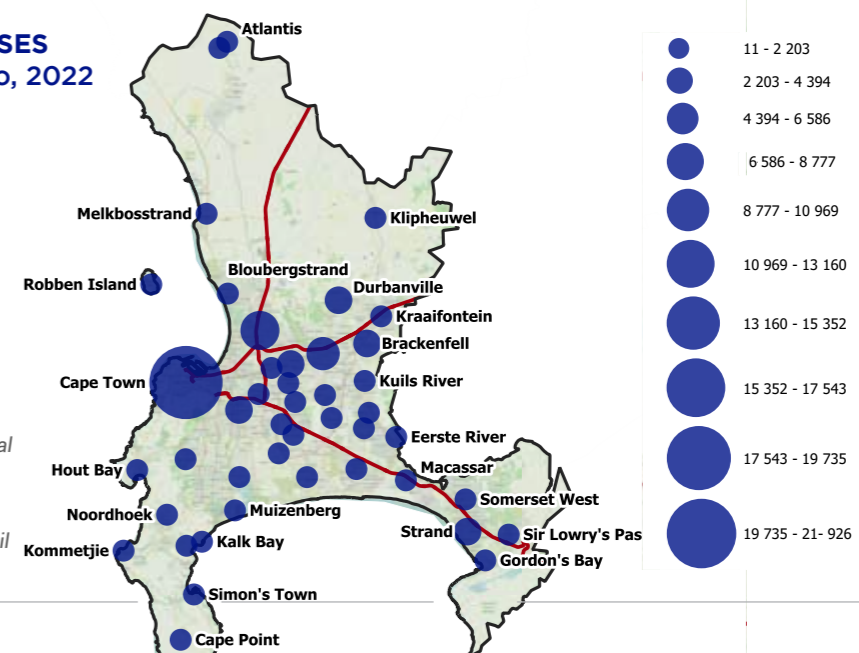
Map 2.1
NUMBER OF BUSINESSES PER AREA, Cape Metro, 2022

Cape Metro

Roads

- National Roads
- Regional Roads
- CM boundary

Source: Nell, A. & Visagie, J. Spatial Tax Panel 2014 – 2022 (dataset). Version 3. National Treasury Cities Support Programme and Human Sciences Research Council (producer and distributor), 2023

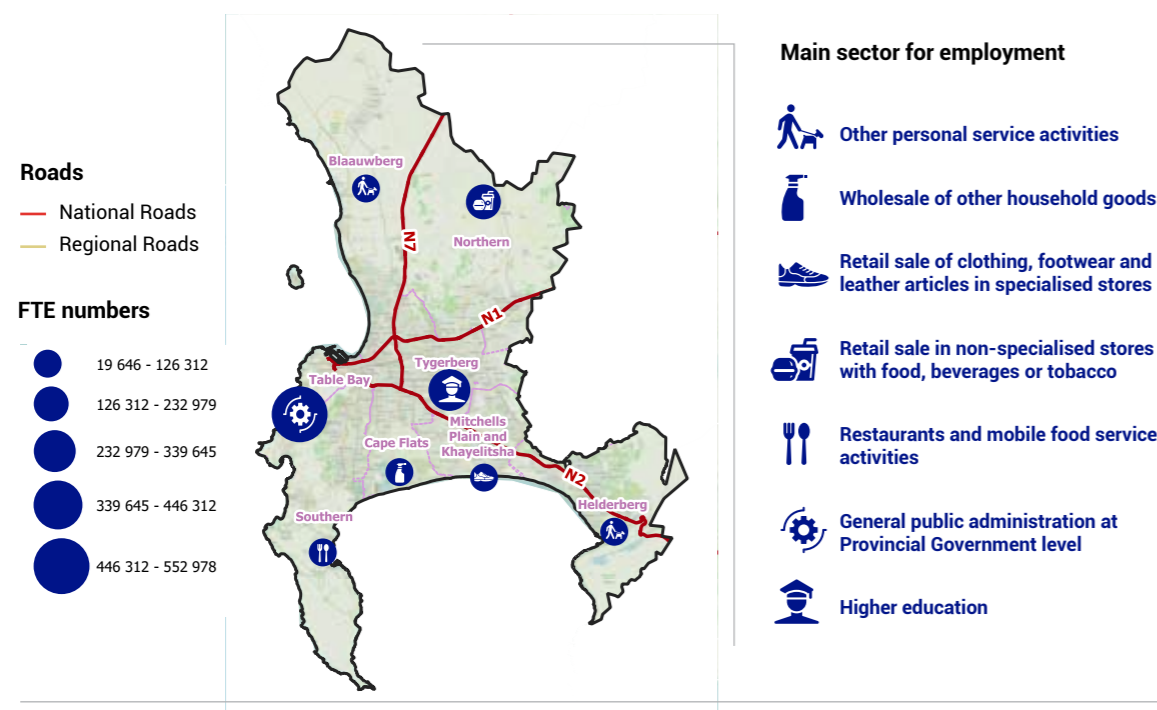


2.1 Trends and GDPR forecast

The Cape Metro dominates the Provincial economic landscape, recording a GDPR of R555.4 billion in 2021, comprising 72.6 per cent of the Provincial GDP. Employment (formal and informal) stood at 1 455 495 jobs in 2021, with 14.8 per cent being informal employment. Informal employment is especially prevalent in areas such as the Mitchells Plain/Khayelitsha Planning District, particularly in the construction, retail and transport sectors, and has become increasingly important as a source of jobs for the Cape Metro area. In 2022, the City of Cape Town issued permits to 4 935 informal traders.¹

Despite its diverse economy, the Cape Metro area has a mismatch between places of residence and places of work that stems from apartheid era spatial planning. This disparity contributes to inequality and poverty. The CBD has the highest concentration of job opportunities, followed by areas such as Milnerton, Bellville, Durbanville, Athlone and Parow, whereas the main places of residence include Khayelitsha, Mitchells Plain, Athlone and Philippi. This disparity highlights the need for, and importance of, access to an efficient public transport system in the Cape Metro area. Furthermore, it also leads to traffic congestion on main roads during peak travel times, which is worsened by the lack of a reliable train service. These challenges burden commuters, as private transport is expensive while public transport is often unreliable or unsafe.² However, through several interventions related to housing developments, the public transport network, and by forging public-private partnerships, the City of Cape Town aims to build an inclusive, integrated, vibrant and healthy city.³

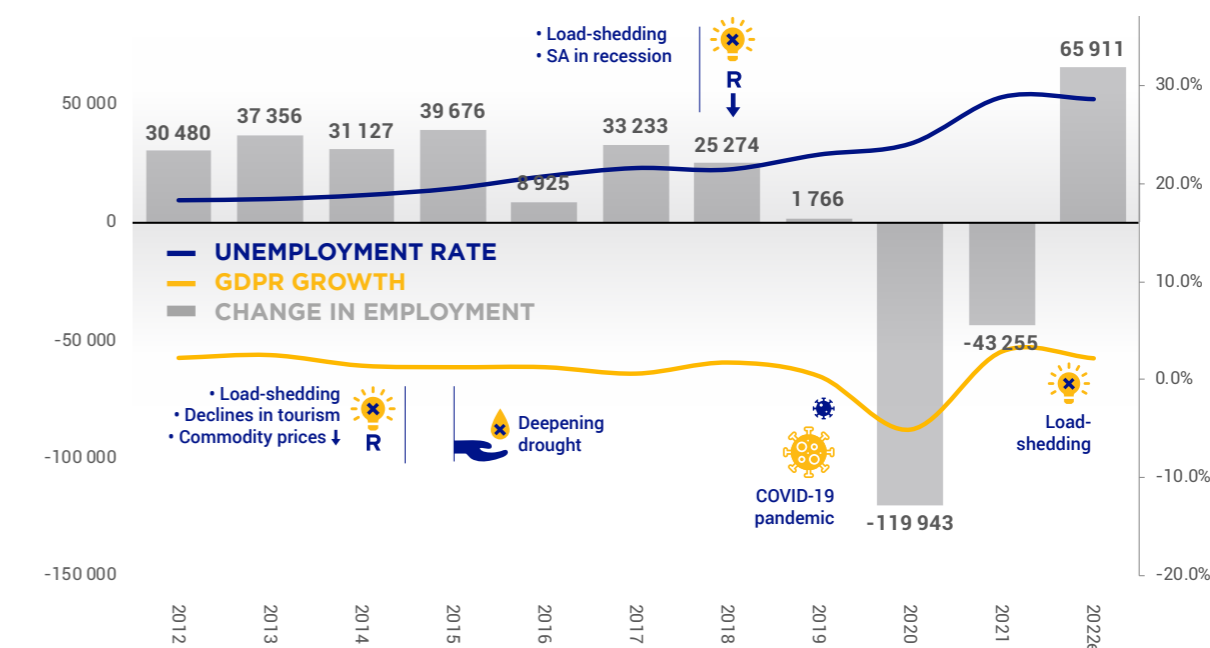
Map 2.2
NUMBER OF FTE JOBS PER PLANNING DISTRICT AND MAIN SECTOR, Cape Metro, 2022



Source: Nell, A. & Visagie, J. Spatial Tax Panel 2014 – 2022 (dataset). Version 3. National Treasury Cities Support Programme and Human Sciences Research Council (producer and distributor), 2023

¹ (City of Cape Town, 2023).
² (City of Cape Town, 2023).
³ (City of Cape Town, 2023).

Figure 2.1
GDPR, EMPLOYMENT GROWTH AND UNEMPLOYMENT RATE, Cape Metro, 2012 – 2022e



	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022e
Change in employment	30 480	37 356	31 127	39 676	8 925	33 233	25 274	1 766	-119 943	-43 255	65 911
GDPR growth	2.3%	2.6%	1.5%	1.3%	1.3%	0.7%	1.8%	0.4%	-5.1%	2.9%	2.2%
Unemployment rate	18.2%	18.4%	18.8%	19.5%	20.7%	21.5%	21.4%	22.9%	24.1%	28.8%	28.6%

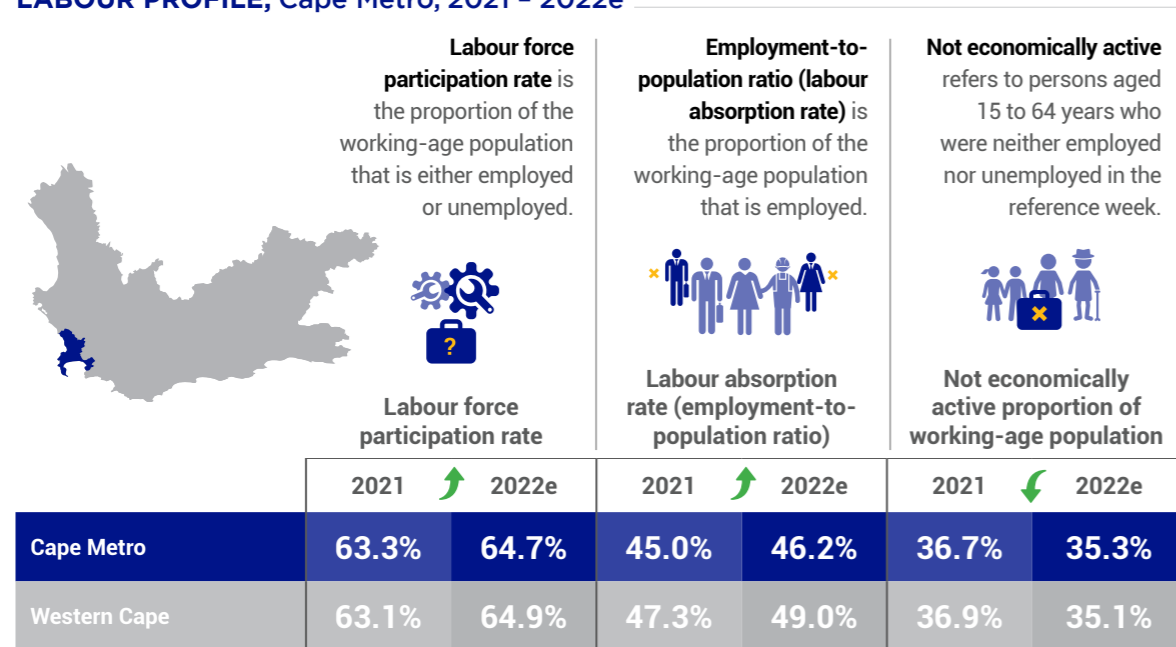
Source: Quantec research, 2023 (e denotes estimate)

Before 2020, the economic performance of the Cape Metro was relatively subdued yet on a declining trend. As South Africa's economic growth deteriorated, the Cape Metro was not spared, with local factors such as the Provincial drought in 2017 also affecting GDPR performance. Despite this, the Cape Metro economy recorded job growth annually, encouraging in-migration. In 2020, the economy contracted by 5.1 per cent, slightly more than the rate recorded in the country overall (4.9 per cent), because of its dependency on tourism. A substantial number of jobs (119 943) were also lost, resulting in a 1.1 percentage point increase in the unemployment rate.

While the economy partially recovered in terms of GDPR in 2021 (2.9 per cent) thanks to increased business activity, employment continued to deteriorate, with an additional 43 255 job losses. This increased the unemployment rate to 28.8 per cent. Informal employment was also significantly affected during this time, as small businesses struggled to keep their doors open amid the high inflation rate and increasing interest rates. It is estimated that in 2022, the GDPR grew by 2.2 per cent, signalling a full economic recovery.

Favourable labour market conditions ensued in 2022, with the labour force participation rate increasing to 64.7 per cent. More people could be employed, especially in informal employment, and the labour absorption rate thus increased to 46.2 per cent, substantially higher than in the rest of South Africa (38.4 per cent). As such, in 2022, the Cape Metro area recorded a much-needed decline in its unemployment rate (28.6 per cent), which was also lower than the South African average (33.9 per cent). However, there is room for improvement. Not all jobs lost between 2020 and 2021 were regained in 2022, and formal employment continued to decline. Furthermore, the unemployment rate remains high in areas such as the Mitchells Plain/Khayelitsha and Cape Flats planning districts, contributing to income disparity and poverty levels in the Cape Metro area.

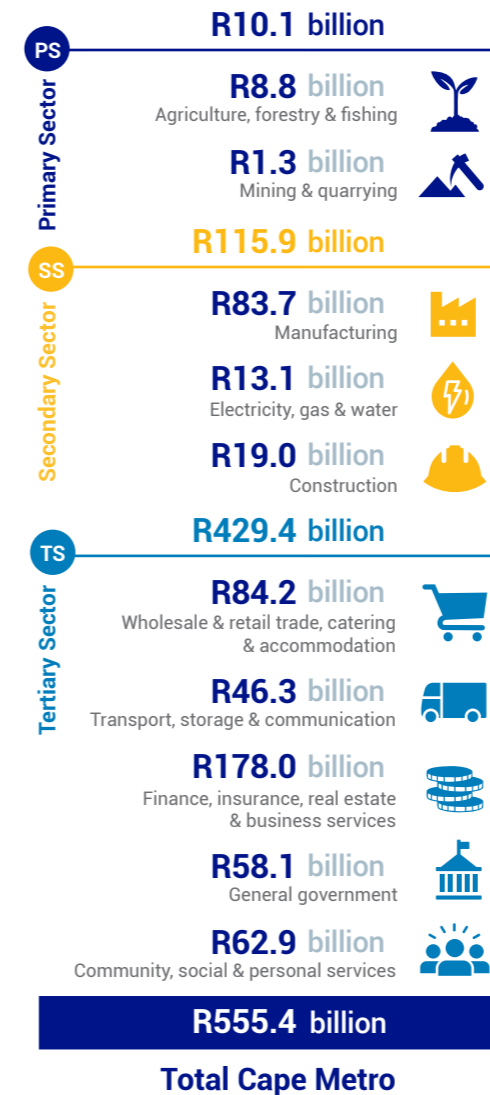
Diagram 2.2
LABOUR PROFILE, Cape Metro, 2021 - 2022e



Source: Quantec research, 2023 (e denotes estimate)



Figure 2.2
GDPR DISTRIBUTION, Cape Metro, R billion, 2021



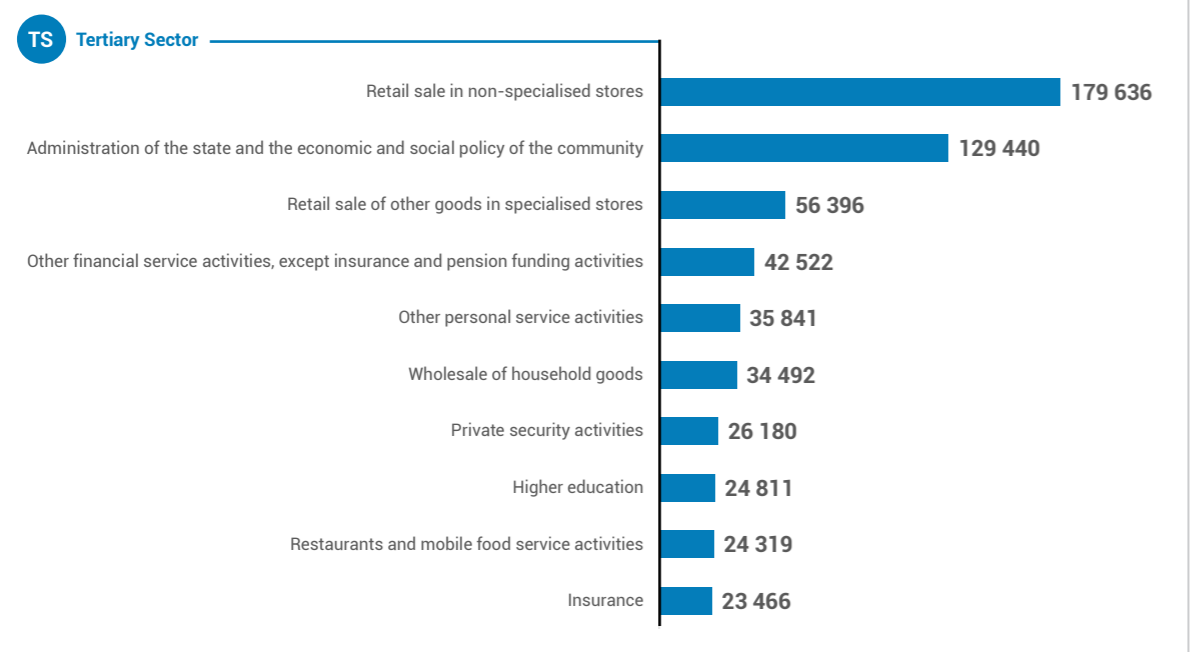
Source: Quantec research, 2023



The finance sector, which is especially prevalent in the CBD, Bellville and Parow, is the cornerstone of the Cape Metro economy, contributing 32.0 per cent (R178.0 billion) of GDP in 2021. The Cape Metro has positioned itself as an ideal location for the base of operations for several leading national companies in this sector, including Sanlam, Santam, Allan Gray and Old Mutual. It also serves as Africa's business process outsourcing (BPO) hub. In 2022, this industry created 3 252 new jobs, and the sector is set to expand even further, given investments such as Amazon's R4.5 billion African headquarters currently under development in Observatory.

JOBS

Figure 2.3
TOP 10 SECTORS BY NUMBER OF FTE JOBS,
Cape Metro, 2022



Source: Nell, A. & Visagie, J. *Spatial Tax Panel 2014 – 2022 (dataset). Version 3. National Treasury Cities Support Programme and Human Sciences Research Council (producer and distributor), 2023*

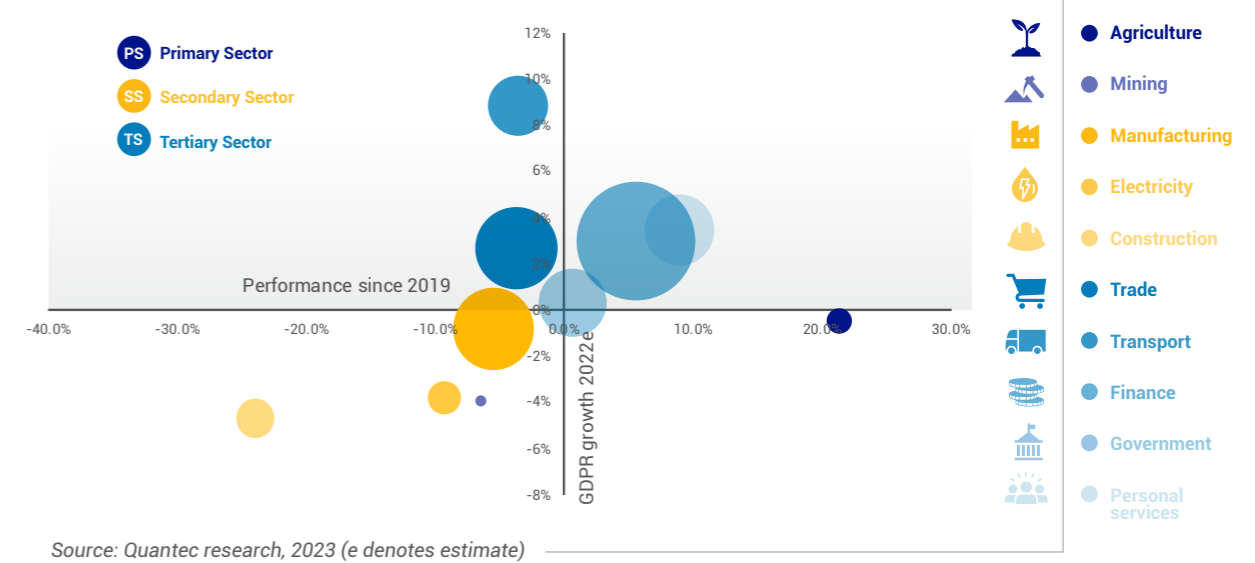
Other leading sectors in terms of GDP include trade (15.2 per cent) and manufacturing (15.1 per cent). The trade sector is also the primary sector for formal full-time employment within the Cape Metro. Several wholesale and retail giants call the metro home, including Shoprite, Pick n Pay, Woolworths, the Freddy Hirsch Group, Pepkor and TFG. However, the large population of the Cape Metro and its popularity as a tourist destination also drive retail spending in the area.

Manufacturing in the Cape Metro primarily consists of food and beverage production, which benefits from the agrarian pursuits of the Provincial hinterland and easy access to the Port of Cape Town and Cape Town International Airport. From spices and condiments to dairy products, baked goods, snacks, meat and fish products, the Cape Metro food production industry is a vital source of employment. The Cape Metro also encompasses three prominent and well-known wine-producing areas: Constantia, Durbanville and the Helderberg region. These areas also serve as valuable tourist attractions for the Cape Metro.

Lastly, public administration provides substantial formal employment opportunities (129 440 jobs), as the Cape Metro is the base of operations for the Provincial Government. Public administration was also one of the leading sources of new employment opportunities in 2022 (3 049 jobs).

Given the number of retail and public administration workers in the Cape Metro, it stands to reason that most workers are semi-skilled (39.6 per cent) or skilled (28.5 per cent). Having some level of skill has become increasingly important for obtaining employment. As the finance and trade sectors grew over the last decade, most employment opportunities favoured semi-skilled or skilled workers, with low-skilled workers declining.

Figure 2.4
GDP PERFORMANCE PER SECTOR,
Cape Metro, 2019 – 2022

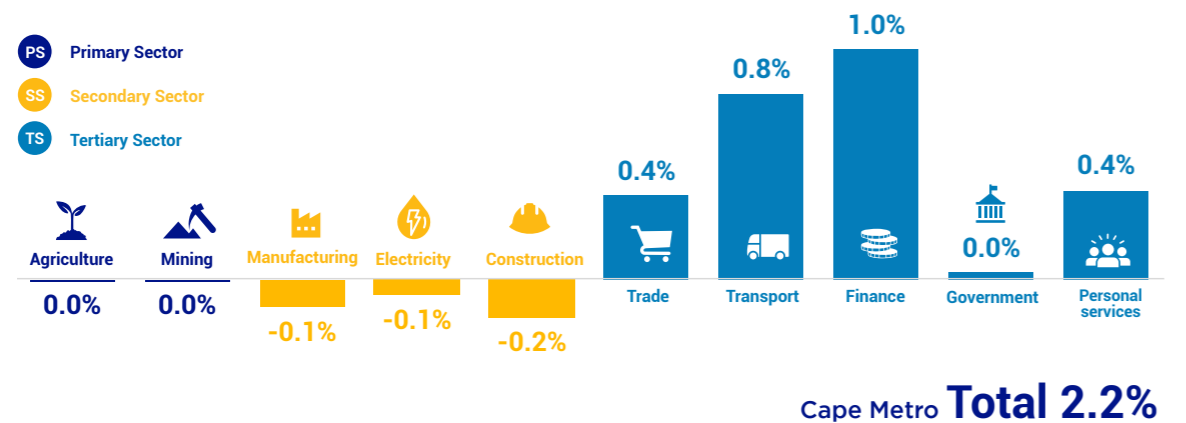


Source: Quantec research, 2023 (e denotes estimate)

While GDP had fully recovered by 2022, on a sectoral level only the agriculture, finance, general government and personal services sectors surpassed their 2019 performance. Despite being one of the primary growth drivers, the trade sector has not yet fully recovered and remains under pressure; this reflects the impact on households of high interest rates, rising fuel prices and spiralling inflation, as well as the slow (albeit steady) recovery of tourism. In 2022, short-term accommodation, restaurants and mobile food service activities shed 5 780 formal employment opportunities under these harsh economic conditions. As households and businesses tightened their belts, business services such as private security also recorded a sharp reduction in employment in 2022 (4 427 jobs) – the single largest source of job losses in the Cape Metro for the year.



Figure 2.5
SECTORAL CONTRIBUTION TO GDPG GROWTH (PERCENTAGE POINTS),
Cape Metro, 2022e



Source: Quantec research, 2023 (e denotes estimates)

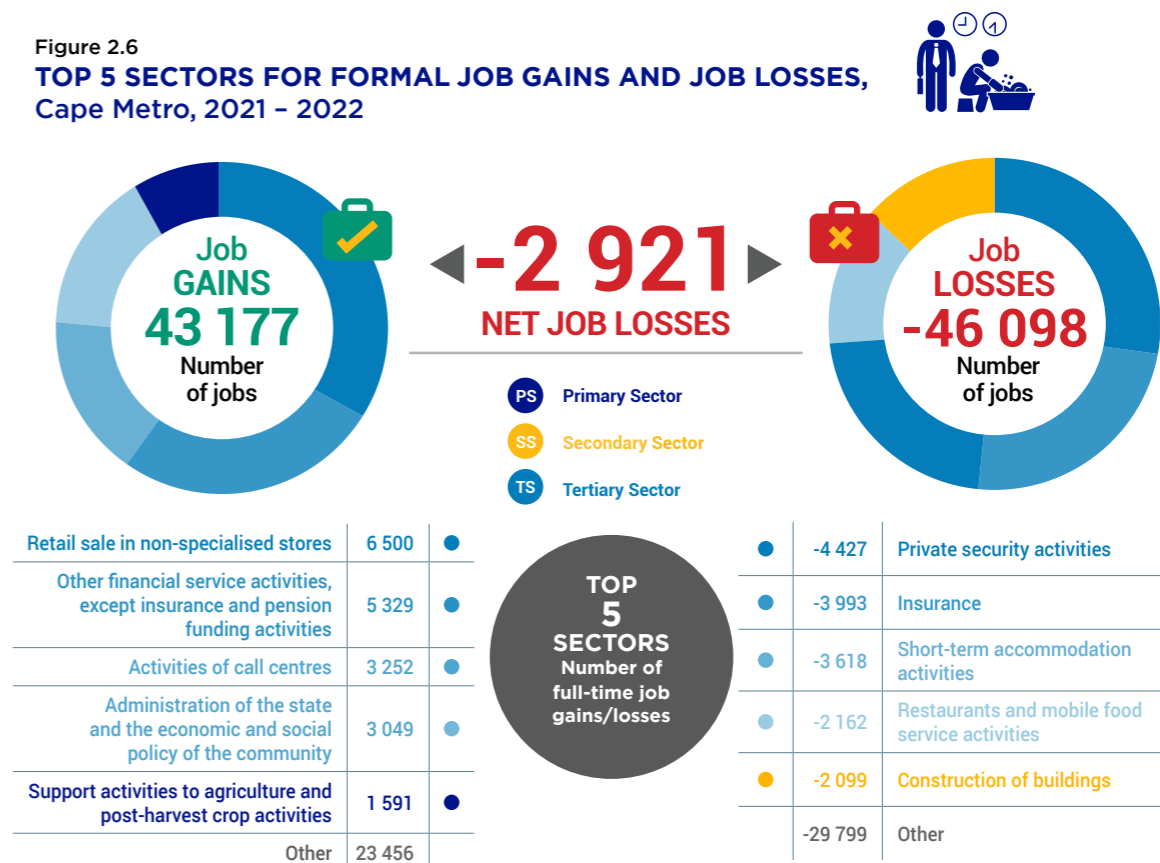
In a testament to the strength and diversity of finance and business service offerings in the Cape Metro, the finance sector was the leading source of economic growth, contributing 1.0 percentage point of estimated GDPG growth in 2021. Activities such as financial services (other than insurance and pension funding) and call centres led to job creation in this sector and for the Cape Metro.

Real estate is another essential component of this sector that reported positive results in 2022. The Cape Metro is becoming increasingly popular as a destination for relocation by people from other provinces because of its exceptional service delivery and business opportunities. This has fuelled property sales across the Cape Metro. In 2022, residential property sales have increased by an estimated 11.0 per cent, with areas such as Atlantis, Melkbosstrand, Milnerton, Blue Downs and Somerset West reporting substantial sales growth.⁴ Blue Downs and Atlantis have some of the lower-priced properties in the Cape Metro, which is well-known for its high prices. In 2022, the average residential property price in the Cape Metro was approximately R1.5 million – 5.3 per cent more than in 2021. Commercial property also reported an improved performance in 2022, with the number of office rentals increasing by 16.0 per cent in the last quarter of 2022 compared with the same quarter in 2021. The office rental market in the Cape Metro outperformed the rest of the country in 2022, albeit off a low base.⁵ Areas such as Century City, Claremont, Tyger Valley and the V&A Waterfront performed especially well.

The transport sector was another key driver of economic growth in 2022, contributing an estimated 0.8 of a percentage point of GDPG performance for the year. Despite several challenges occurring at the Port of Cape Town in 2022, the facility recorded an increase in the amount of cargo handled; this total rose from 6.2 million tonnes in 2021 to 6.7 million tonnes in 2022.⁶ In addition, there was a steady increase in the number of passengers and cargo passing through Cape Town International Airport during the year. By 2022, domestic arrivals had risen to 71.0 per cent of the number recorded in 2019, while international arrivals stood at 73.0 per cent of the 2019 total.⁷

⁴ Calculated from Property24.
⁵ (Rode Property Consultants & Valuers, 2023).
⁶ (Transnet, 2023).
⁷ (Cape Town Central City Improvement District, 2023).

Figure 2.6
TOP 5 SECTORS FOR FORMAL JOB GAINS AND JOB LOSSES,
Cape Metro, 2021 - 2022



Source: Nell, A. & Visagie, J. Spatial Tax Panel 2014 – 2022 (dataset). Version 3. National Treasury Cities Support Programme and Human Sciences Research Council (producer and distributor), 2023



Table 2.1
GDPR FORECAST PER SECTOR, Cape Metro (%), 2015 – 2024f

SECTOR	Trend					
	2015 – 2019	2020	2021	2022e	2023f	2024f
PS Primary Sector	0.8%	11.2%	8.2%	-0.8%	-1.1%	0.0%
Agriculture, forestry & fishing	0.9%	13.3%	8.5%	-0.5%	-1.4%	0.1%
Mining & quarrying	0.4%	-7.2%	4.7%	-3.9%	2.3%	-0.9%
SS Secondary Sector	-1.9%	-12.2%	4.6%	-1.8%	-1.0%	-1.0%
Manufacturing	0.1%	-11.2%	6.5%	-0.8%	-0.7%	-1.7%
Electricity, gas & water	-2.0%	-8.0%	2.5%	-3.8%	0.9%	-0.1%
Construction	-1.8%	-17.7%	-1.6%	-4.7%	-3.2%	1.3%
TS Tertiary Sector	1.6%	-3.5%	2.4%	3.3%	0.9%	1.6%
Wholesale & retail trade, catering & accommodation	0.3%	-12.9%	6.5%	2.7%	-0.5%	0.6%
Transport, storage & communication	1.3%	-9.7%	-2.7%	8.8%	0.4%	1.7%
Finance, insurance, real estate & business services	2.4%	0.7%	1.9%	3.0%	3.1%	2.2%
General government	2.0%	2.2%	-1.9%	0.3%	-1.7%	0.9%
Community, social & personal services	0.9%	-2.4%	7.9%	3.5%	-1.2%	1.4%
Total Cape Metro	1.1%	-5.1%	2.9%	2.2%	0.5%	1.0%

Source: Urban-Econ based on Quantec research and SARB, 2023 (e denotes estimate; f denotes forecast)

Despite positive movements in several sectors in 2022, GDPR growth is expected to continue declining in 2023, with load-shedding significantly impacting business activities and investor confidence. Household spending is likely to be subdued because of high inflation and interest rates, impacting the performance of the trade sector. High input prices are likely to remain a challenge for sectors such as construction.

On a more optimistic note, the finance sector is expected to continue along its growth trajectory. It is forecast that 2024 will bring some relief to households and businesses, given that the construction sector is anticipated to record growth thanks to substantial private and public sector infrastructure spending planned for the Metro over the medium term. The tertiary sector will continue to be the primary source of economic growth as the Cape Metro area becomes a leader in the business services and tech spaces.



GDPR PERFORMANCE OF OTHER METROS

In 2021, the Johannesburg Metro contributed the most to the South African economy (13.9 per cent), followed by the Cape Metro (9.9 per cent). Most metros have the same GDPR growth trends. Over the past five years, the Johannesburg and Tshwane metros recorded strong average annual growth rates of 1.1 per cent and 1.2 per cent, respectively.

GDPR growth estimates for the country largely depend on the economic performance of metros. Estimates for 2022 indicate that the metros collectively contributed 1.3 percentage points of South Africa's GDPR, largely thanks to the strong performances of the Johannesburg and Tshwane metros. However, on a sectoral level, the finance sector's performance in the Johannesburg, Tshwane and Cape metro areas has been a leading source of economic growth for the country over the last decade.





2.2 Comparative advantage

The sectoral comparative advantages of the Cape Metro can be leveraged to promote local economic growth and job creation. When a sector has a comparative advantage in a region relative to the rest of the country, businesses within the sector tend to have a greater presence in this region than they do nationally, meaning that the region can capitalise on its strengths in efficiency and production. The sector is typically able to meet local needs while also serving a larger market outside the region.

In 2021, the Cape Metro had a comparative advantage in most sectors in terms of employment and GDP. With the Cape Metro being mostly urbanised, it stands to reason that the local economy doesn't have a comparative advantage in the agriculture sector. Similarly, the lack of mineral resources results in the absence of a comparative advantage in the mining sector.

Table 2.2
LOCATION QUOTIENT IN TERMS OF GDP AND EMPLOYMENT, Cape Metro, 2021

	 GDP	 JOBS
PS Primary Sector	0.21	0.27
Agriculture, forestry & fishing	0.51	0.39
Mining & quarrying	0.03	0.02
SS Secondary Sector	1.08	1.13
Manufacturing	1.10	1.17
Electricity, gas & water	0.75	0.87
Construction	1.30	1.08
TS Tertiary Sector	1.07	1.08
Wholesale & retail trade, catering & accommodation	1.08	1.08
Transport, storage & communication	1.12	1.13
Finance, insurance, real estate & business services	1.32	1.25
General government	1.14	1.08
Community, social & personal services	0.65	0.93

Source: Quantec research, 2023

Location quotients provide a way of assessing whether a sector has a comparative advantage in a region. A location quotient measures the local representation of a sector against the national representation of this sector.

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

By reviewing the changes over time to the location quotients of various sectors, it is possible to group the sectors according to their potential for further development in the local economy in terms of employment.

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

Diagram 2.3

SECTORAL POTENTIAL

Cape Metro

PS Primary Sector **SS** Secondary Sector **TS** Tertiary Sector



Source: Quantec research, 2023

The Cape Metro area has a comparative advantage in several sectors in terms of employment. However, the GDP and employment performance of these sectors have been seriously affected by various national and local shocks over the last few years that have also affected the respective comparative advantages. Despite their importance to the local economy, the finance, manufacturing and construction sectors are losing their comparative advantage in terms of employment. The Cape Metro competes with the metros in Gauteng for foreign direct investment in the services sector. KwaZulu-Natal reported substantial growth in its BPO industry in 2022. That said, the drive by the Western Cape and the City of Cape Town to gain independence from Eskom will undoubtedly give the Cape Metro a competitive edge in several sectors, boosting the attractiveness of the area as a business destination. New initiatives such as “electricity wheeling” – a scheme allowing private energy providers to sell to commercial users – will also increase the Cape Metro’s comparative advantage in the electricity, gas and water sector, which has been on a slow upward trend in recent years.

While the manufacturing sector is losing its comparative advantage at an aggregate level, a different picture emerges at the subsector level, showing that the Cape Metro is steadily growing niche markets such as food and beverage manufacturing, textile production and boat-building. Because of its strategic international location and harbour infrastructure, the Cape Metro has the country’s most significant marine manufacturing centre.



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The pre-eminence of this centre is also due to the cost-efficiency and expertise of the Cape Metro’s operations. The turnover of the boat-building industry has grown to approximately R1.0 billion annually, with boat exports increasing by 20.5 per cent year-on-year since 2014.⁸ South Africa’s only boat-building school, False Bay College, ensures a steady stream of artisans to strengthen this local value chain.

The construction sector is set for a revival, with several new developments under way and proposed in the CBD alone. At the end of 2022, property valued at R3.1 billion was under construction in the CBD.⁹ In addition, building plans to the value of R19.1 billion were passed in 2022, most for residential buildings to meet the growing demand for housing in the Cape Metro area. Industrial and warehouse space is the leading type of commercial property being developed, indicating the Cape Metro’s growing status as a logistics hub. Easy access to national roads as well as sea and airports has played an important role in this regard. The availability of the rail infrastructure of the Metro also has the potential to strengthen the Cape Metro’s position as a logistics hub if it can be effectively utilised. These developments will strengthen the Cape Metro’s comparative advantage in the transport sector.

The activities of tourists are a critical component of the trade and transport sectors in the Cape Metro area. While the recovery of tourism arrivals was slow in 2021 and 2022, the number of arrivals at Cape Town International Airport exceeded that of 2019 by mid-2023. For the first quarter of 2023, 2.4 million passengers had moved through the airport, while the major attractions in the Metro recorded 803 401 visitors, and hotel occupancy stood at 79.8 per cent.¹⁰ This substantially improved the occupancy levels reported in the first quarters of 2022 (64.3 per cent)¹¹ and 2021 (25.8 per cent).¹²

While harsh economic conditions may constrain sectoral performances, the Cape Metro is set to grow and develop substantially if energy security can be obtained, and existing strengths can be leveraged to foster inclusive growth and job creation.



⁸ (Invest Cape Town, 2019).

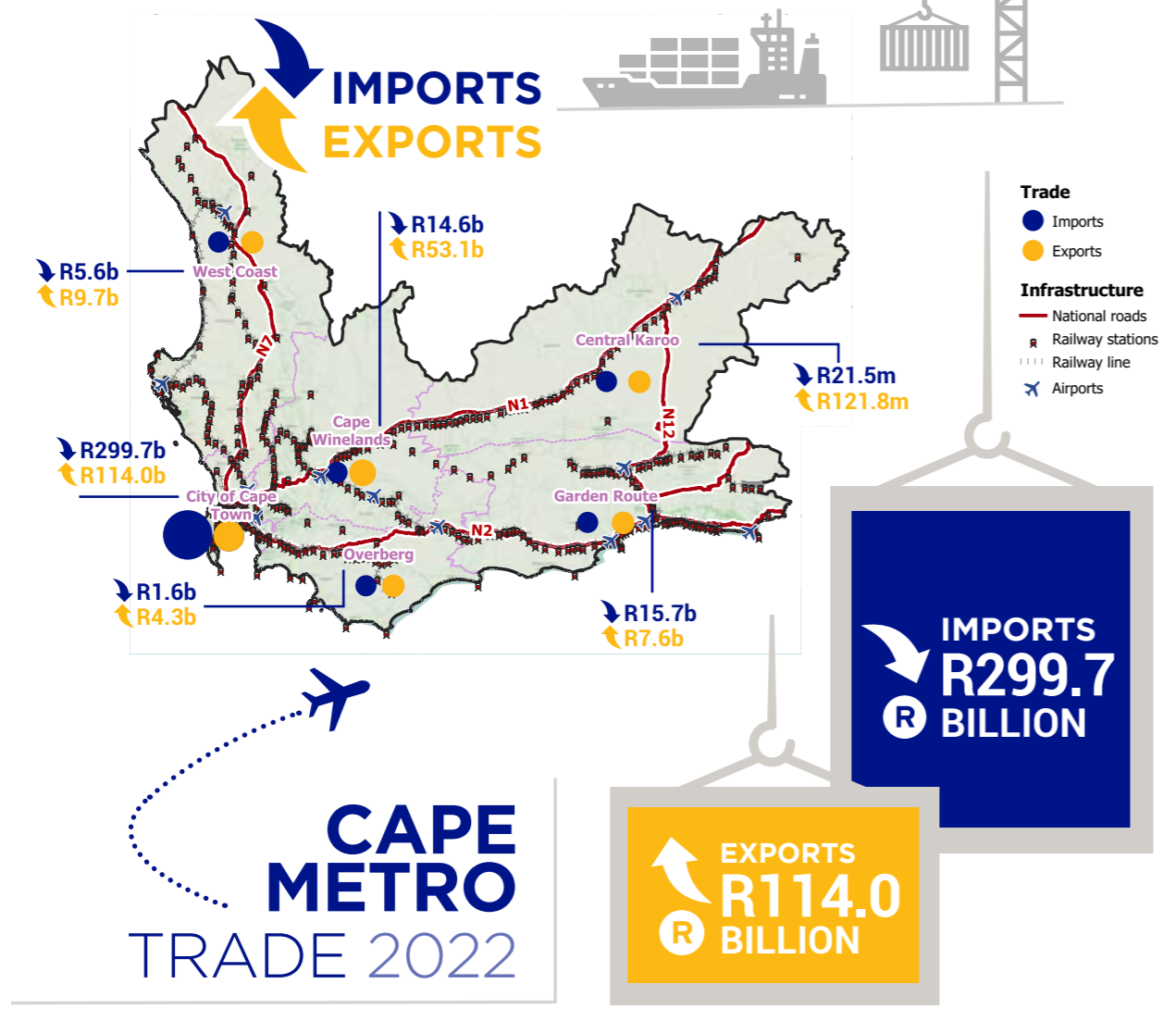
⁹ (Cape Town Central City Improvement District, 2023).

¹⁰ (City of Cape Town, 2023).

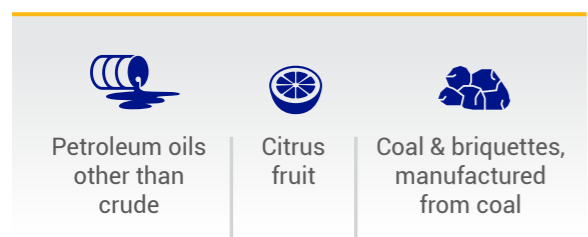
¹¹ (City of Cape Town, 2022).

¹² (City of Cape Town, 2021).

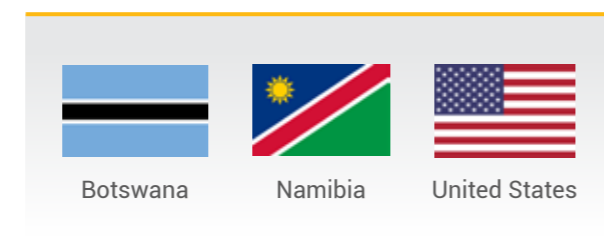
3. INTERNATIONAL TRADE PROFILE 2022



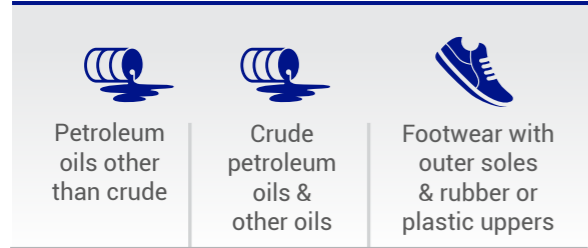
TOP 3 EXPORTED PRODUCTS



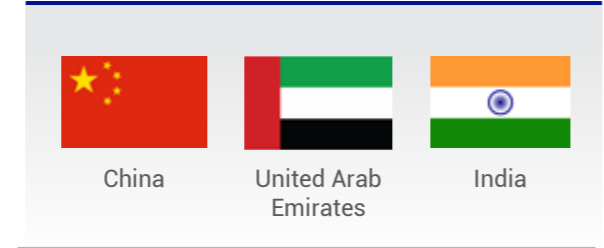
TOP 3 EXPORT DESTINATIONS



TOP 3 IMPORTED PRODUCTS



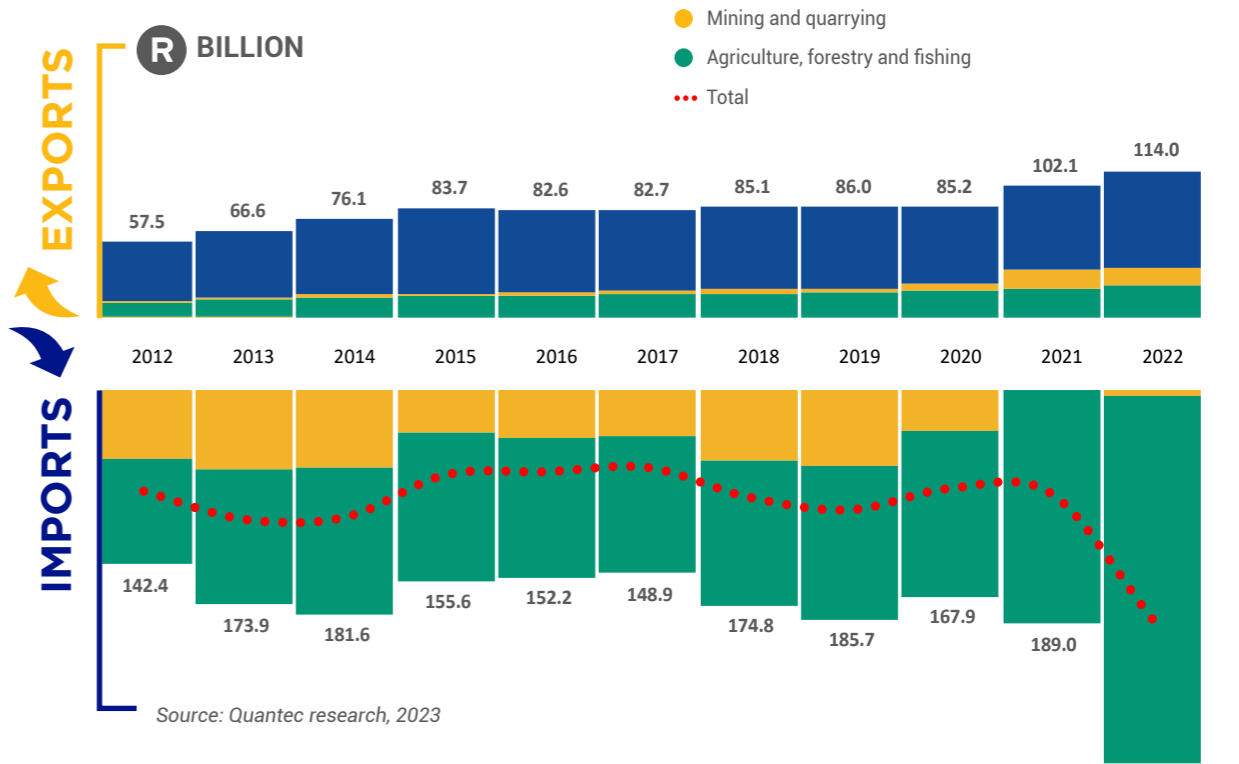
TOP 3 IMPORT DESTINATIONS



Source: Quantec research, 2023

The Cape Metro's economy is driven by business services, retail, tourism and manufacturing, and not necessarily by its prowess in international exports, as only 10.9 per cent of businesses were registered as exporters in 2020. However, despite some fluctuation, there were more businesses registered as exporters in 2020 than in 2016, and the Cape Metro also has a higher concentration of such businesses than the rest of the Province. This indicates an opportunity for growing export-oriented industries in the Cape Metro.

Figure 3.1
TRADE BALANCE, Cape Metro, 2012 - 2022



The trade balance has consistently been in a deficit in recent years and worsened in 2022, falling to a deficit of R185.7 billion. This can be attributed to the increasing cost of imported petroleum oils - a consequence of the Ukraine-Russia conflict - and rising international commodity prices, coupled with a weak exchange rate. However, the trade deficit does not necessarily reflect poor production capabilities in the Cape Metro. Instead, it is indicative of a trade hub from which a large number of imported goods are distributed throughout South Africa. The Port of Cape Town received 15.1 per cent of seaport imports into the country in 2022, a share second only to that of the Port of Durban, which received 74.0 per cent of such imports.

Figure 3.2
PERCENTAGE OF BUSINESSES REGISTERED AS EXPORTERS



Source: Quantec research and Nell, A. & Visagie, J. Spatial Tax Panel 2014 - 2022 (dataset). Version 3. National Treasury Cities Support Programme and Human Sciences Research Council (producer and distributor), 2023

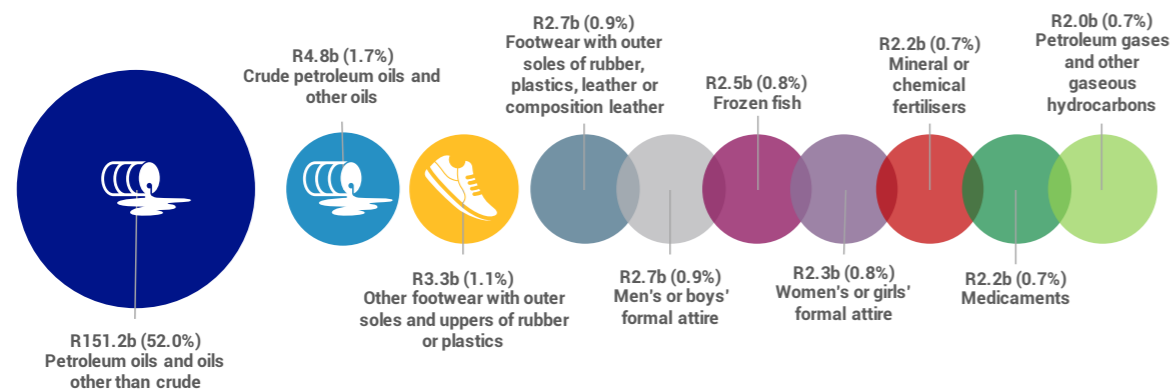
IMPORTS

Cape Metro District, 2022

TOTAL
R299.7
BILLION



TOP 10 IMPORTED PRODUCTS



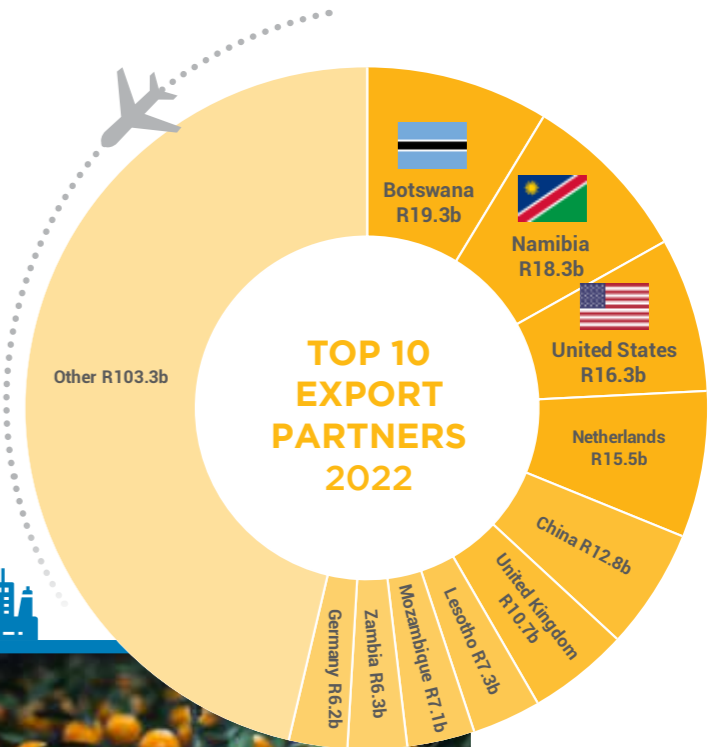
Source: Quantec research, 2023

In 2022, the Cape Metro imported goods worth R299.7 billion, notably petroleum oils valued at R151.2 billion. Petroleum oils other than crude were predominantly imported from the United Arab Emirates, India and Saudi Arabia. Crude oils were imported from Nigeria and the Democratic Republic of the Congo. Moreover, 41.9 per cent of South African oil imports are imported via the Cape Metro. In comparison, 49.8 per cent arrive via the Johannesburg Metro. The head offices of petroleum giants Engen and Caltex are located in the Cape Metro, overseeing these imports' arrival and distribution throughout South Africa and neighbouring countries. In addition, Astron Energy's refinery is located along the N7, east of Bloubergstrand. The refinery imports crude oil and processes the commodity into final products, including petrol, jet fuel, fuel oil and diesel.

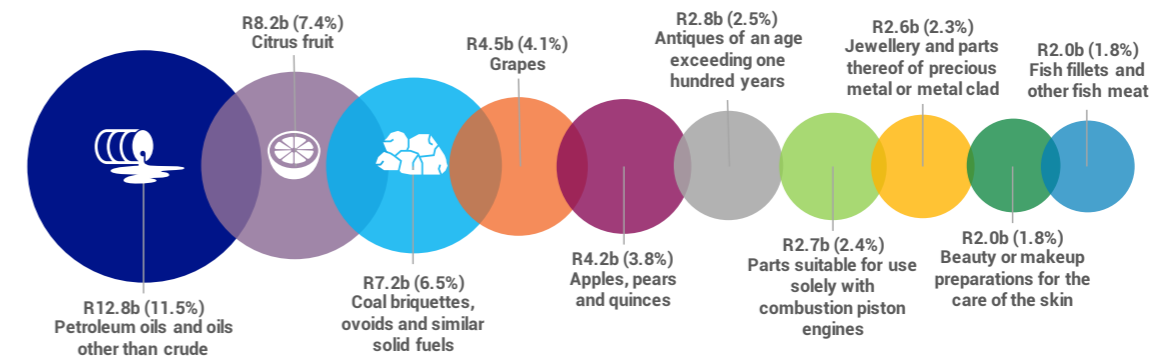
EXPORTS

Cape Metro District, 2022

TOTAL
R114.0
BILLION



TOP 10 EXPORTED PRODUCTS



Source: Quantec research, 2023

Clothing items such as shoes (R6.0 billion) and suits (R5.0 billion) were among the top imports in 2022 and were distributed throughout the country. The scale of these imports is related to the presence in the Metro of some of South Africa's largest clothing retailers, including Pepkor, Woolworths and TFG. Pepkor's retail brands, many well-known, include Ackermans, Pep, Refinery, Tekkie Town and Shoe City. Woolworths, also a household name, has 747 stores in sub-Saharan Africa and a loyalty programme with 3.2 million members.¹³

¹³ (Woolworths Holdings Limited, 2023).

In 2022, frozen fish imports were valued at R2.5 billion and consisted mainly of sardines (R1.5 billion) and hake (R320.6 million). These imports are required by large fish-processing companies in the Cape Metro. Sea Harvest and I&J operate in Cape Town, manufacturing locally sourced and imported frozen hake products.

High levels of fish processing resulted in fish fillets being among the top exports of the Cape Metro in 2022 – with a value of R2.0 billion. The fish fillets were primarily exported to Spain, Italy and Australia. Citrus fruit (R8.2 billion), grapes (R4.5 billion) and deciduous fruit (R4.2 billion) were also among the leading exports of the Cape Metro, providing insight into the importance of agriculture within the Western Cape economy as well as the vast harvesting and production capabilities of other districts. Large volumes of petroleum exports (R12.8 billion) underscored the importance of the Cape Metro as a trade hub. In addition to being sent to Botswana, petroleum oils are sold to international vessels passing through the Port of Cape Town, where many ships stop to refuel, stock up on supplies and receive maintenance before continuing their journey.



TROUBLE AT THE PORTS

As borders opened and trade restrictions began to lift after the COVID-19 pandemic, the trade in commodities through ports nationwide began to recover. However, the hacking of the Transnet Port Terminals software in 2021, followed by a strike in 2022, showed that the pandemic was the first of many challenges encountered between 2020 and 2022.

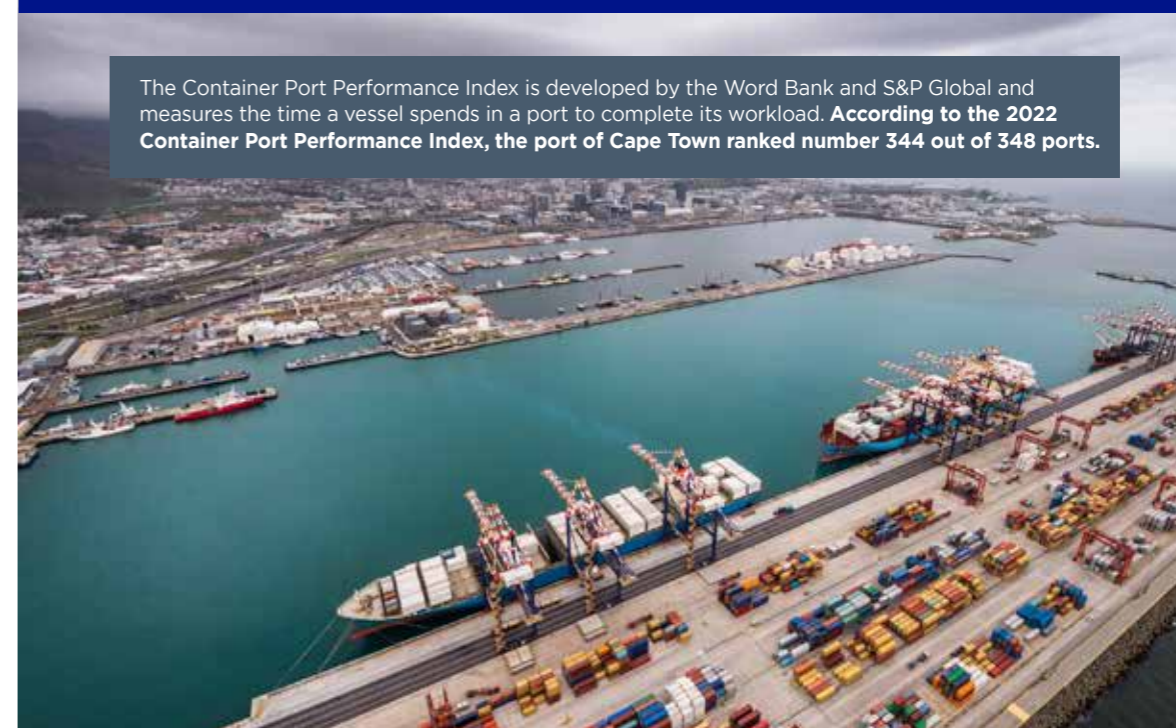
On 22 July 2021, Transnet revealed that the enterprise had been subject to a cyberattack, leading to cargo movement interruptions throughout the facility’s port, rail and pipeline infrastructure. The attack forced all terminals to abandon computer processes and attempt manual operations. This resulted in prolonged processing, with operating capacity decreasing by up to 90.0 per cent. However, the issue was resolved quickly, with the main ports (those in Cape Town and Durban) running at full capacity after approximately five days.¹⁴

Unrest at the Transnet terminals occurred in 2022 when a labour dispute prompted 30 000 workers to go on strike for approximately two weeks. The dispute was fuelled by concerns that wages were not keeping pace with inflation. The strike resulted in the Port of Cape Town operating at minimal capacity and is estimated to have cost South Africa’s economy R1.0 billion a day.¹⁵

These events notwithstanding, Transnet has proven to be resilient in the face of adversity, even increasing revenue by 1.8 per cent in 2022. Furthermore, the facility managed to move from a net loss of R8.7 billion in 2021 to a profit of R5.0 billion in 2022.¹⁶

Efficient operations at the Port of Cape Town are critical to the region’s economic wellbeing. The port is a vital gateway for imports and exports, thus critical for generating foreign exchange. Moreover, the smooth functioning of the facility ensures income for farming communities via the exportation of produce, no small matter in a region where the agriculture sector is the primary employer and a significant contributor to GDP.

The Container Port Performance Index is developed by the World Bank and S&P Global and measures the time a vessel spends in a port to complete its workload. **According to the 2022 Container Port Performance Index, the port of Cape Town ranked number 344 out of 348 ports.**



¹⁴ (Investec, 2021).
¹⁵ (South African Government, 2022).
¹⁶ (Transnet, 2023).

4. TOURISM CAPE METRO



The Metro's attractions are as diverse as its visitors. The V&A Waterfront, Kirstenbosch National Botanical Garden, Cape Point, the Boulders Beach penguin colony and Robben Island continue attracting tourists. Nature enthusiasts enjoy activities such as rock climbing, hiking and birding. Others indulge in golf, running and road cycling. Furthermore, the Cape Metro is often used as a base from which to explore the rest of the Province.

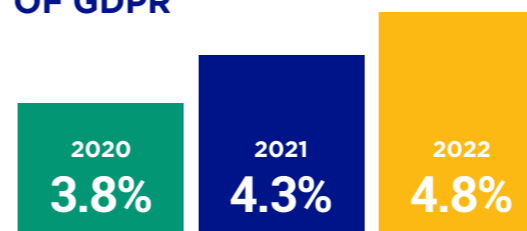
TOP POINTS OF INTEREST VISITED BY DOMESTIC TOURISTS 2022

V&A Waterfront Precinct	Cape Town restaurants & bars	Table Mountain	Cape Point	Willowbridge & Tyger Valley
28.5%	11.3%	7.8%	6.3%	4.7%



With Table Mountain as its most iconic landmark, the Cape Metro offers experiences ranging from award-winning cuisine to pristine beaches. **Cape Town's reputation as a leading global tourist destination is well founded. The city has been consistently lauded by travel industry authorities and influential publications, including the World Travel Awards, The New York Times and The Daily Telegraph.** In 2022, Table Mountain was crowned Africa's Leading Tourist Attraction for the fourth year at the World Travel Awards.

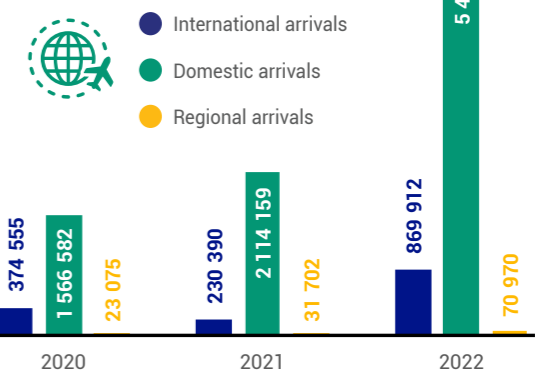
TOURISM SPEND AS A SHARE OF GDP



Source: S&P Global, 2023

Tourism plays a significant role in the economy of Cape Town, boosting sectors such as trade, transport and personal services. In 2022, tourism spending accounted for 4.8 per cent of GDP, up from the 3.8 per cent recorded in 2020. It should be noted, however, that tourist spending accounted for 7.1 per cent of GDP in 2019 and that the Metro still has some way to go before it can claim to have fully recovered from the effects of COVID-19.

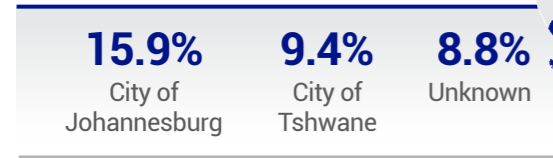
AIRPORT PASSENGER MOVEMENT



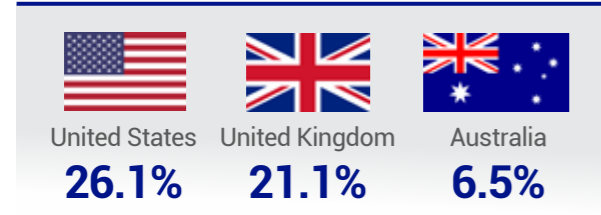
A tourism resurgence occurred in the Cape Metro in 2022. At Cape Town International Airport, domestic arrivals increased by 1.2 million passengers, while international arrivals surged by 1.4 million. This signifies a 74.5 per cent recovery in domestic arrivals and a 92.3 per cent recovery in international arrivals.

Cape Metro Tourism

TOP 3 DOMESTIC TRAVELLERS



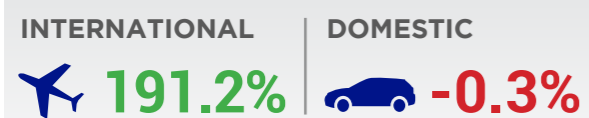
TOP 3 INTERNATIONAL TRAVELLERS



While domestic tourism may be under pressure because of tough economic conditions, the weakness of the rand against major currencies is ensuring a steady flow of international travellers, mainly from the United States (26.1 per cent), the United Kingdom (21.1 per cent) and Australia (6.5 per cent). Tourist accommodation benefited from the increase in international arrivals, as bed-nights for this market increased by 191.2 per cent in 2022. On average, international visitors stay in the Metro for 3.3 days.



2022 TRAVELLERS



Source: S&P Global, 2023

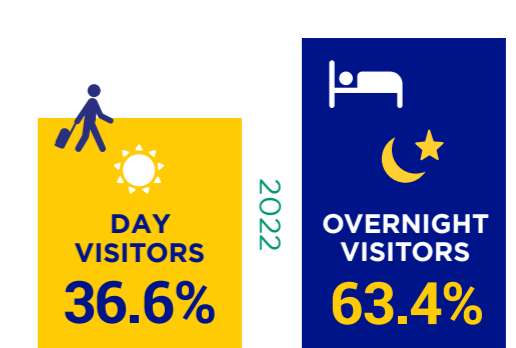
Domestic tourists accounted for 88.9 per cent of visitors in 2022, arriving mainly from the Johannesburg (15.9 per cent) and Tshwane (9.4 per cent) metros. The slight decrease of 0.3 per cent in domestic overnight stays had a significant impact on formal employment within the accommodation sector. In 2022, this sector saw a loss of 3 702 jobs. The preference of domestic tourists for shorter stays, averaging 2.8 days, highlights the Metro's popularity as a preferred destination for extended weekend getaways.

Cape Metro Tourism

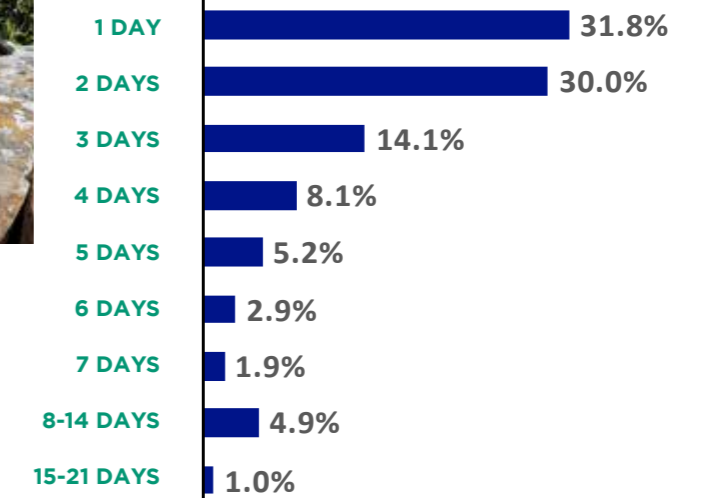
INTERNATIONAL OVERNIGHT VS DAY VISITORS



DOMESTIC OVERNIGHT VS DAY VISITORS

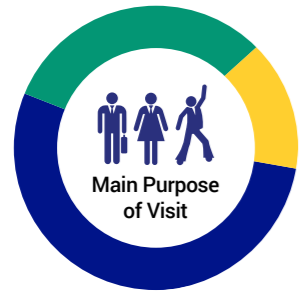


2022 AVERAGE LENGTH OF STAY BY VISITORS



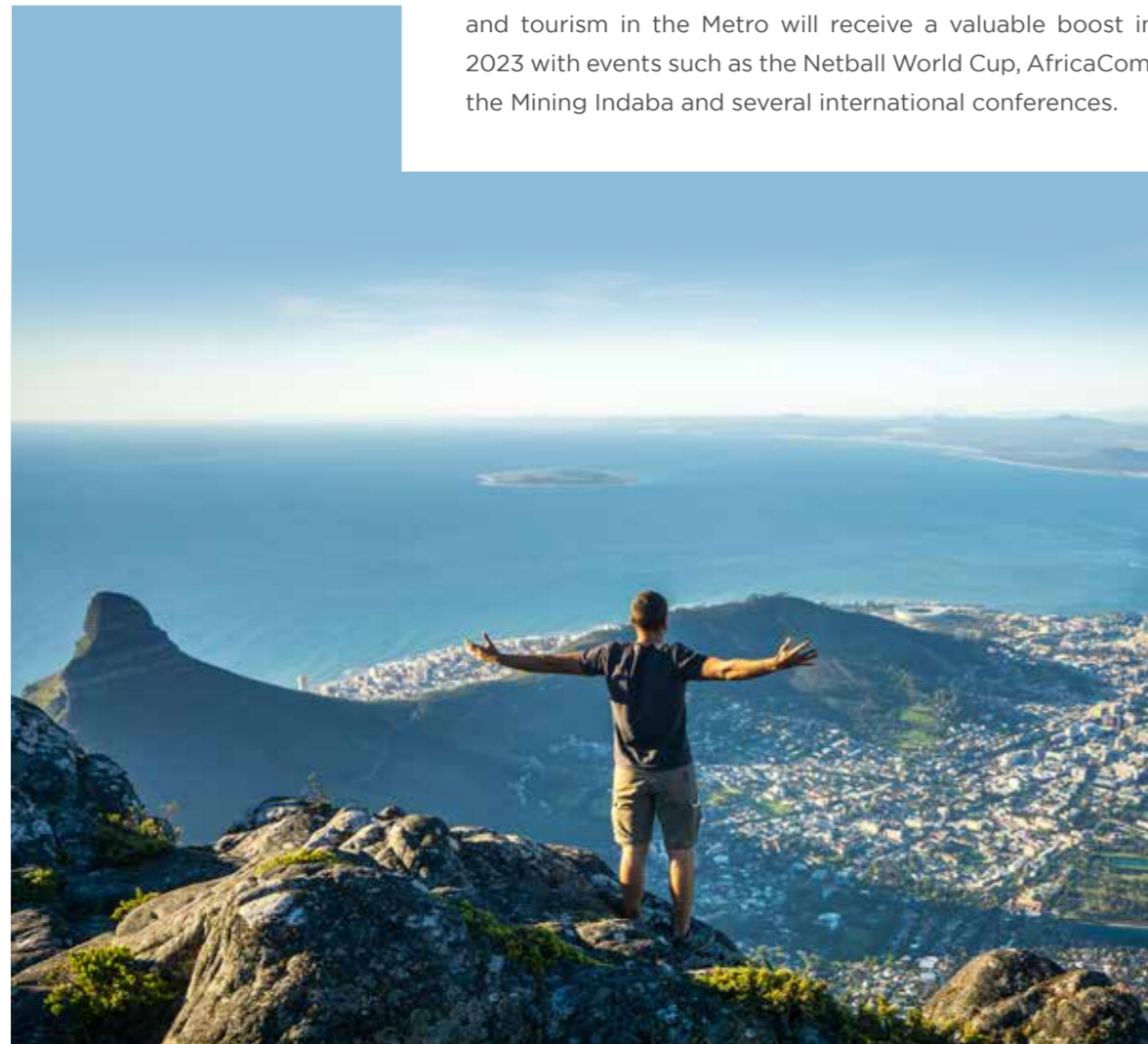
Cape Metro Tourism

2022 TOP 3 MAIN PURPOSES OF VISIT



- 48.1% ● Visiting Friends or Relatives
- 29.2% ● Leisure/Holiday
- 13.1% ● Business

While most visitors came to visit friends or relatives (48.1 per cent) or for a holiday (29.2 per cent), the Cape Metro also attracted a large cohort of business travellers (13.1 per cent) in 2022. The meetings, incentives, conferences and exhibitions (MICE) industry is an important niche market for the Cape Metro. The Cape Town International Convention Centre (CTICC) is the local frontrunner in this market, having won several awards. These include the Best Large Event and Exhibition Venue prize, announced at the African Excellence Awards 2022. In 2021/22, the CTICC hosted more than 220 events, which attracted 127 302 delegates. National conferences alone brought 3 525 delegates to the centre, contributing R1.1 billion to the economy in 2022.¹⁷ Noteworthy events at the CTICC in 2022 included the Investec Cape Town Art Fair, the Two Oceans Marathon Expo, Decorex, the Mining Indaba, Africa Travel Week and Enlit Africa. In a welcome development, the MICE industry and tourism in the Metro will receive a valuable boost in 2023 with events such as the Netball World Cup, AfricaCom, the Mining Indaba and several international conferences.



¹⁷ (Cape Town International Convention Centre, 2022).

Cape Metro Tourism

The first quarter of 2023 has seen a further revival of the Cape Metro's tourism industry, with hotel occupancy rates reaching 79.8 per cent. At the same time, the Metro's premier attractions welcomed 803 401 visitors – a 95.0 per cent increase on numbers for the previous year.¹⁸

International arrivals for the first half of 2023 eclipsed those for the same period in 2019. The number of domestic arrivals also soared, with a commendable recovery rate of 80.0 per cent. Notably, critical international source markets, including the United Kingdom, United States, Germany, the Netherlands, Canada and Zimbabwe, have fully regained their travel momentum, infusing the Cape Metro with renewed vitality. These encouraging indicators have offered hope in the otherwise turbulent economic environment of recent years.



CAPE METRO TOURISM TRENDS 2022

Unless otherwise stated, tourism indicators are sourced from *Cape Town Visitor Trends 2022*, published by Wesgro. The full report can be accessed using the QR code. The report uses regional visitor-tracking surveys to compile a tourism profile per region. Visitor-tracking surveys can only be used as a proxy to indicate the key trends within the region, owing to the survey collection method and sample size. Given the survey collection method and sample sizes, visitor-tracking surveys can only provide a partial sense of key trends within a region, and the figures derived from the surveys should not be considered precise. Furthermore, the information cannot be compared with that collected in other regions or in previous years, or with information released by South African Tourism.

The tourism data for Cape Metro was collected using mobile location data. As a result, the insights are not inclusive of all tourists. Mobile location data is geodata or spatial data gathered from smartphone apps. Users who install an app are often asked to share their location. When users agree to share this data, their phone collects data and sends it to publisher companies. All data collected is anonymised and thus cannot reveal any personal information.



¹⁸ (City of Cape Town, 2023).

5. INVESTMENTS

The Cape Metro has long been known for its booming tourism sector and world-class shopping and restaurant scene. However, the Metro has also become an important business core, with large multinational companies such as Amazon and Naspers choosing the city as their African base. In addition, the Cape Metro has become a technological hub, home to start-ups and emerging industries (notably in the green and ocean economies) that offer significant investment opportunities. The attractiveness of the Metro as an investment destination is enabled by considerable public sector investment. This well-targeted funding promotes private sector investment, kick-starting a cycle that supports employment, increases income and grows the region's economy.

5.1 Public sector investment

The City of Cape Town is dedicated to adequately budgeting for growth, an enhanced quality of life for residents and a brighter future for the Metro. With these objectives in mind, it will embark on a series of infrastructure projects related to water, wastewater management and energy. There will also be expenditure on ambitious Medium Term Expenditure Framework (MTEF) projects across various sectors, including education, health, transport and housing.



The total City of Cape Town infrastructure spend budgeted for the 2023/24 period is R11.0 billion, with a strong focus on trading services.¹⁹ A substantial part of the budget, totalling R3.0 billion, has been designated for wastewater management infrastructure. As the Cape Metro's population grows, the demand for effective wastewater management systems is becoming increasingly urgent. Additionally, the Metro's proximity to the ocean heightens the necessity for responsible environmental management. Investments in wastewater management are essential for public health and preserving the delicate coastal ecosystem. The challenges presented by recurring droughts are another reason for prioritising water management, for which R1.1 billion has been allocated. The Western Cape region's susceptibility to droughts emphasises the need for resilient water infrastructure and responsible water management practices.

Table 5.1
BUDGETED CAPITAL EXPENDITURE
Cape Metro, 2023/24

DESCRIPTION R million	Cape Metro
Municipal governance and administration	R1 570.0
Executive and council	R1.7
Finance and administration	R1 564.2
Internal audit	R4.2
Community and public safety	R1 502.0
Community and social services	R98.5
Sports and recreation	R307.3
Public safety	R307.1
Housing	R761.6
Health	R27.4
Economic and environmental services	R2 286.4
Planning and development	R205.0
Road transport	R1 854.5
Environmental protection	R226.9
Trading services	R5 619.2
Energy sources	R1 181.4
Water management	R1 060.7
Wastewater management	R2 980.4
Waste management	R396.7
Other	R57.3
Total infrastructure spend	R11 034.9
Infrastructure spend as a percentage of GDP	2.0%

Source: Western Cape Provincial Treasury, 2023

¹⁹ Electricity, water, waste and wastewater services.

WASTE MANAGEMENT

In recent years, South Africa has awakened to the hidden potential within its waste sector. This sector, often overlooked, contributes a substantial 1.6 per cent to the nation's GDP. Recognising this opportunity, a dynamic collaboration between the University of the Witwatersrand, the Department of Forestry, Fisheries and the Environment and the Department of Science and Innovation has given rise to a groundbreaking initiative to elevate the working conditions and livelihoods of waste pickers while integrating them seamlessly into the waste economy.²⁰

This visionary project is in harmony with the 2011 National Waste Management Strategy, a strategy that aims to enhance waste picker conditions and offer guidance to municipalities and industries. The City of Cape Town, renowned for its proactive approach to environmental challenges, has wholeheartedly embraced this endeavour. Its comprehensive Waste Sector Plan and Integrated Waste Management Plan are not just strategic documents, they are actionable road maps for a cleaner, greener future.

Waste pickers make a substantial contribution to waste management by diverting recyclables away from landfills. This not only alleviates the strain on overburdened landfills but also translates into substantial cost savings for municipalities. It's a virtuous cycle where waste pickers and the city collaborate for mutual benefit.

In the informal waste sector, where innovation thrives, waste pickers are the entrepreneurial pioneers. They scour private waste containers, explore dumpsters and comb the streets, dumps and landfills to unearth materials that can be given a new lease of life. This informal self-employment opportunity empowers them to set their own schedules and generate their own earnings.²¹

In a brilliant show of synergy, the City of Cape Town, along with Distell, Nedbank, WastePlan and the Makhaza community in Khayelitsha, launched a transformative recycling initiative in 2018.²² This partnership has been a game-changer in keeping the area clean and green through efficient recyclable collection. The City provides training on the types of recyclables to collect, while Nedbank offers crucial financial training. Community members are armed with trolleys, scales and recycling bags, transforming them into recycling champions. Recyclables are collected, meticulously sorted and strategically stored before being sold to buy-back centres. This is not just waste management, it's a sustainable ecosystem in action.

As Cape Town's skyline continues to evolve, the waste pickers remain unsung, but their impact is undeniable. They are the unseen architects of a cleaner, greener future, all while forging their own success stories and contributing to a sustainable world for us all. In a world where economic interests and environmental consciousness often seem at odds, waste pickers prove that they can harmoniously coexist – one recyclable at a time. Their story is a testament to the boundless potential of sustainability in waste management.

²⁰ (Department of Forestry, Fisheries and the Environment, and Department of Science and Innovation, 2020).

²¹ (Yu, et al., 2020).

²² (City of Cape Town, 2021).

Another noteworthy allocation is dedicated to energy sources (R1.2 billion). This allocation reflects the pressing need to address South Africa's energy crisis, characterised by frequent load-shedding. A stable and sustainable energy supply is paramount for the Metro's economic growth and industrial development, as well as the overall wellbeing of its residents. Through investments in renewable energy sources, the Cape Metro aims to mitigate the impact of power outages and work towards a more energy-efficient future. This goal is exemplified by the City of Cape Town commissioning a solar plant in Paardevlei near Somerset West. This project will yield up to 60 megawatts of renewable energy and move the City towards its goal of being free of load-shedding.²³ Moreover, the City of Cape Town has embarked on an "electricity wheeling" project with the first successful instances of wheeling completed in September 2023 when Growthpoint Properties' Constantia Village shopping centre exported solar energy for use by an office building in the Foreshore owned by the same company.

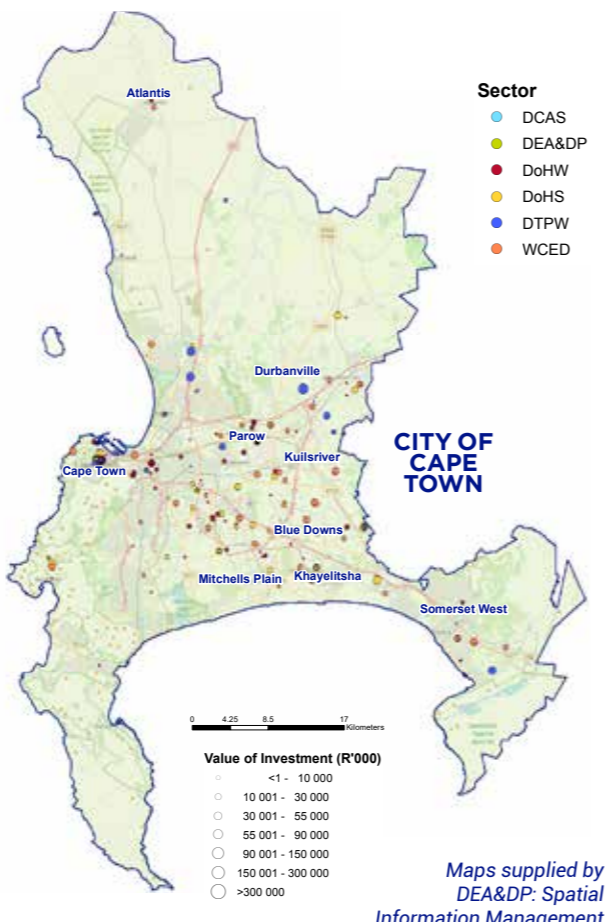


²³ (SolarQuarter, 2023).

A total of 50 education-related projects collectively valued at R3.2 billion are provided for in the 2023/26 MTEF budget period, indicating a significant investment in education by the Provincial Government.

Among the standout projects is the repair and upgrade, at a cost of R174.4 million, of facilities used for the Mass participation; Opportunity and access; Development and growth (MOD) Programme. The MOD Centres established at these facilities serve as essential community learning and development hubs by providing recreation and sports programmes, mentorship and a safe after-school location for children

In addition, the special education needs school in Sea Point is receiving an allocation of R173.3 million to repair and improve its current assets to create a more inclusive and supportive environment for children with autism. Lwandle Technical High School, for its part, is set to receive an infusion of



**Map 5.1
TOTAL DEPARTMENTAL
MTEF INFRASTRUCTURE
BUDGET AND NUMBER OF
PROJECTS, Cape Metro,
2023 - 2026**

WC PROVINCIAL DEPARTMENT	No of Projects & Programmes	2023/24 MTEF (R'000)	2024/25 MTEF (R'000)	2025/26 MTEF (R'000)	MTEF Total (R'000)
● Education (WCED)	50	1 211 079	1 126 951	863 762	3 201 792
● Health and Wellness (DoHW)	249	603 001	633 983	581 753	1 818 737
● Infrastructure (Human Settlements; DoHS)	67	1 302 681	1 382 112	1 176 462	3 861 255
● Infrastructure (Transport and Public Works; DTPW)	54	1 058 065	1 251 182	1 222 241	3 531 488
● Environmental Affairs and Development Planning (DEA&DP)	4	17 902	25 186	41 986	85 074
Total	424	4 192 728	4 419 414	3 886 204	12 498 346

Source: Provincial Infrastructure Reporting Model (IRM), Western Cape Provincial Treasury, 2023

The map indicates the distribution of infrastructure projects over the MTEF period. The total value of investment (projects and programmes) is indicated in the accompanying table for the applicable region or district. Source: The data represents an extract from the Provincial Infrastructure Reporting Model (IRM), as of 28 February 2023. Monitoring the accuracy of information in the reporting model is ongoing and continues to receive attention with the aim to progressively make improvements.

R120.0 million for new infrastructure. The funds are intended to ensure that students can access modern facilities that foster learning and innovation. Technical high schools are of increasing importance given the high youth unemployment rate, competitive tertiary education sector and general need for specialised skills in the labour market. Technical high schools equip the youth with the means to optimise their future employment prospects.

In considering transport, the Provincial Government is committed to improving transportation infrastructure to enhance connectivity and ease the burden on commuters. Road maintenance throughout the Metro, with an allocation of R1.0 billion, is a comprehensive project aimed at ensuring that the Cape Metro's roads are well maintained and sustainable for the long term. Such maintenance and planning are particularly important given that roads in the Metro do not only serve local communities but also facilitate large-scale distribution of goods between the Metro, which is a key trade hub, and destinations throughout South Africa.

Another vital project is the R300 roadway extension, a significant undertaking to the value of R445.0 million that will expand the Metro's road network and alleviate congestion in the Durbanville, Bellville and Brackenfell areas. The project will also create several construction sector employment opportunities.

The health sector is not left behind in the Cape Metro's development plans. The restoration and refurbishment of 12 wards at Alexandra Hospital in Maitland at a cost of R136.7 million will enhance healthcare delivery in the area. Patients can expect improved facilities and a higher standard of care. The historical Groote Schuur Hospital is also set to receive an upgrade, with R53.0 million allocated for its emergency care facilities. This investment will enable the hospital to better serve the community's medical needs. Furthermore, the safety of both patients and staff is paramount. In this regard, a fire safety upgrade at Tygerberg Hospital, valued at R44.5 million, is under way to ensure the highest safety standards within the hospital premises.

As the Cape Metro grows, the availability of affordable housing is paramount. The public sector is, therefore, actively addressing housing challenges through strategic investments. The Finance Linked Individual Subsidy Programme (FLISP) subsidy provides first-time home buyers with a financial allocation towards their purchase. The Provincial Government has budgeted R541.5 million in the 2023/26 period for the subsidy. This initiative ensures access to affordable housing and catalyses socio-economic growth by aiding in the acquisition of assets. The Penhill Greenfield Development project is poised to provide 2 519 Integrated Residential Development Programme (IRDP) housing units at a cost of R240.9 million. Additionally, the Macassar housing development, with an allocation of R182.9 million, is set to deliver 2 500 housing units, contributing significantly to the Metro's efforts to create more affordable and accessible housing options for its residents.

The **Overview of Provincial and Municipal Infrastructure Investment** (OPMII), published by the Provincial Treasury, provides further information about the 2023/24 budgeted Provincial Government infrastructure spend. The report can be accessed by scanning the QR code.

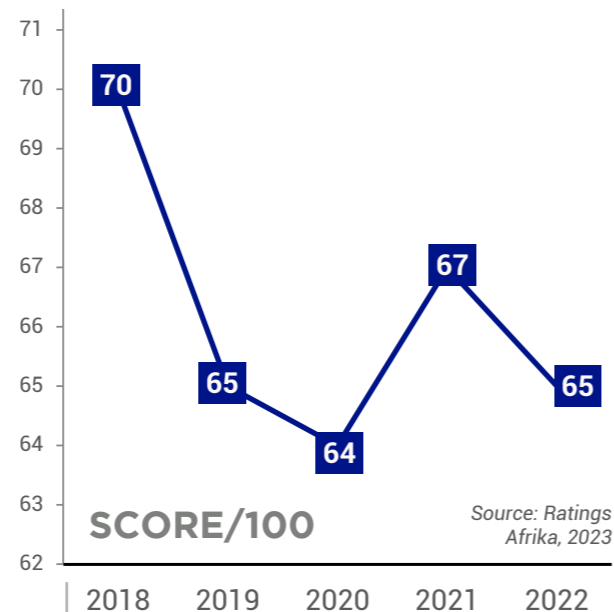


Infrastructure Development Score, Cape Metro, 2022

Ratings Afrika's well-known Municipal Financial Sustainability Index (MFSI) measures the operating performance, liquidity management, debt governance, budget position, affordability and infrastructure development of local municipalities in South Africa. Each component is scored out of a hundred. The MFSI aims to support municipalities in their decision-making to ensure financial sustainability, which Ratings Afrika defines as *"the financial ability of a municipality to deliver services and to develop and maintain the infrastructure required by its residents without unplanned increases in rates and tariffs, or a reduction in the level of services. Furthermore, the Municipality should be able to absorb financial shocks caused by natural, economic, political and other disasters, such as COVID-19, without external financial assistance."*



Figure 5.1
INFRASTRUCTURE DEVELOPMENT SCORE, Cape Metro, 2018 - 2022



The Cape Metro's infrastructure development score has been volatile but generally declined from 70 in 2018 to a score of 65 in 2022. Substantial infrastructure development must occur in a context where population growth of 1.7 per cent is expected between 2022 and 2027 along with household growth of 2.6 per cent. Throughout the Cape Metro, numerous plans are being put in place to ensure adequate service delivery and spatial development. The Northern District stands out for its strong emphasis on exploring mixed-use developments as a catalyst for economic growth while meeting housing

demands. By contrast, in the Blaauwberg District direct expansion of urban development edges to accommodate a diverse range of land uses is prioritised. For the Table Bay District, the intensification of development within infill sites is prioritised. This strategy maximises land utilisation, curbs urban sprawl and addresses housing affordability through identifying suitable locations for development and optimising existing urban spaces.

In the Tygerberg District, the emphasis is on developing the areas around Cape Town International Airport to relocate informal settlements and improve housing opportunities. The Helderberg District encourages mixed land usage to create vibrant urban spaces integrating residential, commercial and recreational areas. In the Mitchells Plain/Khayelitsha District, a delicate balance is sought between preserving green infrastructure, planning for infill developments and managing settlement growth.

Improving public transportation by upgrading is a keen focus in the Cape Flats District. This endeavour is poised to enhance mobility and connectivity, offering efficient transportation options to the region's residents. Lastly, the Southern District primarily focuses on structuring urban nodes and corridors with high accessibility and density. The Southern District aims to create a vibrant urban environment that optimises space and resources by incorporating mixed-use development within these strategic zones.²⁴



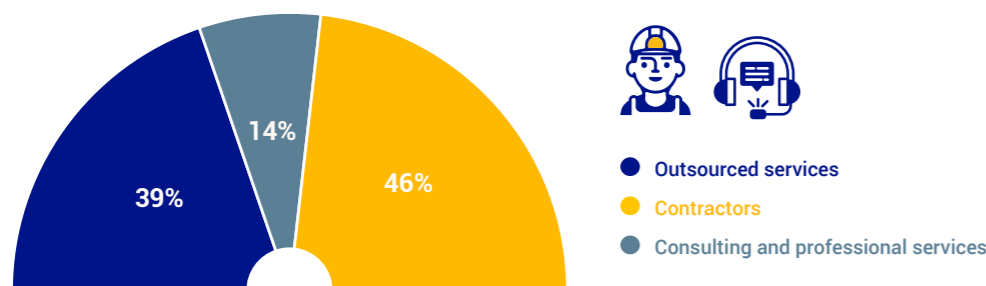
²⁴ (City of Cape Town, 2022).

5.2 Public sector procurement

Public sector procurement processes in the City of Cape Town can facilitate the development of local small, medium and micro enterprises (SMMEs). Moreover, procuring goods and services from SMMEs and other designated groups advances bottom-up local economic development. In 2022/23, spending on outsourced services accounted for 39.0 per cent of contracted service expenditure in the City of Cape Town. Given the rapid urbanisation and population growth of the Cape Metro, outsourcing services is essential for maintaining service delivery. The largest share of contracted service expenditure was spent on contractors (46.0 per cent). The substantial expenditure on service providers indicates a considerable outlay on infrastructure by the Metro. Large enterprise contractors typically provided the Metro with property maintenance, the upgrading of structures and new building construction in the CBD (R76.7 million).

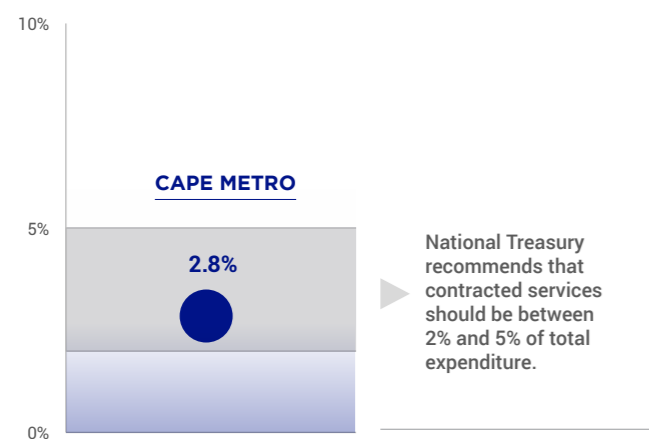
Preferential procurement policies²⁵ provided for under the Preferential Procurement Policy Framework Act (Act No. 5 of 2000), Section 217, allow for a fair, equitable and transparent mechanism to empower persons or categories of persons disadvantaged by unfair discrimination.

Figure 5.2
PROPORTION OF SPENDING ON CONTRACTED SERVICES, Cape Metro, 2022/23



Source: Calculated from National Treasury, 2023

Figure 5.3
CONTRACTED SERVICES AS A PERCENTAGE OF TOTAL OPERATIONAL EXPENDITURE, Cape Metro, 2022/23

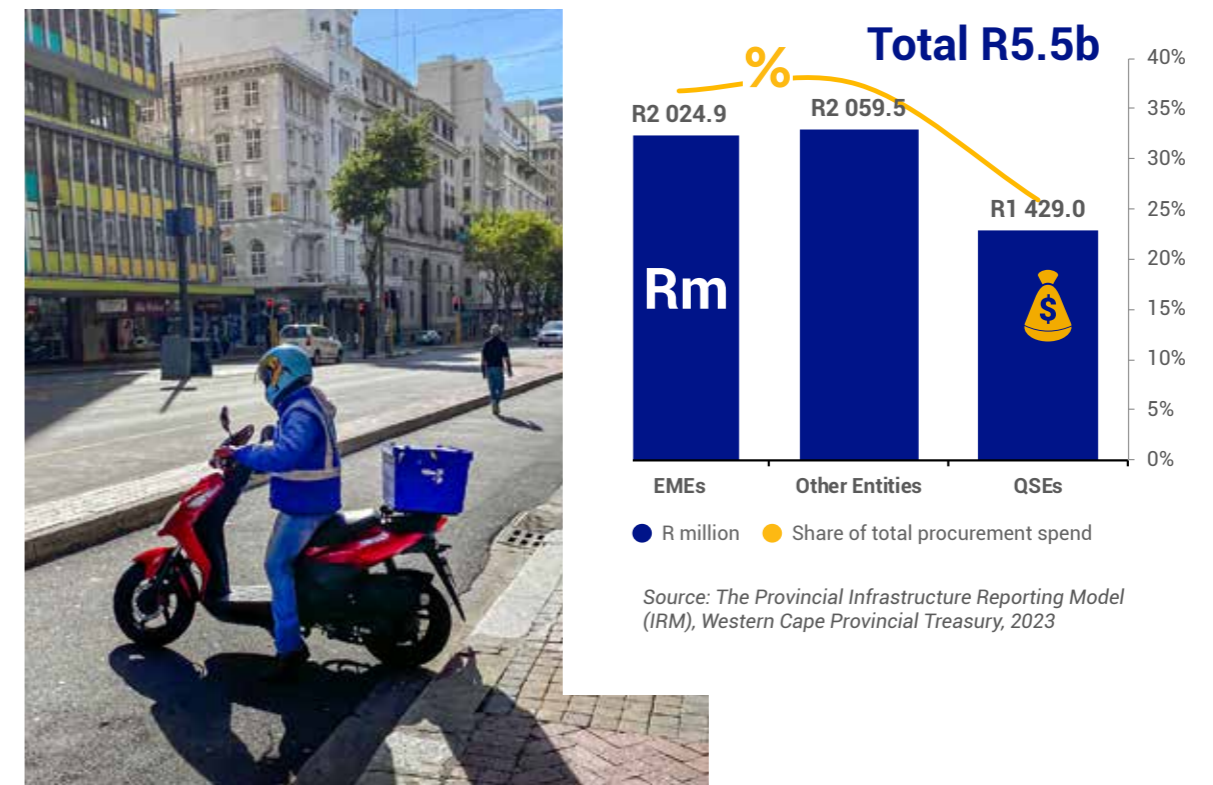


Source: Western Cape Provincial Treasury, 2023

²⁵ Data on business ownership by blacks, black women and other designated groups was split to avoid overstating expenditure on B-BBEE procurement, as a supplier can be both black-owned and youth-owned.

5.3 Public sector spending on designated groups²⁷

Figure 5.4
EXPENDITURE ON REGISTERED SMMES, Cape Metro, 2022/23²⁸



Source: The Provincial Infrastructure Reporting Model (IRM), Western Cape Provincial Treasury, 2023

Between 2021/22 and 2022/23, exempted micro enterprises (EMEs) registered on the City of Cape Town's vendor database increased from 8 793 to 9 443.²⁶ Of the total amount spent in 2022/23 on services provided by SMMEs, 36.7 per cent – R2.0 billion – was paid to EMEs. Procurement from EMEs was mainly related to contracted property maintenance (R239.0 million), security (R170.9 million) and contractors refurbishing fixed structures (R119.4 million).

Procurement spending on qualifying small enterprises (QSEs) was also predominantly for contracting services, namely building upgrades (R120.1 million) and property maintenance. An additional R85.4 million and R58.6 million were spent on outsourced medical doctors and nursing staff, respectively. In total, R3.5 billion was spent on EMEs and QSEs, and R2.1 billion on large enterprises in the 2022/23 period, a testament to the City's commitment to promoting local economic growth and fostering a vibrant business environment.

²⁶ (City of Cape Town, 2023).

²⁷ The term "designated groups" refers to a) black designated groups, b) black people, c) women, d) people with disabilities or e) small enterprises as defined in Section 1 of the National Small Enterprise Act (Act No. 102 of 1996).

²⁸ The information extracted was for the following economic classifications, matched to suppliers registered on the Western Cape Supplier Evidence Bank (WCSEB) for the period 1 April 2022 to 31 March 2023: Goods & Services, Buildings & Other Fixed Structures, Machinery & Equipment, and Software & Intangible Assets.

SUPPORT FOR SMALL ENTERPRISES

The City of Cape Town has several initiatives that support small enterprises and enable the Cape Metro to become a thriving hub for entrepreneurial pursuits. The City of Cape Town's Business Portal, a digital gateway that simplifies the bureaucratic hurdles of starting and running a business, is at the forefront of this mission. Entrepreneurs can submit building plans, register as suppliers and seamlessly apply for licences, permits and investment incentives on one convenient platform. This streamlined process saves time and encourages business growth by reducing the red tape that often hinders progress.

In partnership with the StartUp Tribe, the City of Cape Town is taking its commitment to business development a step further. Aspiring entrepreneurs can access free online training programmes facilitated by the Cape Town Entrepreneurship Academy. These courses cover a spectrum of topics, from fundamental entrepreneurial skills to mastering digital tools that are crucial in today's business world. It's a testament to the City's dedication to nurturing talent from the ground up.

The City of Cape Town also recognises the importance of localised support. Through strategic collaborations with organisations such as the South African Renewable Energy Business Incubator, the South African Furniture Initiative and Furntech the City extends its reach to areas such as Atlantis, Delft, Belhar and Nyanga. These partnerships provide specialised assistance to businesses in these communities.

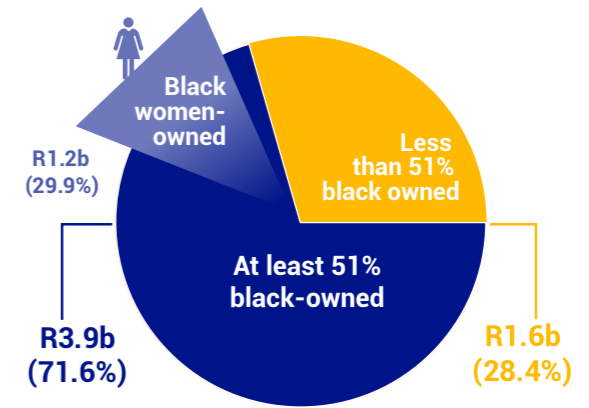
Lastly, the City of Cape Town extends its commitment to business development through its Productivity Efficiency Programme, a partnership with Productivity SA. This initiative is a lifeline for distressed enterprises employing between 15 and 100 staff, providing them with a detailed strategy to enhance their productivity.²⁹



²⁹ (City of Cape Town, 2023).

Figure 5.5
EXPENDITURE ON REGISTERED BLACK-OWNED COMPANIES, Cape Metro, 2022/23

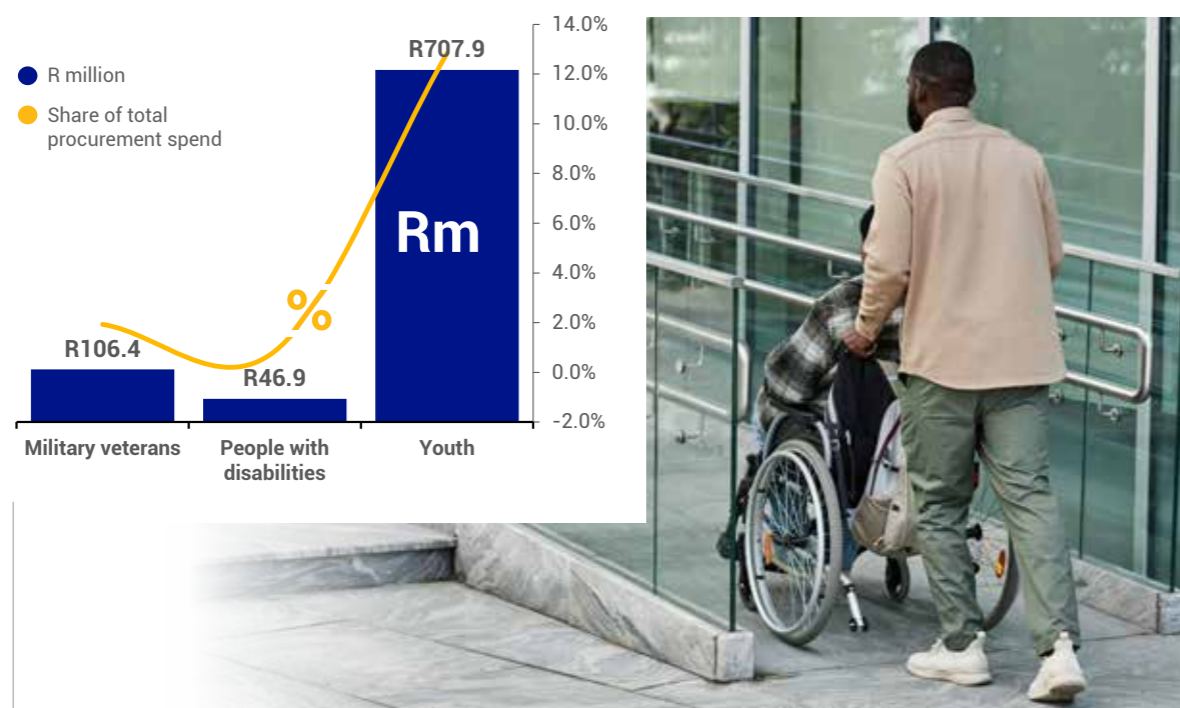
Source: The Provincial Infrastructure Reporting Model (IRM), Western Cape Provincial Treasury, 2023



A noteworthy investment of R3.9 billion was directed towards procuring goods and services from majority black-owned companies, with a significant percentage of this funding being spent on majority black women-owned companies (29.9 per cent, or R1.2 billion in expenditure). Given the historical social exclusion of women, particularly black women, this shows that the Cape Metro is committed to reducing the marginalisation created by past inequalities and the social exclusion of women, particularly black women.



Figure 5.6
PAYMENTS TO DESIGNATED SUPPLIERS, Cape Metro, 2022/23



Source: The Provincial Infrastructure Reporting Model (IRM), Western Cape Provincial Treasury, 2023

Procurement spending by the City of Cape Town on goods and services from military veterans and people with disabilities over the 2022/23 period made up only 2.8 per cent of total procurement. Expenditure on youth-owned³⁰ enterprises accounted for a further 12.8 per cent (R707.9 million) of total procurement, significantly less than the R2.2 billion spent in the course of 2021/22. Given the high youth unemployment rate, sourcing goods from youth-owned enterprises and encouraging youth-owned companies to register on the Western Cape Supplier Evidence Bank (WCSEB) are key for reducing the youth unemployment rate in the Metro.

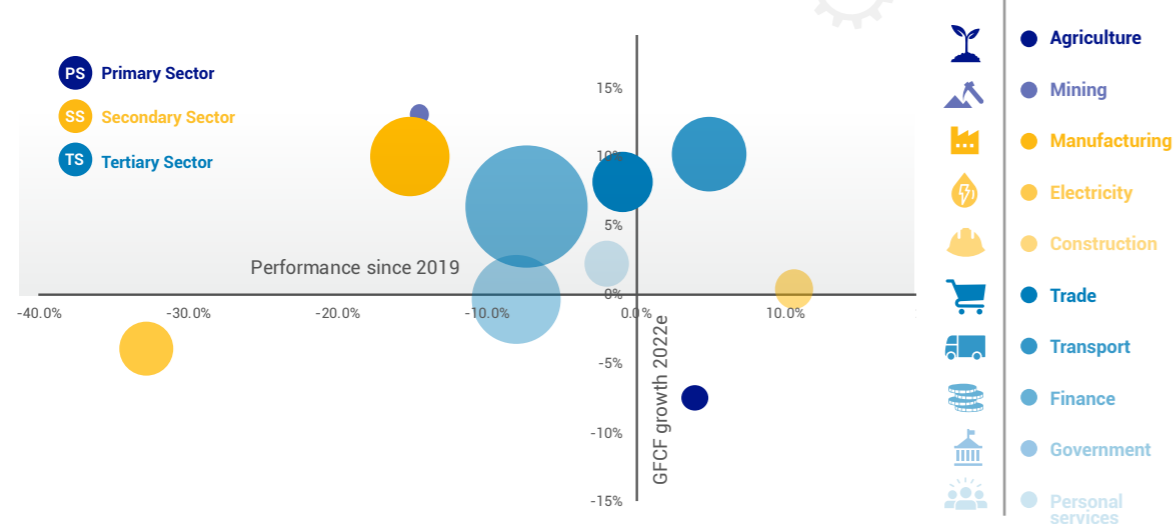
³⁰ According to the National Youth Policy (2020), young people are defined as those between the ages of 14 and 35 (Department of Women, Youth and Persons with Disabilities, 2020).

5.4 Private sector investment

The level of private sector investment in a region is often an indicator of the quality and effectiveness of governance in this area. In the case of the Cape Metro, continued public sector infrastructure investment and stable administration have resulted in a well-operating city, which have contributed to the Cape Metro becoming an ideal location for private sector investment. In conjunction with being a well-run metropolitan area, digital connectivity, a diverse skills base and the lifestyle offerings of the area make it an ideal destination for business investment. Considerable expenditure on residential developments and alterations shows that the Cape Metro is viewed as an attractive destination for investment and for residents searching for city buzz and scenic beauty.



Figure 5.7
GROSS FIXED CAPITAL FORMATION, Cape Metro



Gross fixed capital formation (GFCF) refers to the acquisition or development of assets used in bolstering production or generating higher levels of income.

	R million 2021	Percentage contribution	Performance since 2019	GFCF growth 2022e
PS Primary Sector	R1 796.3	2.3%	-2.7%	-2.8%
Agriculture, forestry & fishing	R1 160.6	1.5%	4.0%	-7.5%
Mining & quarrying	R635.7	0.8%	-14.5%	13.1%
SS Secondary Sector	R18 188.7	23.3%	-17.5%	4.9%
Manufacturing	R10 666.8	13.7%	-15.1%	10.0%
Electricity, gas & water	R4 948.3	6.3%	-32.8%	-4.0%
Construction	R2 573.5	3.3%	10.6%	0.4%
TS Tertiary Sector	R57 944.3	74.4%	-5.2%	5.5%
Wholesale & retail trade, catering & accommodation	R6 180.2	7.9%	-0.9%	8.2%
Transport, storage & communication	R9 494.7	12.2%	4.9%	10.2%
Finance, insurance, real estate & business services	R25 282.6	32.4%	-7.4%	6.3%
General government	R13 511.2	17.3%	-8.0%	-0.3%
Community, social & personal services	R3 475.6	4.5%	-1.9%	2.2%
Total Cape Metro	R77 929.3	100.0%	-8.2%	5.2%

Source: Quantec research, 2023

Gross fixed capital formation (GFCF) accounted for 14.0 per cent of the Cape Metro's GDP in 2021, with the finance and general government sectors being the largest contributors to the R77.9 billion in GFCF. Business expansion is evident in the investment by Amazon, which is developing a R4.5 billion complex in Observatory. Moreover, tech start-up CostCertified opened its global headquarters in Cape Town in 2022. The company aims to provide approximately 300 employment opportunities between 2022 and 2024.³¹ However, the finance and general government sectors have yet to recover fully in terms of GFCF from the effects of the COVID-19 pandemic, with finance 7.4 per cent below the level at which it was operating in 2019 and general government 8.0 per cent below pre-pandemic levels.

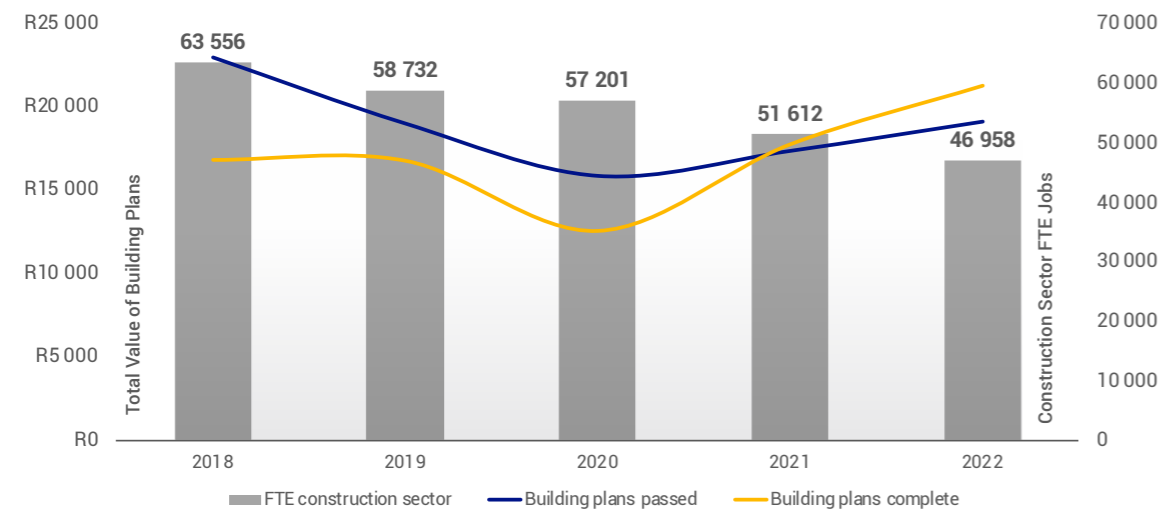
Conversely, the transport sector has recovered well, with growth of 10.2 per cent estimated for 2022. Thanks to the Cape Metro's position at the tip of Africa and the presence of one of South Africa's largest trading ports, the Metro is a gateway to Africa. In 2022, DSV, a global transport and logistics company, completed the construction of DSV Park – an integrated warehouse, truck stop and office facility in close proximity to Cape Town International Airport.

Investment in the trade and manufacturing sectors has not yet regained pre-pandemic levels. Nonetheless, it is estimated that investment in the two sectors grew by 8.2 per cent and 10.0 per cent, respectively, in 2022. The trade sector's performance is strongly influenced by tourism, which has begun to recover, as reflected by a 102.2 per cent growth in tourism bed-nights between 2021 and 2022. In addition, international passenger traffic through Cape Town International Airport reached 73.0 per cent of its pre-COVID-19 level in 2022. The manufacturing sector has seen interesting developments in investment. PepsiCo acquired South African food manufacturing giant Pioneer Foods in 2020 and has made considerable investments in expanding the company's infrastructure. These investments have included R300.0 million spent on the Weet-Bix factory in Atlantis, providing a new production line and creating approximately 56 new jobs at the plant.

The construction sector has generally been under pressure over the last few years – characterised by declining GDP growth and substantial job losses. Even before COVID-19, investing in buildings and other construction works from other sectors was on a declining trend as the South African economy deteriorated, leading to low business confidence levels. However, despite these challenges, there is a positive outlook for the sector, with the value of building plans completed being on an upward trajectory after being relatively subdued in 2018 and 2019. Building plans passed also increased after being on a declining trend between 2018 and 2020. Despite these positive indicators, formal full-time jobs have declined substantially over the reference period, with 4 654 jobs being shed in 2022 alone. However, in the informal sector jobs have been increasing, highlighting the important role of SMMEs in the construction sector, where they typically work as subcontractors.

³¹ (Trade & Industrial Policy Strategies [TIPS], 2022).

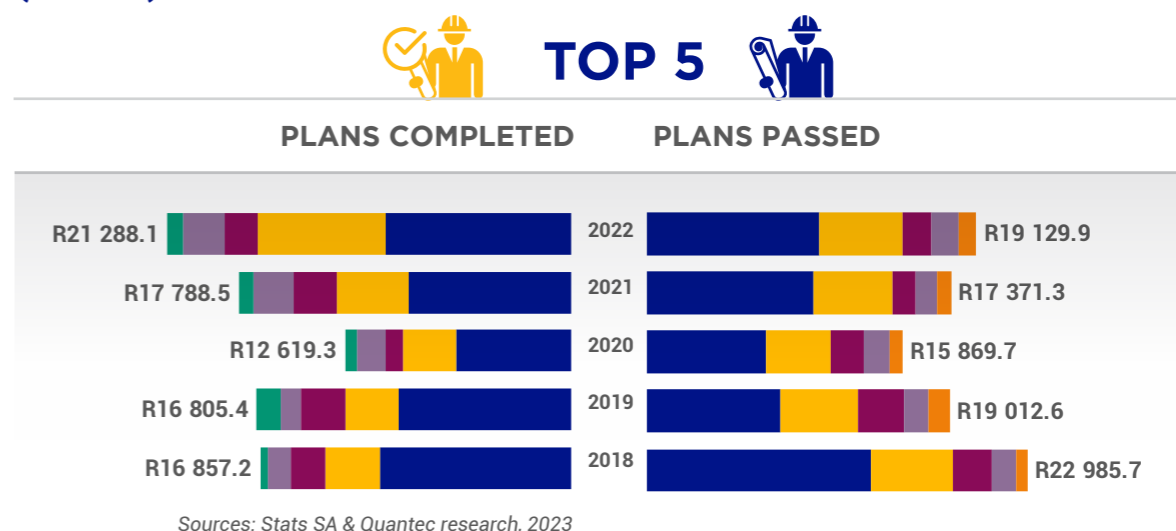
Figure 5.8
TOTAL VALUE OF BUILDING PLANS PASSED AND COMPLETED, CONSTRUCTION SECTOR FTE JOBS, Cape Metro, 2018 - 2022 (R million)



Sources: Stats SA & Nell, A. Visagie, J. Spatial Tax Panel 2014-2022 (dataset). Version 3. National Treasury - Cities Support Programme and Human Sciences Research Council (producer and distributor), 2023.



Figure 5.9
VALUE OF BUILDING PLANS PASSED AND COMPLETED, Cape Metro, 2018 - 2022 (R million)



The value of building plans passed serves as a projection of future construction investment in the Cape Metro and is considered a leading indicator of development in the area. The value of completed plans, in turn, provides a snapshot of the current level of construction investment in the Metro. It is thus viewed as a lagging indicator of development.

- Residential buildings
- Additions and alterations to residential buildings
- Additions and alterations to non-residential buildings
- Industrial and warehouse space
- Interior alterations
- Shopping space

In 2022 alone, the Cape Town CBD was estimated to have received R3.6 billion in property investment, including completed developments, redevelopments, and all building plans passed and completed.³² Residential building plans, passed and completed, were the leading source of building development expenditure between 2018 and 2022 - with passed building plans valued at R43.9 billion and completed plans worth R38.7 billion recorded. The Cape Metro's population is expanding rapidly, with the forecast average annual population growth between 2023 and 2027 being 1.7 per cent. The Cape Metro has become a popular destination for professionals seeking an alternative to the pressures of life in Pretoria and Johannesburg. Moreover, the Metro is known for its luxury real estate, with many of the country's most expensive properties and suburbs located along the Atlantic Seaboard.

The presence of the University of Cape Town drives demand for student housing and, hence, the development of additional accommodation. One such development is Proper Living, launched in 2021, which offers large private student residences in Woodstock, Observatory and Rondebosch (the latter to be completed in 2023). The residential property market in the Cape Metro is exceptionally diverse. The area encapsulates several markets, making it an exciting location for property investment.

³² (Cape Town Central City Improvement District, 2023).

The most significant building plans of recent years have included industrial and warehouse developments. Industrial and warehousing space building plans valued at R9.0 billion were passed between 2018 and 2022, and building activity of this nature worth R8.0 billion was completed in the same period. As the Cape Metro is a trade hub, many commodities travel through the city and require storage and distribution centres. The presence of logistics companies such as Maersk and DSD is expected to drive the demand for such space. In early 2023, Maersk launched its first warehousing and distribution facility. The facility is strategically located close to the Belcon railway line, the Port of Cape Town and the N1 and N2 roadways. Moreover, as the technology industry expands in the Cape Metro, cloud storage and adequate internet access are becoming more of a priority. Africa Data Centres has invested in warehousing space to accommodate a new data centre in Cape Town.



6. CONCLUDING REMARKS

The road to economic recovery has been marked by challenges. The COVID-19 pandemic, along with global economic downturns and local factors such as rising inflation and interest rates, has undoubtedly taken a toll on the Cape Metro. However, in 2022, the Metro exhibited signs of a much-needed recovery. Favourable labour market conditions, exemplified by a rising labour force participation rate and increased informal employment, contributed to declining unemployment. While not all jobs lost during the challenging period were regained, this positive trend is a promising sign for the region.

The finance sector emerged as a leading source of economic growth in the Cape Metro. Real estate also experienced a resurgence, with increased property sales and office rentals highlighting the region's attractiveness to businesses and residents alike. The transport sector played a crucial role in the economic performance of 2022, contributing to GDP growth through increased cargo handling at the Port of Cape Town and steady growth in passenger and cargo traffic at Cape Town International Airport.

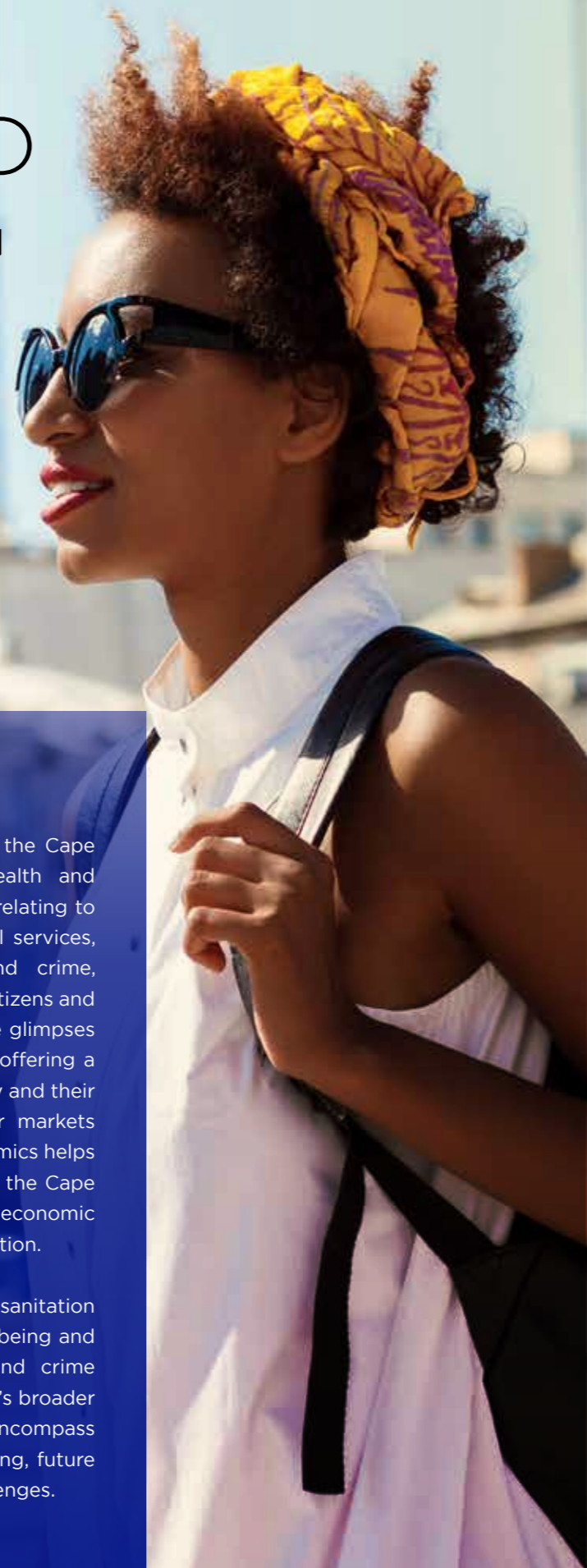
Load-shedding and high inflation rates are anticipated to impact economic growth in 2023. However, the finance sector is predicted to continue along its positive trajectory, and 2024 may bring additional relief in the form of construction sector growth. While the Cape Metro's trade profile reflects its role as a national distribution hub, the area consistently records a trade deficit because of increased petroleum imports and weak exchange rates. The Port of Cape Town is essential for facilitating these imports and exports, connecting South Africa to the global market.

In summary, the economy of the Cape Metro derives resilience from complexity, driven by sectors such as finance, transport, tourism and manufacturing. The Cape Metro's economic resurgence should focus on infrastructure, sector support, entrepreneurship, renewable energy, workforce development, tourism, port efficiency and public transport efficiency. By adopting this comprehensive approach, the region can overcome challenges, leverage its economic strengths and foster sustainable growth while creating job opportunities for its residents.



SECTION **C**

SAFETY AND WELLBEING



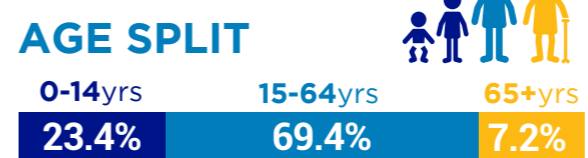
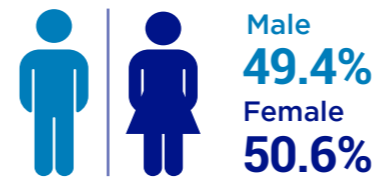
1. INTRODUCTION

This section explores the social trends shaping the Cape Metro area and key indicators regarding health and wellbeing in the Metro. By examining indicators relating to population dynamics, housing demand, essential services, household stability, healthcare, education and crime, valuable insights can be gained into the lives of citizens and the local economy. Population dynamics provide glimpses into the evolving landscape of the Cape Metro, offering a profound understanding of key aspects of society and their implications for economic development, labour markets and resource allocation. Data on population dynamics helps build an understanding of demographic shifts in the Cape Metro and the implications of such changes for economic development, labour markets and resource allocation.

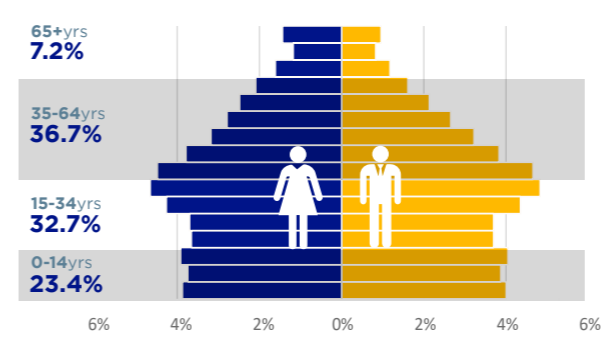
Access to basic services such as water, electricity, sanitation and waste removal is crucial for community wellbeing and progress. Healthcare, educational outcomes and crime indicators are examined to grasp the Cape Metro's broader social and economic conditions. These pillars encompass health, education and safety, and reflect wellbeing, future generations' potential and the community's challenges.

2022 CAPE METRO DEMOGRAPHICS

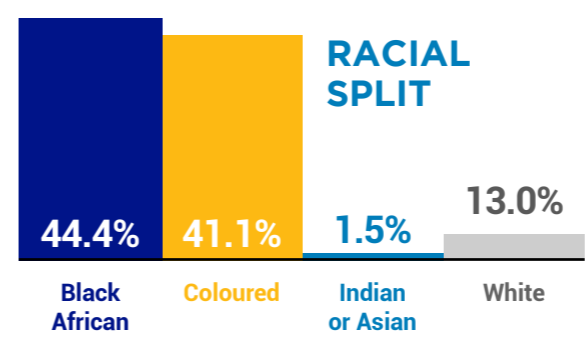
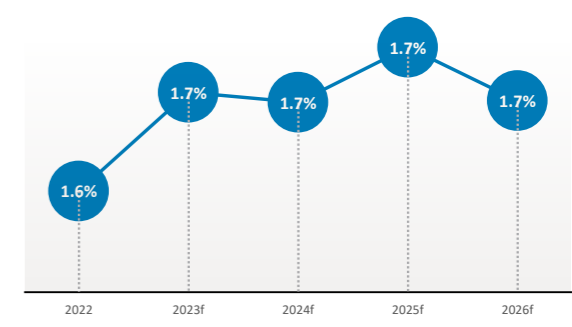
POPULATION
4 772 846



GENDER AND AGE DYNAMICS



Estimated POPULATION GROWTH



Number of **HOUSEHOLDS**
1 460 933

R9 746 Average median income
201 707 Indigent households

The Socio-Economic Profiles (SEPs) released by Provincial Treasury will contain an analysis of the age, race and gender distributions from Census 2022. Furthermore, an overview of household numbers and access to services will be provided. These Census 2022 indicators are excluded from the MERO due to the late release of the data by Stats SA.

2. DEMOGRAPHICS

The Cape Metro is a prominent urban area, with Cape Town serving as the legislative capital of South Africa and ranking among the nation's most populous and renowned cities. The area is celebrated for its breathtaking natural landscapes, including iconic features such as Table Mountain, as well as its rich cultural diversity and historical importance. This metropolitan region is characterised by a diverse population. As an economic, cultural and tourism centre, it plays a pivotal role within South Africa and the broader African continent.

In 2022, the Cape Metro was home to approximately 4.8 million residents, making it the second-largest metropolitan area in terms of population size in South Africa. The Metro's inhabitants constitute 64.2 per cent of Provincial and 7.7 per cent of the national population. Projections indicate that between 2023 and 2027, the population of the Metro will grow to 5.2 million. The population of the Cape Metro area in 2022 was predominantly black African (44.4 per cent), with the coloured population accounting for the second-largest share of residents (41.1 per cent).

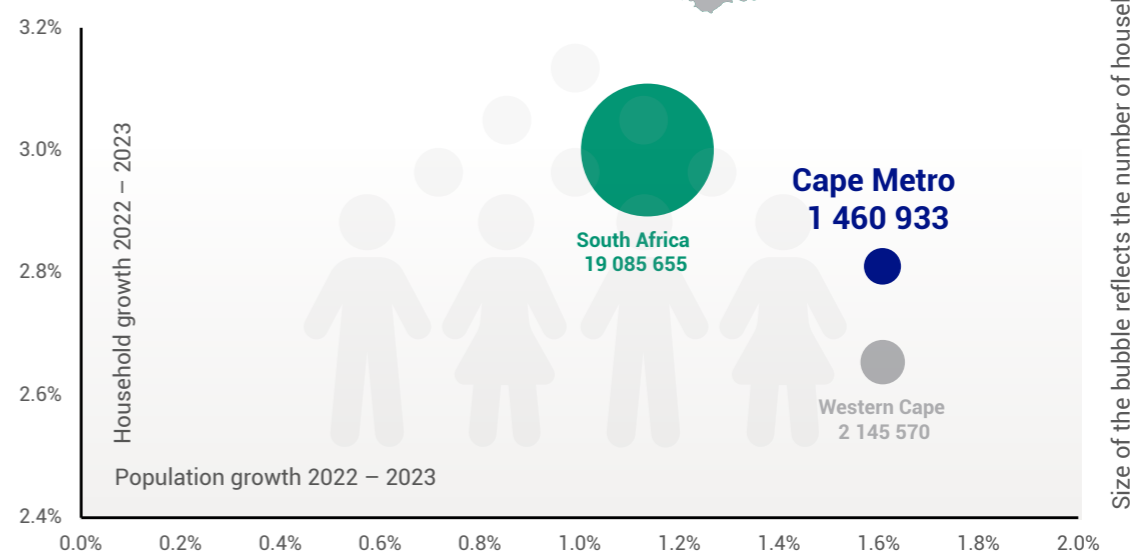
The demographic dividend stems from the connection between an area's demographic structure and its potential for economic growth. If fertility declines, the working-age ratio (ages 15 to 64) rises, while the dependency ratio (below 15 and above 64) decreases. With overall population growth, a higher working-age ratio means a bigger labour force for production. A lower dependency ratio means less diversion from productive work to care for the young and elderly. If it happens, this growth boost is the demographic dividend.³³



³³ (Stats SA, 2017).



Figure 2.1
POPULATION AND HOUSEHOLD GROWTH, Cape Metro, 2022



Source: Western Cape Government PPU, 2023. Provincial, District and local municipality population estimates by sex and age (2002 – 2037) based on Stats SA MYPE base year 2022 (February 2023)

These population projections consider the expected average annual household growth rate of 2.6 per cent in the Cape Metro area between 2023 and 2027. The number of households in the Province is projected to grow at a similar rate (2.5 per cent). At the same time, the population overall is set to expand by an average of 1.6 per cent annually. This increase will make the Western Cape home to more than 7.8 million people by 2027. By contrast, the national population is forecast to grow at a slower pace (1.0 per cent) during the period in question. These forecasts suggest that more people are migrating to the Cape Metro area than other Western Cape areas in pursuit of jobs or skills development. The combination of population growth and household growth rates underscores the attractiveness of the Cape Metro area, where population expansion is likely to exceed the national population growth rate. Households are slightly smaller relative to the Provincial average. The average household size in the Metro in 2022 was 3.3, a number that is expected to decline to 3.1 from 2023 to 2027.

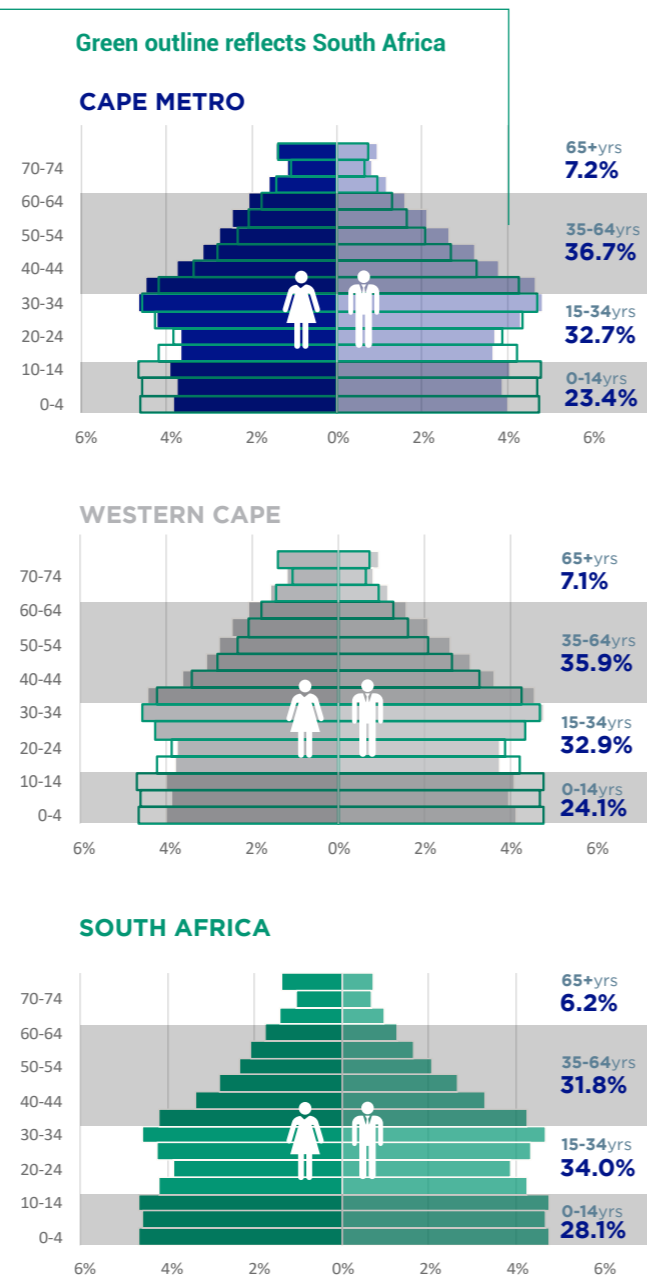
The increase in households can probably be attributed to an increase in the number of younger, working-age persons who are migrating to the area. These household trends provide an opportunity for strategic densification, especially around business nodes and economic activity corridors.

A notable percentage of Cape Metro residents fall into the economically active population bracket (69.4 per cent), a share that is higher than that of both the Province (68.9 per cent) and the country (65.7 per cent). In 2022, 36.7 per cent of people living in the Cape Metro were aged 35 to 64, while 32.7 per cent fell between the ages of 15 and 34. The Cape Metro child population (23.4 per cent) is smaller than that of the rest of the country (28.1 per cent), indicating a lower child dependency. This affects general spending patterns, enables more people to be actively involved in the economy (as opposed to caring for children) and affects the demand for services such as education.

Figure 2.2
GENDER AND AGE DYNAMICS,
Cape Metro, 2022



Source: Western Cape Government PPU, 2023. Provincial, District and local municipality population estimates by sex and age (2002 – 2037) based on Stats SA MYPE base year 2022 (February 2023)



Sports and recreation are vital in promoting culture, improving health and wellbeing, advancing education, boosting the economy and fostering social upliftment in communities. Sports statistics demonstrate their significant role in reducing crime rates among communities actively engaged in such activities.

The Provincial Youth Service Programme falls under the oversight of the Department of Cultural Affairs and Sport. It draws inspiration from the YearBeyond Programme, which offers more than 400 volunteer positions annually to the youth in the Province, accompanied by comprehensive leadership training and avenues for future employment. In 2021, 82.0 per cent of the volunteer cohort had successfully transitioned into employment or further studies, with nearly half of them still actively engaging in weekly volunteer work within their communities.³⁴ Additionally, the City of Cape Town has allocated R104.2 million towards sports and recreation infrastructure in the metro. By providing valuable opportunities for developing essential life skills, sports and recreation help at-risk youth navigate challenges and avoid violence, crime and drug abuse.³⁵



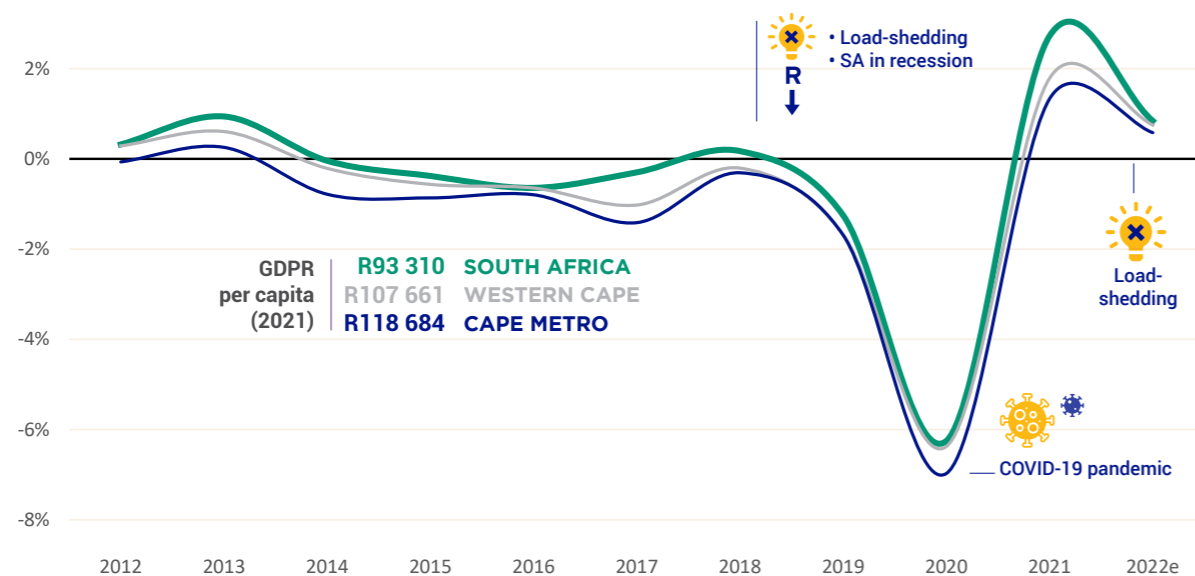
³⁴ (Department of Cultural Affairs and Sport, Western Cape, 2021).
³⁵ (United Nations Office on Drugs and Crime, 2022).

3. INCOME AND INEQUALITY

3.1 Income levels

Citizens of the Cape Metro area have a relatively high living standard, as reflected in the area's GDP per capita of R118 684, which exceeds the Provincial average of R107 661. This is due, in part, to the Cape Metro having a relatively diverse economy where the mix of industries and sectors has allowed for resilience during economic downturns. This diversity can help maintain higher income levels, even in challenging economic conditions.

Figure 3.1
GDPR PER CAPITA GROWTH, Cape Metro, 2012 – 2022



Source: Quantec research, 2023 (e denotes estimate)

GDPR per capita measures the total economic output level of a region relative to the size of the population living there. The GDPR per capita is useful for comparing living standards across regions, and growth in GDPR per capita is considered a summary indicator of economic development in a particular area.

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022e
South Africa	0.3%	0.9%	0.0%	-0.4%	-0.6%	-0.3%	0.2%	-1.3%	-6.3%	2.7%	0.8%
Western Cape	0.3%	0.6%	-0.2%	-0.6%	-0.6%	-1.0%	-0.2%	-1.7%	-6.4%	1.8%	0.8%
Cape Metro	-0.1%	0.3%	-0.8%	-0.9%	-0.8%	-1.4%	-0.3%	-1.7%	-7.0%	1.3%	0.6%

From 2018 to 2020, both the Cape Metro and the Western Cape witnessed a continuous decline in GDP per capita growth, as population growth outpaced the sluggish economic performance that led up to 2019 and the recession of 2020 took hold. However, there was an increase in GDP per capita growth in 2021 when the economy rebounded from a low base. This growth was, however, lower than the expansion observed in the Province and the country. Regrettably, GDP per capita growth for 2022 is estimated to have decreased by 0.7 of a percentage point in the Cape Metro area, with similar declines experienced in both the Province and the country in the course of this year.

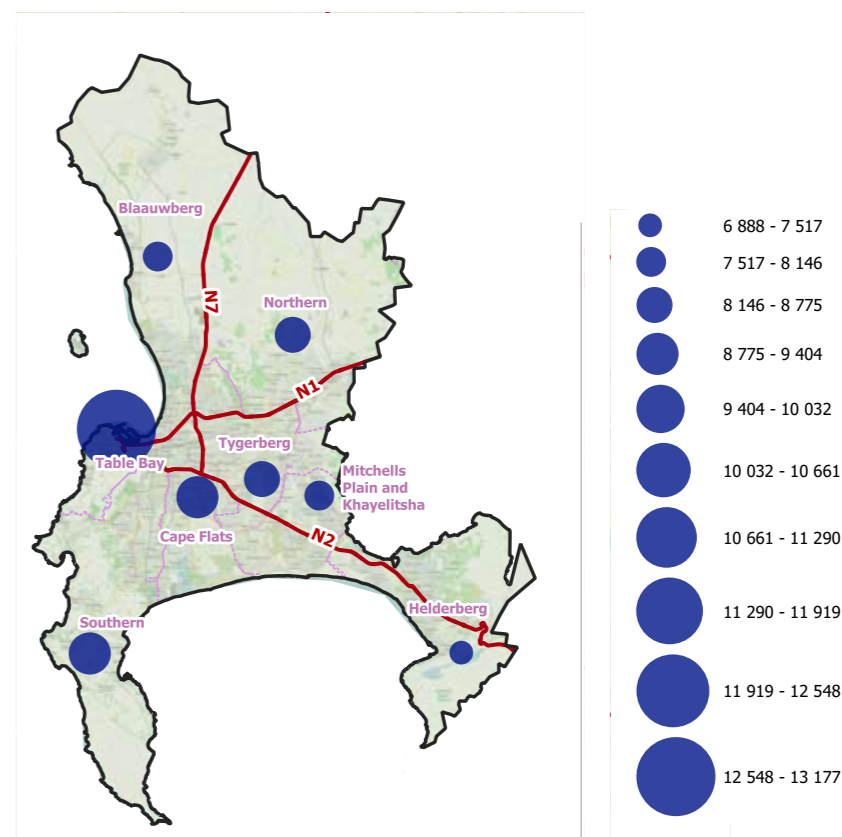
The decline in GDP per capita growth can be ascribed to the poor economic performance of the Cape Metro in 2022. This was a result of trade disruptions, notably supply chain disruptions caused by the Ukraine-Russia war. This conflict has introduced new and complex risks into the South African economy and influenced monetary policy decisions. The war has exacerbated supply chain bottlenecks and inflationary pressures, primarily through higher energy and food prices, potentially necessitating monetary policy adjustments.³⁶ Amid these economic constraints, the population has grown steadily, resulting in lower living standards.

GDPR PER CAPITA IN OTHER METROS

In 2021, the Nelson Mandela Bay Metro had the highest GDP per capita of all South African metros (R143 158), followed by the Johannesburg Metro (R134 216). Over the past five years, the continuous increase in population, coupled with poor economic performance, has resulted in a steady decline in GDP per capita across all metros. The Ekurhuleni and Johannesburg metros recorded the fastest average annual decreases during this period – 2.1 per cent and 1.8 per cent, respectively. The deterioration in GDP per capita in the Cape Metro is aligned with these trends.

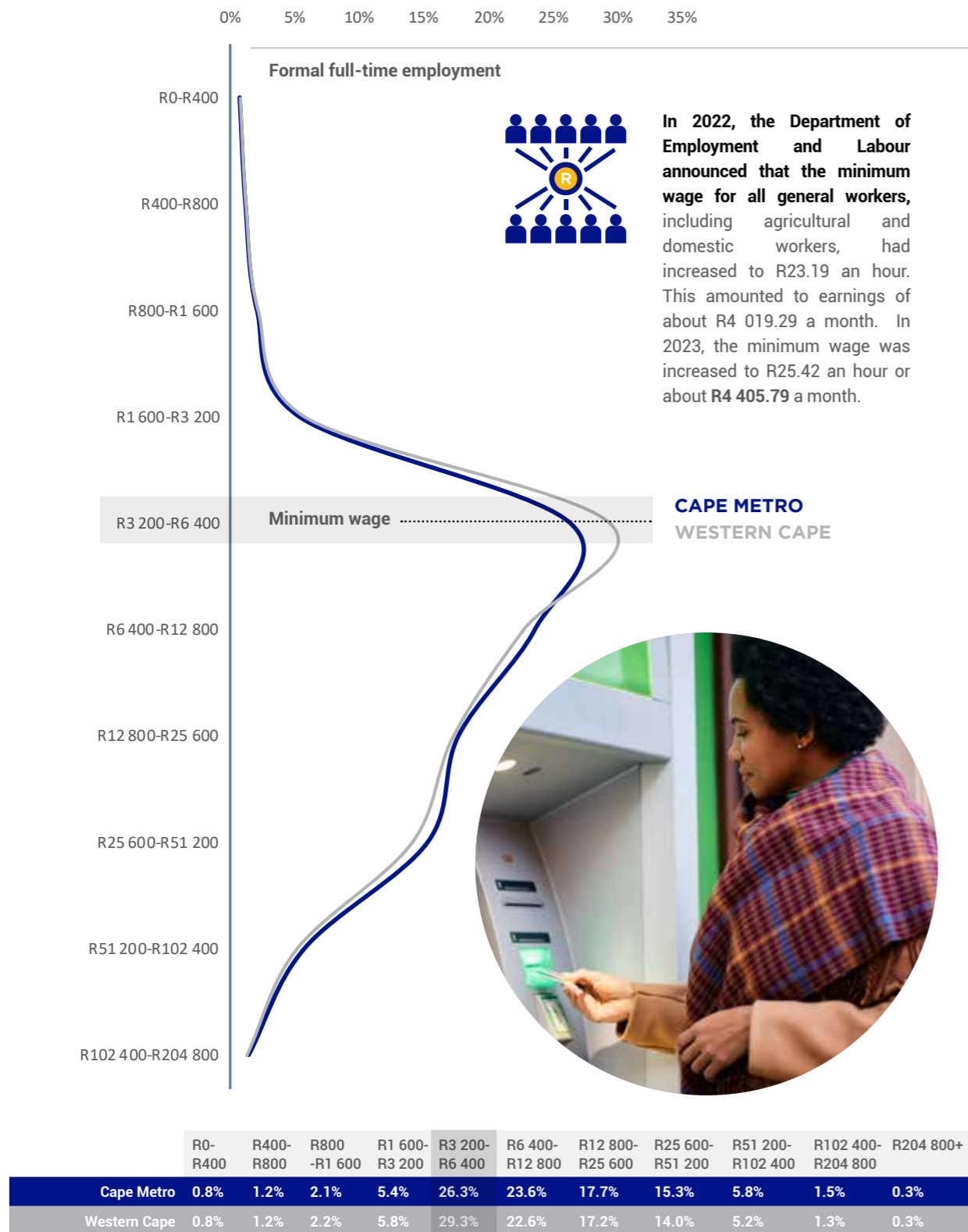
Map 3.1
MEDIAN INCOME PER PLANNING DISTRICT, Cape Metro, 2022

Source: Nell, A. & Visagie, J. Spatial Tax Panel 2014 – 2022 (dataset). Version 3. National Treasury Cities Support Programme and Human Sciences Research Council (producer and distributor), 2023



³⁶ (National Treasury, 2022).

Figure 3.2
WAGE DISTRIBUTION, Cape Metro, 2022



Source: Nell, A. & Visagie, J. Spatial Tax Panel 2014 – 2022 (dataset). Version 3. National Treasury Cities Support Programme and Human Sciences Research Council (producer and distributor), 2023

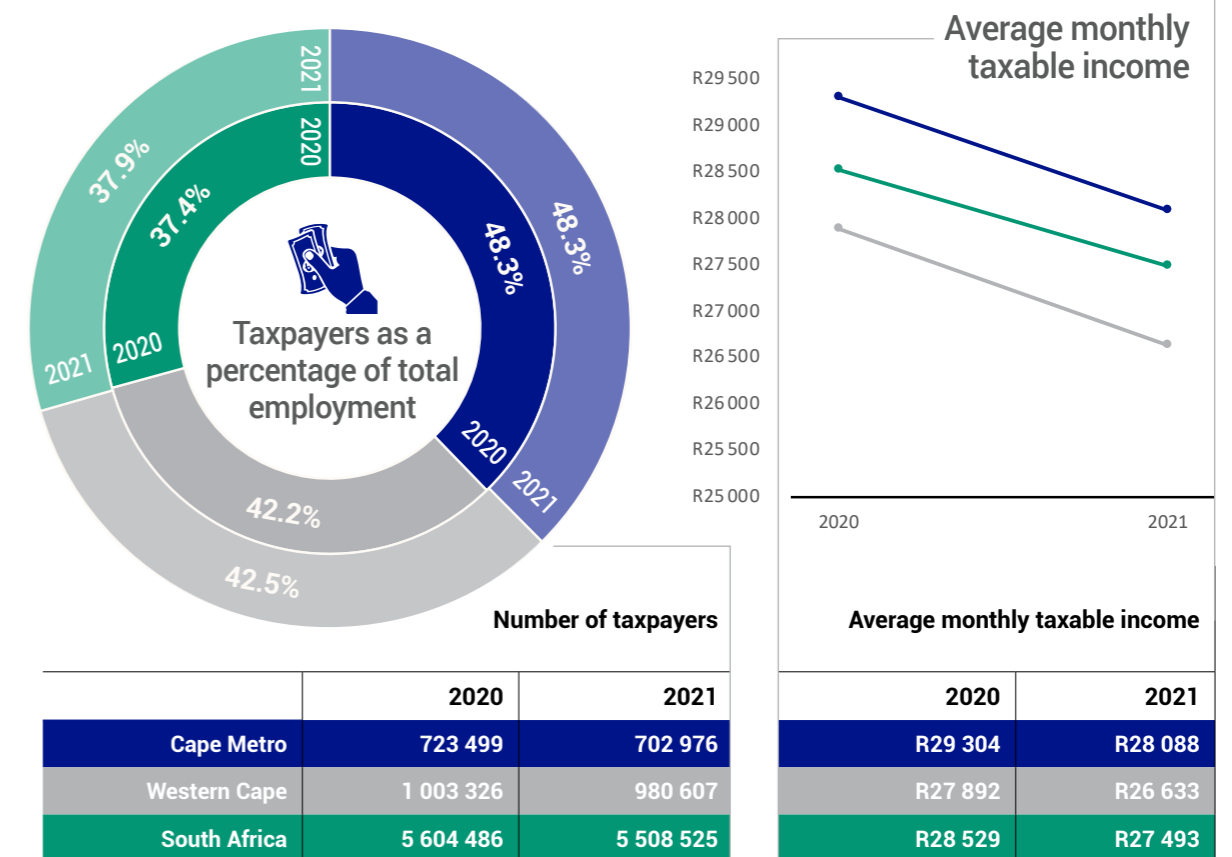
Similar to the Province, the largest cohort of formal workers in the Cape Metro earn between R3 200 and R6 400 a month. Furthermore, in this area there is a relatively large concentration of formal workers who are considered middle-income earners, with 41.3 per cent earning between R6 400 and R25 600. The Cape Metro area has fewer people earning less than R3 200 (9.5 per cent) than the Province (10.0 per

cent). However, those who are in this bracket are not distributed equally across the Metro. Areas such as Delft, Khayelitsha, Kommetjie, Mamre and Nyanga have a substantial number of residents who earn less than R3 200.

By contrast, the top income earners (more than R51 200 per month) are more commonly found in Bellville, Athlone, Cape Town, Constantia, Milnerton, Melkbosstrand, Muizenberg and Strand. This disparity in income distribution reflects the economic dynamics and opportunities available in the Cape Metro area. It contributes to socio-economic challenges such as crime and the prevalence of informal dwellings.

Figure 3.3
INDIVIDUAL TAXPAYERS AND TAXABLE INCOME, Cape Metro, 2020 – 2021

The Income Tax Act of 1962 (the Act) governs the imposition of income taxes in South Africa. Under the Act, tax is levied on taxable income, essentially gross income, less any relevant exemptions and deductions permitted by law.³⁷ Taxes enable the financing of public sector goods and services.



Sources: Quantec research, National Treasury and SARS, 2023

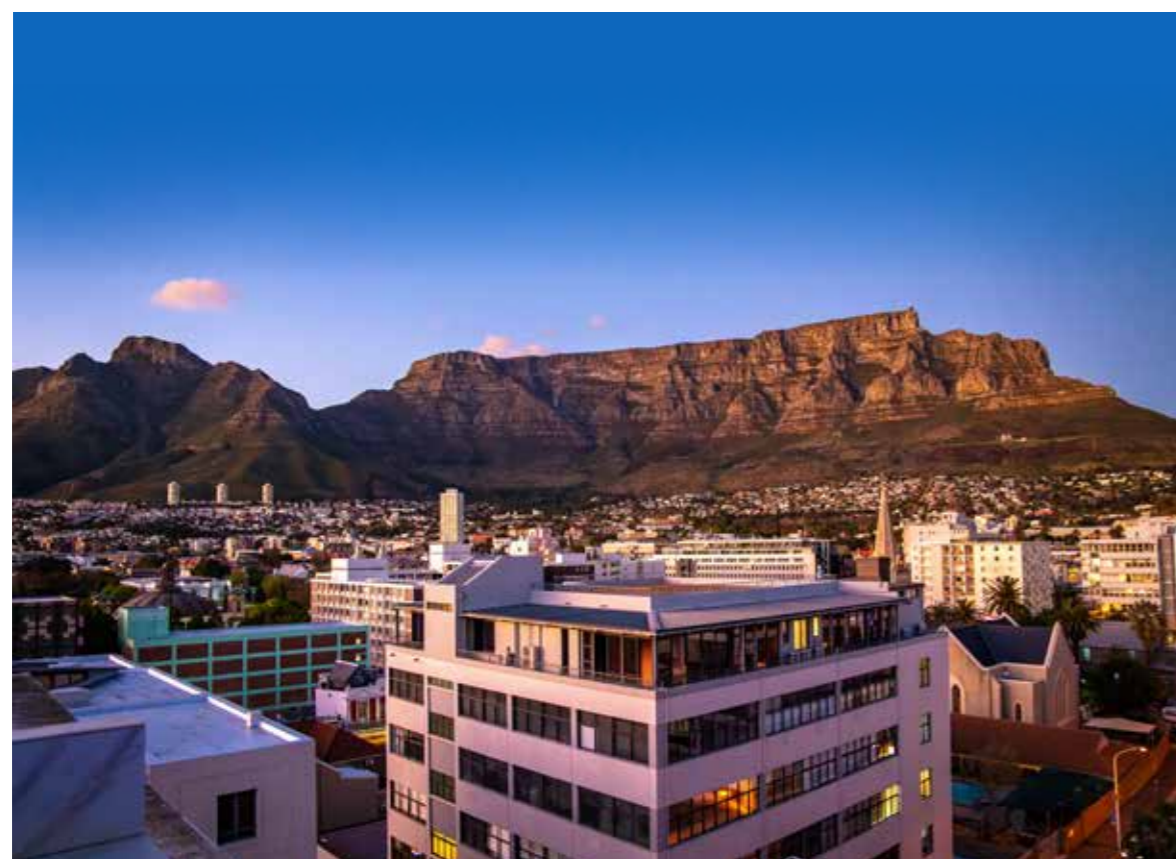
In 2021, taxpayers in the Cape Metro accounted for 71.7 per cent of taxpayers in the Western Cape and 12.8 per cent of South Africa's taxpayers. With the population of the Cape Metro making up only 65.9 per cent of the Provincial population and 7.8 per cent of the national population, it is

³⁷ (South African Revenue Service, 2023).

evident that the Cape Metro area has a solid tax base. This results from the generally higher income generated by formal employment.

Nevertheless, there was a slight decrease in the number of taxpayers in 2021. This decline can be attributed to the COVID-19 pandemic, which disrupted economic activity, leading to job losses and reduced incomes. These developments, in turn, resulted in a smaller taxpayer base. Additionally, the average monthly taxable income in the Cape Metro declined by 4.2 per cent in 2021.

Despite the decline in taxpayers, the Cape Metro maintained a higher proportion of employed individuals (48.3 per cent) than the shares in the Province (42.5 per cent) and the country overall (37.9 per cent). In addition, the average taxable income in the Cape Metro is marginally higher than the Provincial and national averages. Compared with the rest of the country, the Cape Metro has a favourable job market, with a higher prevalence of formal jobs and better prospects for good salaries. This is one of the leading factors in household growth within the Cape Metro area.



3.2 Income inequality

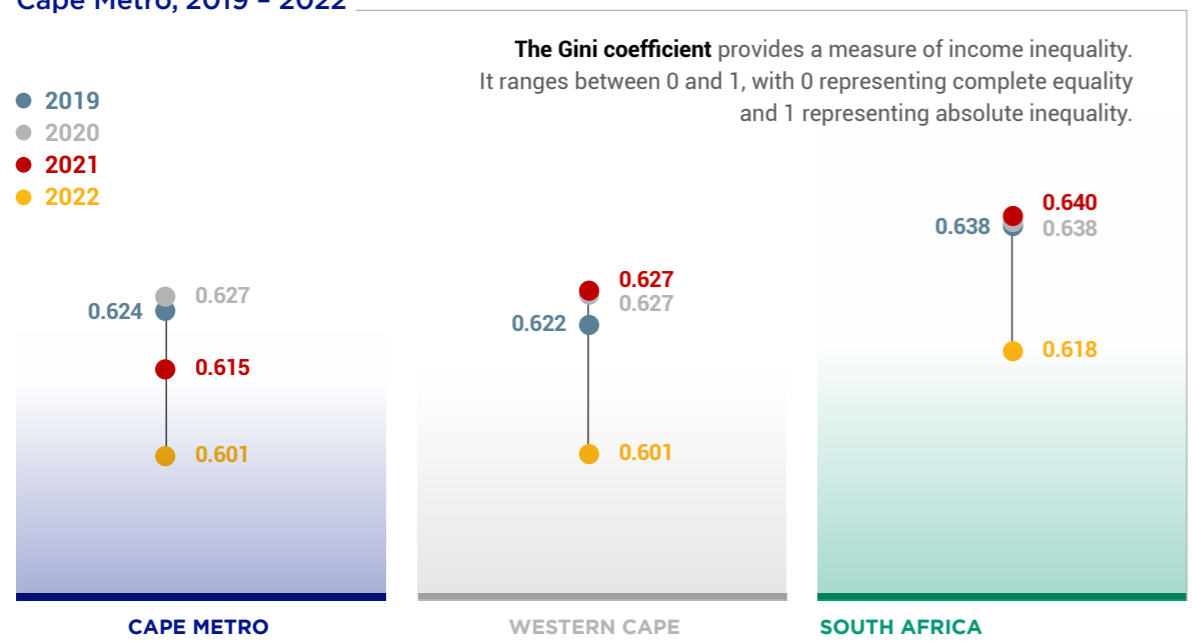
Various aspects can be considered when assessing societal inequality, including income, expenditure, assets, employment, education, health, access to basic services and social mobility. By adopting a multidimensional perspective, the broader context of South Africans' challenges can be better defined regarding inequality.

Ratios and indices used to measure inequality encompass the Gini coefficient, the Theil index, general entropy, the Palma ratio and the Atkinson index.³⁸ The Gini coefficient stands out at the local municipal level as the most readily available and widely used ratio for measuring inequality.



³⁸ (Stats SA, 2019).

Figure 3.4
GINI COEFFICIENTS,
Cape Metro, 2019 – 2022



Source: S&P Global, 2022

The National Development Plan (NDP) sets forth a vision for 2030, which includes the eradication of households with a monthly income below R419 per person (reducing it from 39.0 per cent to zero) and lowering the Gini coefficient from 0.69 to 0.6. Achieving this vision necessitates tackling the fundamental drivers of poverty and inequality, transitioning from short-term policies to evidence-based ones and, most importantly, guaranteeing a “decent standard of living” for all South Africans by 2030.³⁹

Income inequality in the Cape Metro is the same as in the Province, with both recording a Gini coefficient of 0.601 in 2022. This score was lower than the coefficient of the country in that year – 0.618. It is worth highlighting that income inequality in the Cape Metro has been declining since 2020, with a decrease of 4.1 per cent from 2020 to 2022. This indicates progress towards the goal of a more equitable income distribution in the Cape Metro area. A significant economic inefficiency in the Cape Metro stems from the spatial legacy of apartheid,⁴⁰ where a mismatch between places of residence and places of work contributes to inequality. Disparities are entrenched, for instance, by differences in commuting distances.



³⁹ (National Planning Commission, 2012).
⁴⁰ (Western Cape Government, 2023).

4. POVERTY

4.1 Indigent households

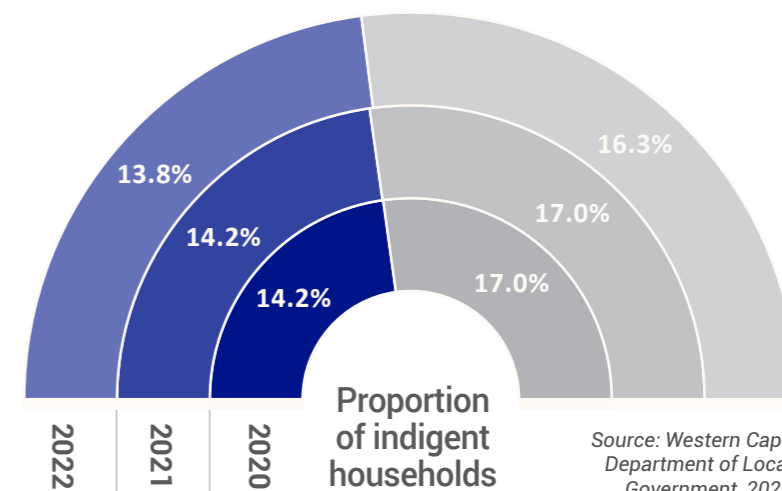
The City of Cape Town provides indigent relief to residents whose monthly household income is less than R7 500.⁴¹ The number of indigent households in the Cape Metro rose 2.3 per cent between 2020 and 2021. It remained steady in 2022 despite the improvement in employment during that year. However, the share of households categorised as indigent decreased by 0.4 of a percentage point in the course of 2022. A comparable trend was observed within the Province during this timeframe, indicating substantial in-migration of households that could afford to pay for basic services.

Table 4.1
POVERTY THRESHOLDS, Cape Metro, 2022

	Indigent Policy
Cape Metro	Residents whose monthly household income is less than R7 500.

Figure 4.1
PROPORTION OF
INDIGENT HOUSEHOLDS,
Cape Metro,
2020 – 2022

TOTAL
Indigent
households
201 707
CAPE METRO
WESTERN CAPE
349 056



Source: Western Cape
Department of Local
Government, 2023



It is important to note that indigent status is not permanent, as a family’s economic situation can improve over time. To ensure that only the most financially disadvantaged families receive assistance, municipalities require registered households to reapply for indigent status regularly, often annually.⁴² This annual reregistration process may explain the above mentioned fluctuations, where the numbers and proportions of indigent households change yearly.



⁴¹ (City of Cape Town, 2023).
⁴² (Department of Cooperative Governance and Traditional Affairs, 2019).

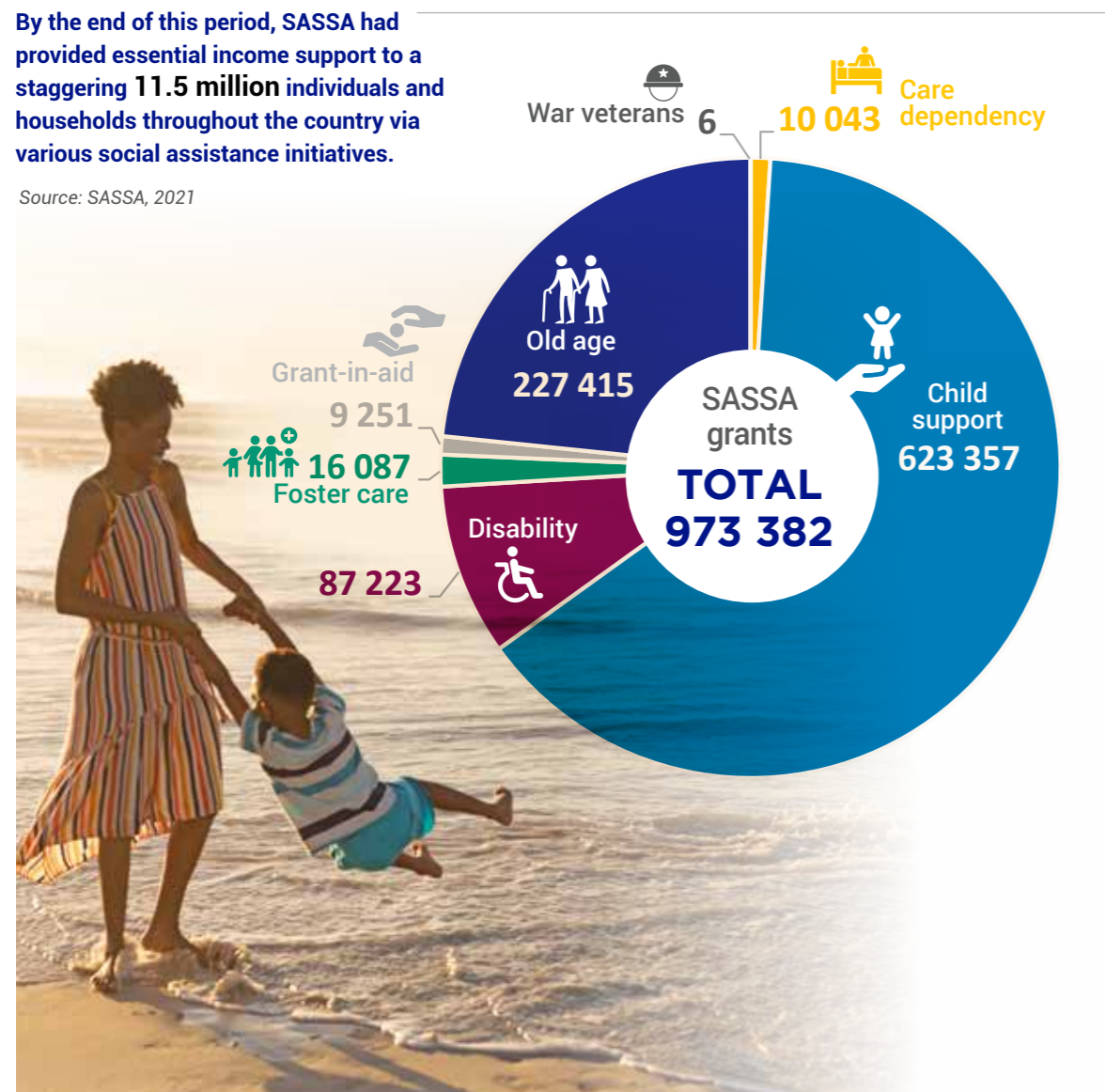
4.2 Social grants

Figure 4.2
DISTRIBUTION OF SASSA GRANTS, Cape Metro, 2021

A social grant in South Africa refers to a financial allocation provided by the government to an individual in need. These grants are awarded monthly for a predetermined or extended duration. They are intended for candidates residing in South Africa with citizenship, permanent residency or refugee status.⁴³ Social grant assistance is one of the most effective programmes for uplifting impoverished individuals. Its primary objective is to prevent further impoverishment among vulnerable South Africans. Notably, the South African Social Security Agency (SASSA) played a crucial role in this endeavour during the 2020/21 period.

By the end of this period, SASSA had provided essential income support to a staggering 11.5 million individuals and households throughout the country via various social assistance initiatives.

Source: SASSA, 2021



Given the extensive area covered by the Cape Metro, this region operates eight SASSA centres – Athlone, Bellville, Cape Town, Eerste River, Gugulethu, Khayelitsha, Mitchells Plain and Wynberg. In 2021, these centres collectively supported 973 382 grant recipients, disbursing funds amounting to R922.6 million. Grant recipients constitute 20.8 per cent of the Cape Metro population. Of the recipients, 64.0 per cent are child support beneficiaries, with large concentrations of such beneficiaries in Eerste River, Khayelitsha and Bellville.

⁴³ (South African Social Security Agency, 2023).

The second-largest group of beneficiaries comprises persons receiving the old age grant. Notably, 227 415 pensioners received the old age grant in 2021. This pension serves as a lifeline, enabling recipients to meet basic needs such as food, shelter and healthcare. The financial support enhances their overall quality of life by reducing the risk of poverty. In essence, the role of an old age pension goes beyond financial aid; the grant serves as a cornerstone for improving wellbeing, preserving dignity and enhancing the quality of life for pensioners. The third-largest grant distributed was the disability grant.

Sufficient income support programmes and social safety nets are essential in alleviating the impact of low income and unemployment on food security. Economic growth and job creation can positively affect income levels and reduce the proportion of individuals living below the food poverty line (FPL).



4.3 Food security

Food security is the state of having consistent access to sufficient, safe and nutritious food. According to the Bureau for Food and Agricultural Policy (BFAP), inflation in the cost of food and non-alcoholic beverages reached 13.9 per cent between April 2022 and April 2023, a trend driven by spiralling global food prices, currency depreciation, rising fuel and electricity costs, and ongoing load-shedding. Higher prices for vegetables, bread and cereals, dairy products and eggs, fish, sugar and non-alcoholic beverages contributed to the steep inflation.

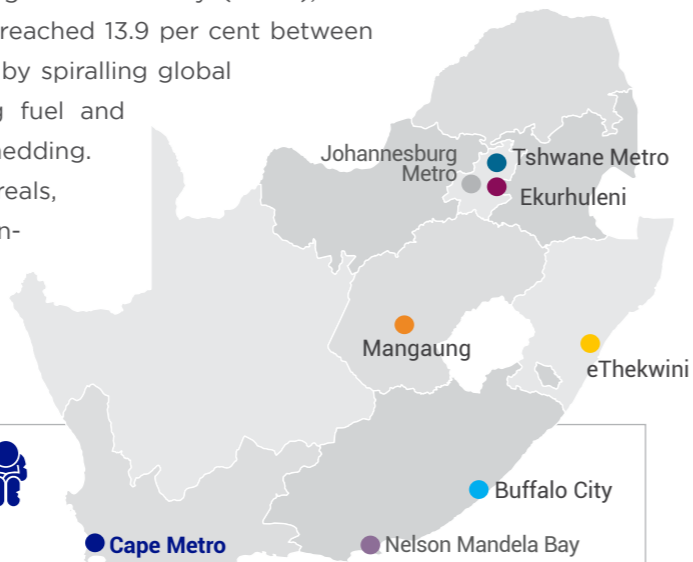
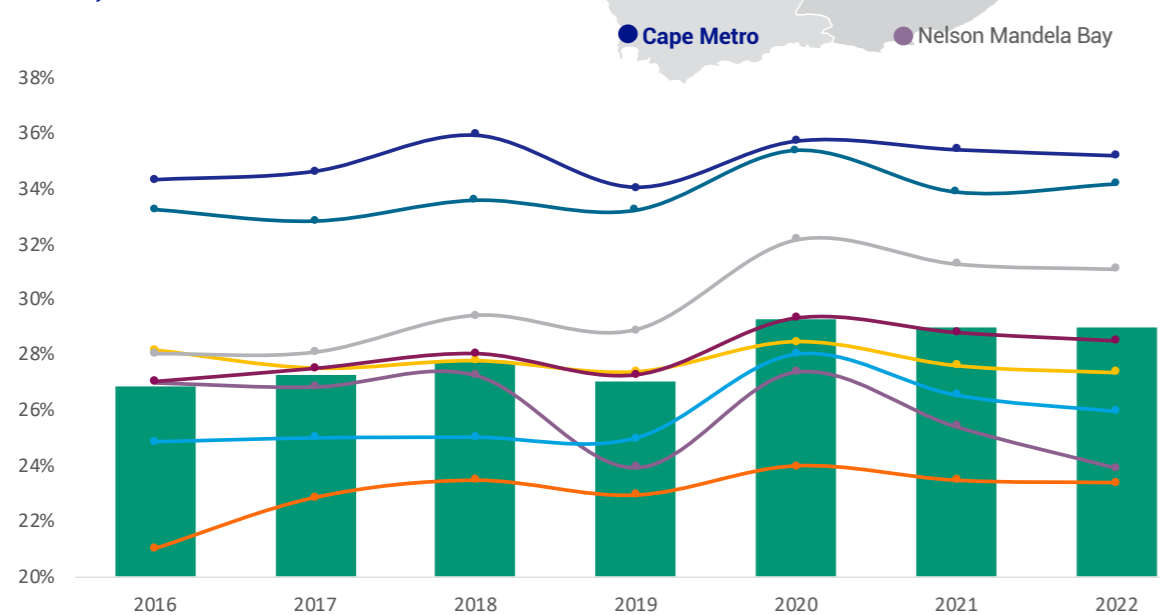


Figure 4.3
PROPORTION OF PEOPLE BELOW THE FOOD POVERTY LINE, Cape Metro, 2016 - 2022



Source: Quantec research, 2023

	2016	2017	2018	2019	2020	2021	2022
South Africa	26.9%	27.3%	27.8%	27.0%	29.3%	29.0%	29.0%
Cape Metro	34.3%	34.6%	36.0%	34.0%	35.7%	35.4%	35.2%
Nelson Mandela Bay	27.0%	26.9%	27.3%	24.0%	27.4%	25.4%	23.9%
Buffalo City	24.9%	25.0%	25.0%	25.0%	28.1%	26.6%	26.0%
Mangaung	21.0%	22.9%	23.5%	23.0%	24.0%	23.5%	23.4%
eThekweni	28.2%	27.5%	27.8%	27.4%	28.5%	27.6%	27.4%
Ekurhuleni	27.1%	27.5%	28.1%	27.3%	29.4%	28.8%	28.5%
Johannesburg Metro	28.0%	28.1%	29.4%	28.9%	32.2%	31.3%	31.1%
Tshwane Metro	33.2%	32.8%	33.6%	33.2%	35.4%	33.9%	34.2%



To meet the minimum required daily energy intake, a person needs to be able to spend R663 on food each month.⁴⁴

While the Cape Metro has lower unemployment than other metros, it also has the most significant proportion of people under the FPL in 2022 (35.2 per cent), highlighting the disparities prevalent in the Metro. Because of the challenges brought about by the COVID-19 pandemic, the proportion of people below the FPL reached 35.7 per cent in 2020. However, it has since been on a declining trend, decreasing by 0.5 of a percentage point since 2020. A similar trend is observed across other metros.

Insufficient consumption of essential nutrients is a common contributing factor in both severe acute malnutrition and low birth weight. Pregnant mothers experiencing food poverty may lack access to nutrients that are important for promoting healthy foetal development, potentially resulting in low birth weight. Similarly, children growing up in conditions of food poverty are likely to have diets that are deficient in the nutrients crucial for optimal growth and development, potentially leading to cases of severe acute malnutrition.

⁴⁴ (Stats SA, 2022).

Figure 4.4
LOW BIRTH WEIGHT RATE,
 Cape Metro, 2020 – 2022



District	2020	2021	2022
CAPE METRO	13.4%	14.3%	14.6%
GARDEN ROUTE DISTRICT	16.1%	16.6%	16.3%
CAPE WINELANDS DISTRICT	15.5%	16.0%	16.7%
WEST COAST DISTRICT	12.1%	12.3%	12.2%
OVERBERG DISTRICT	11.5%	12.8%	12.7%
CENTRAL KAROO DISTRICT	22.9%	20.0%	23.0%

According to the World Health Organization (WHO), a birth weight of less than 2 500g is considered low. Weight at birth is regarded as a core health indicator. Low birth weight is linked to long-term maternal malnutrition, ill health and poor healthcare during pregnancy.⁴⁵ Additionally, low birth weight is associated with high neonatal mortality, emphasising the need for greater allocation of resources to neonatal care and intensive-care beds.⁴⁶



Source: Western Cape Department of Health, 2023



Figure 4.5
SEVERE ACUTE MALNUTRITION PER 1 000 CHILDREN UNDER FIVE YEARS,
 Cape Metro, 2020 – 2022

District	2020	2021	2022
CAPE METRO	0.6	1.0	1.1
GARDEN ROUTE DISTRICT	1.6	2.3	2.4
CAPE WINELANDS DISTRICT	1.8	2.2	2.5
WEST COAST DISTRICT	1.0	1.1	1.1
OVERBERG DISTRICT	1.1	1.9	1.6
CENTRAL KAROO DISTRICT	2.0	2.4	3.9

Source: Western Cape Department of Health, 2023



Despite a decline in the proportion of the population below the FPL, the low birth weight rate and incidences of severe acute malnutrition have been steadily increasing since 2020. These rates are considered low compared with those of other regions, which is a testament to the increase in the availability and effectiveness of public health services. However, even as food poverty diminishes, women continue to be vulnerable to the effects of poverty, often having fewer employment opportunities and frequently working in lower-paying jobs. The significant uptake of child support grants underscores the importance of assisting women and children in the Cape Metro area.

⁴⁵ (World Health Organization, 2023).

⁴⁶ (Musiime, Lloyd, McCaul, Van Zyl, & Holgate, 2022).

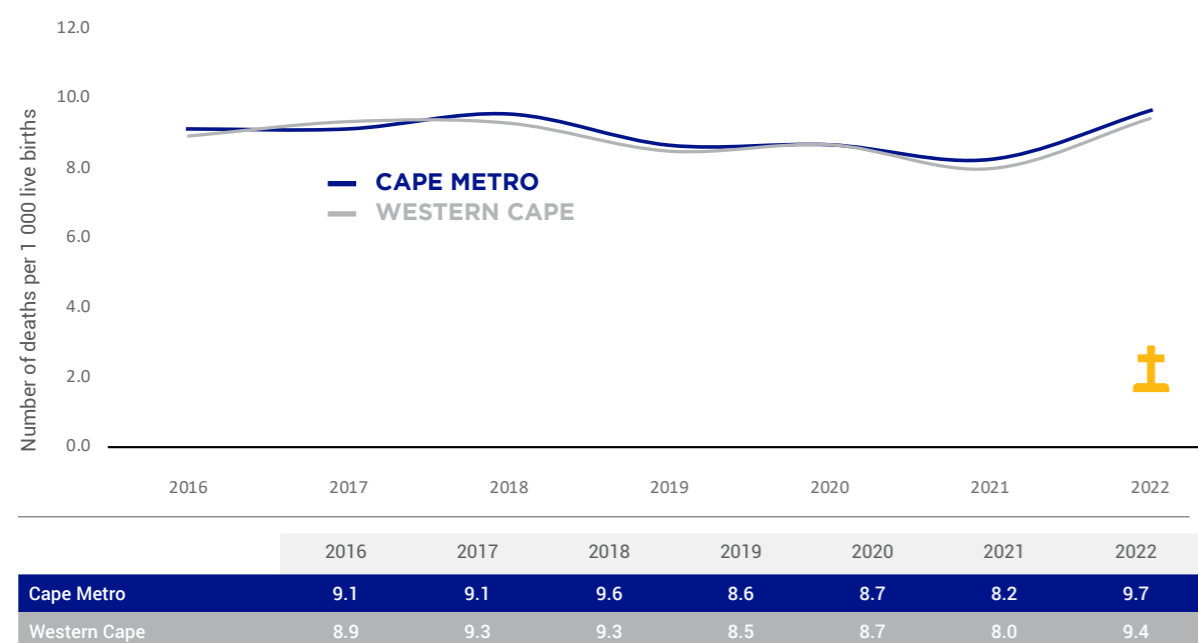
5. HEALTH

5.1 Child and maternal health

The wellbeing of a population plays a crucial role in driving economic performance, primarily through its impact on labour productivity. An aspect that has immense potential for promoting labour force participation is the advancement of women’s health.⁴⁷

Understanding the indicators related to child and maternal health provides valuable insights into the population’s overall wellbeing. By assessing factors such as infant mortality rates and maternal healthcare access, we can gauge progress in promoting the health and welfare of mothers and children in the Cape Metro area.

Figure 5.1
NEONATAL MORTALITY RATE PER 1 000 LIVE BIRTHS, Cape Metro, 2016 – 2022



Source: Western Cape Department of Health, 2023

Neonatal mortality rate per 1 000 live births is measured as the **number of babies dying before reaching 28 days of age**, per 1 000 live births in a given year.

Since 2016, the Cape Metro and Western Cape have witnessed notable fluctuations in neonatal mortality rates. Moreover, the Cape Metro has experienced a rise in neonatal fatalities, with the number climbing from 8.6 deaths per 1 000 live births in 2019 to 9.7 deaths per 1 000 live births in 2022 (an increase of 11.7 per cent).

While the uptick in neonatal mortality rates within the Cape Metro area is concerning, it should also be noted that between 2021 and 2022, maternal deaths in the Cape Metro area declined by 13.7 per cent. Among the six districts in the Western Cape area, maternal fatalities in the Cape Metro area were the second highest in the Province.

⁴⁷ (Bloom, Kuhn, & Prettner, 2018).

Table 5.1
MATERNAL MORTALITY RATE PER 100 000 LIVE BIRTHS, Western Cape, 2020 – 2022

	2020	2021	2022
Cape Metro	101.7	84.0	72.5
Garden Route District	132.5	56.8	72.2
Cape Winelands District	118.3	120.1	54.7
West Coast District	43.0	55.6	19.8
Overberg District	22.1	0.0	0.0
Central Karoo District	195.3	107.0	110.5

The **maternal death rate** is based on the number of maternal deaths per 100 000 live births. Maternal death refers to death occurring during pregnancy, childbirth, or the puerperium – or within 42 days of termination of pregnancy (irrespective of the duration and site of pregnancy or the cause of death, i.e. whether obstetric or non-obstetric).

Source: Western Cape Department of Health, 2023

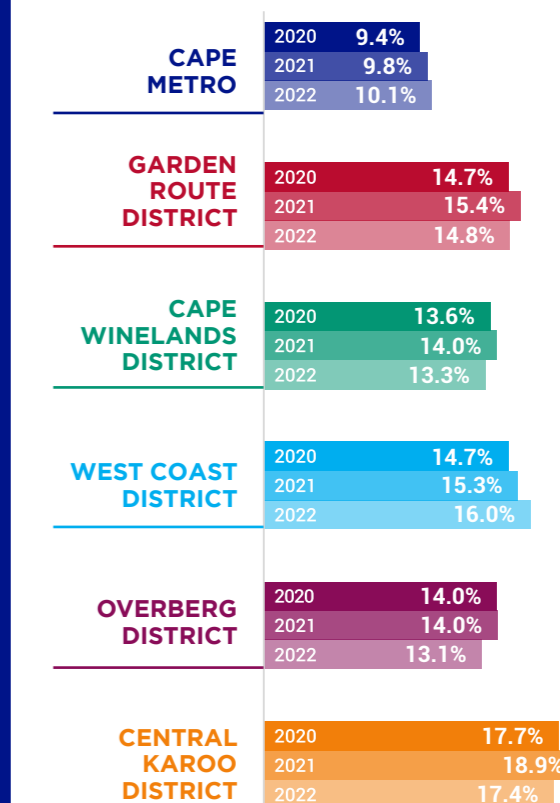
TEENAGE PREGNANCY

Poverty, limited education and employment prospects, GBV and cultural beliefs all play a role in shaping the lives of young mothers. Furthermore, the lack of access to comprehensive sexuality education and sexual and reproductive health services amplifies their risk of pregnancy.

The Cape Metro area has the lowest teenage pregnancy rate compared with other regions in the Province. Each region’s unique characteristics, including general poverty levels, settlement patterns and clinic access, influence the incidence of teenage pregnancy, with the WCD and CKD noting the highest teenage pregnancy rates. Despite the good educational outcomes in the Cape Metro and its increasing learner retention rate, the area has recorded a slight yet steady uptick in teenage pregnancy.

Related statistics offer a glimpse into the complexities of teenage relationships and the involvement of partners of varying ages. Data on the age of fathers of children born to young mothers paints a diverse and disconcerting picture, revealing that these fathers typically range in age from 18 to 34 years. While a few outliers were aged 50 or older, most

Figure 5.2
DELIVERY RATE TO WOMEN 10 – 19 YEARS, Western Cape, 2020 – 2022



Source: Western Cape Department of Health, 2023

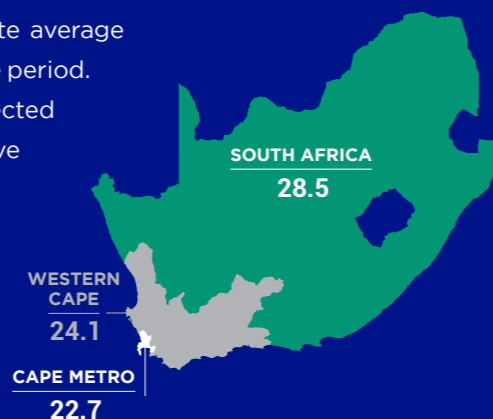
of the fathers fell within the 19 to 27 years bracket. It was further reported that, on average, only 13.1 per cent of fathers were named on birth certificates in the Western Cape between 2002 and 2020.



The timing of teenage pregnancies followed a distinct pattern. Most births to teenage mothers occurred during the months of August and September, with December (when schools are closed) standing out as a month of high conception rates.

The age-specific fertility rate (ASFR) – the number of females aged between 10 and 19 years per 1 000 who have given birth – provides an additional perspective on teenage pregnancy.

In line with its low rate of delivery, the Cape Metro had an ASFR of 11.9 in 2020, much lower than the Provincial (14.7 per 1 000) and South African (18.3 per 1 000) ASFRs. Furthermore, the ASFR has declined by an average annual rate of 2.5 per cent between 2002 and 2020. Nationally, the ASFR has recorded a moderate average decrease of 1.0 per cent per annum in the same period. The positive trend in the Cape Metro is not reflected across the Province. While most regions have noted a steady decline since 2002, the OD, CKD and GRD have recorded an average annual growth of 1.5, 0.4 and 0.3 per cent, respectively. These districts thus require urgent intervention, especially the OD, which had the highest ASFR average annual growth rate from 2002 to 2020.



Map 5.1
ASFR PER 1 000 LIVE BIRTHS, Cape Metro, 2002 - 2020

Source: Stats SA, Live Births, 2023

A reproductive justice approach could be taken to address the challenges associated with teenage pregnancies through the following suggested actions: making abortion services known and accessible; training and supporting all clinic staff in providing patient-centred nonjudgmental care; tackling sexual and gender-based violence (GBV) with rigour; training and supporting sexuality education teachers in providing relevant, open and dialogical training; vigorously tackling youth unemployment; and extending the rights enjoyed by working people to pregnant learners.⁴⁸

Source: Department of Social Development (DSD) DRIM: Provincial Population Unit (PPU), 2023. Teen Births in the Western Cape: A quantitative exploration – Districts and Local Municipalities

⁴⁸ (Macleod & Feltham-King, 2021).

6. EDUCATION

Education, literacy levels and skills development play a vital role in shaping the future socio-economic landscape of the Cape Metro. They empower the population and significantly impact both the local economy's development and the region's human resource capacity for businesses and employment.

In 2022, the literacy rate in the Cape Metro area (69.7 per cent) was substantially higher than that of the Province (66.2 per cent). Literacy rates increased by 1.3 percentage points in the Cape Metro area between 2012 and 2022. By comparison, the literacy rate grew by only 0.9 of a percentage point in the Province over the same period. Low literacy rates affect the ability to find employment, leading to increased poverty and a greater need for income assistance. Literacy levels are lowest for the black African population (66.9 per cent). That said, literacy levels for the black African population have increased by 2.3 percentage points since 2012.

Figure 6.1
FUNCTIONAL LITERACY RATE, Cape Metro, 2012 - 2022

The functional literacy rate is the proportion of people who are older than 20 whose level of education exceeds Grade 7.

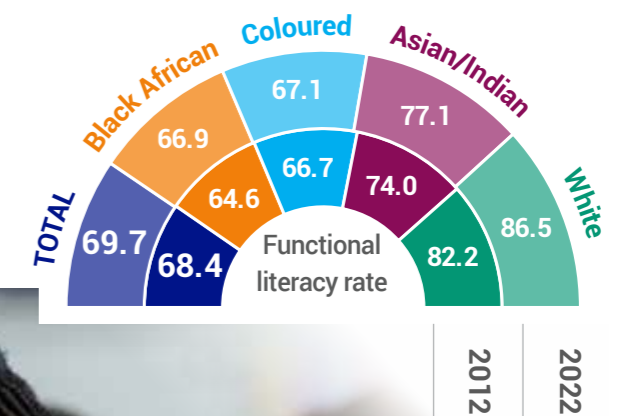
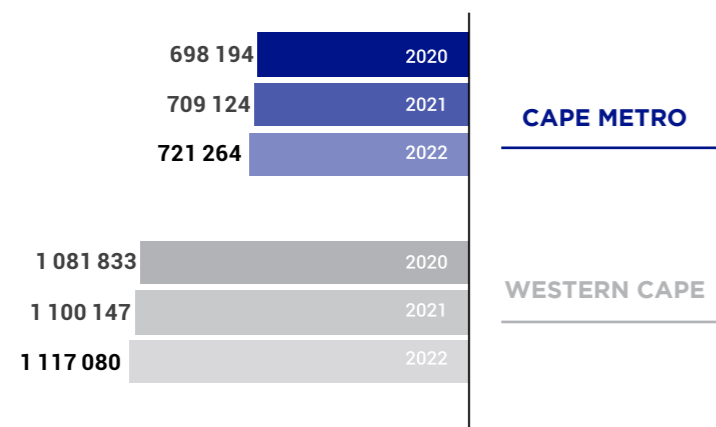
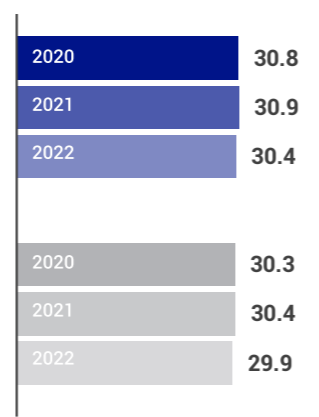


Figure 6.2
LEARNER ENROLMENT, Cape Metro, 2020 - 2022



Enrolment numbers indicate demand for schools, learner transport and educators.

Figure 6.3
LEARNER-TEACHER RATIO, Cape Metro, 2020 - 2022



The Department of Education set the upper limit for the **learner-teacher ratio** in ordinary primary schools at 40:1; for ordinary high schools, it was set at 35:1.⁴⁹ Lower learner-teacher ratios are associated with more interaction between teachers and learners, which could contribute to better-quality education.⁵⁰

Source: Western Cape Education Department, 2023

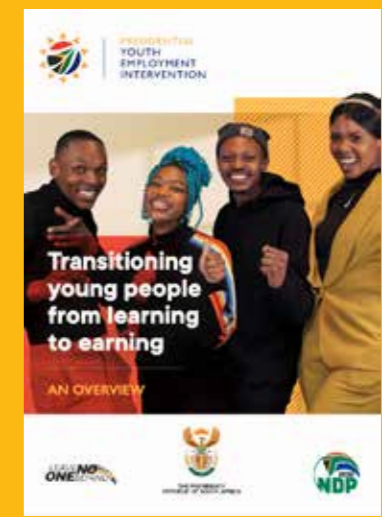
The number of learners enrolled in the Cape Metro has increased by an average annual rate of 1.6 per cent over recent years, rising from 698 194 in 2020 to 721 264 in 2022. This suggests a growing demand for education infrastructure and services in the Cape Metro area.

The learner-teacher ratio declined in 2022 after increasing from 2020 to 2021. However, it remains slightly higher than the learner-teacher ratio in the Province. Because of the increased demand for schools in the Cape Metro, the Department of Education has appointed additional educators. It is hoped that this will decrease the learner-teacher ratio and maintain the quality of education in the area. The department has acknowledged the issue of overcrowding in many classrooms. The 2022/23 budget allocation enabled further progress in reducing the learner-teacher ratio by enabling the appointment of additional teachers. More than 1 000 extra posts was expected to be added to the basket.⁵¹

⁴⁹ (Sephton, 2017).
⁵⁰ (Moloi, 2011).
⁵¹ (Western Cape Education Department, 2022).

YOUTH EMPLOYMENT INTERVENTION

In a concerted effort to combat youth unemployment and offer crucial classroom assistance, the WCED recruited 20 500 education assistants for the 2023 school year. This initiative falls under the Presidential Youth Employment Intervention (PYEI) and aims to support schools throughout the Province. This programme addresses the need for additional classroom support. It is crucial for creating work opportunities for unemployed youth throughout the Western Cape.⁵²



⁵² (Western Cape Education Department, 2022).

Figure 6.4
GRADE 3, 6 AND 9 LANGUAGE AND MATHEMATICS PASS RATES, Cape Metro, 2019, 2021 and 2022

LANGUAGE		GRADE 3	GRADE 6	GRADE 9
CAPE METRO	2019	50.3%	47.8%	57.3%
	2021	41.0%	44.2%	53.7%
	2022	43.9%	41.7%	54.3%
WESTERN CAPE	2019	43.6%	43.2%	55.2%
	2021	34.1%	40.5%	52.9%
	2022	36.7%	37.2%	52.8%

Because of the challenges posed by COVID-19 to the teaching and learning environment in 2020, no data was collected during this year.

MATHEMATICS		GRADE 3	GRADE 6	GRADE 9
CAPE METRO	2019	62.1%	50.8%	23.1%
	2021	47.5%	43.2%	23.2%
	2022	52.3%	45.8%	22.1%
WESTERN CAPE	2019	55.4%	42.4%	23.7%
	2021	41.6%	36.4%	23.6%
	2022	45.4%	39.6%	22.4%

Source: Western Cape Education Department, 2023

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

In 2022, with improvements in learner-teacher ratios, there was corresponding progress in language performance for Grade 3 and Grade 9 learners in the Cape Metro area. However, these results remained below the higher levels observed in 2019. The Grade 3s and Grade 6s also reported improvements in mathematics in 2022, while Grade 9s reported even lower pass rates.

The pass rates of Grade 9 students in critical subjects such as languages and mathematics have substantial implications for their progression from Grade 10 to Grade 12.

Although school attendance is compulsory until Grade 9, poor performance during this year elevates the risk of students dropping out before they enter the further education and training (FET) phase, which encompasses Grades 10 to 12. Even if students continue to the FET phase, inadequate educational achievements in Grade 9 can still result in learners dropping out before matriculation.



LANGUAGE AND MATHEMATICS PASS RATES

A study on Western Cape public schools (2020 to 2021) revealed that COVID-19 lockdowns resulted in significant learning losses. The approximately 80 000 learners surveyed were shown to have lost nearly three-quarters of a school year on average. The deficit was most severe with regard to mathematics, with surveyed learners losing more than a year of learning compared with the performance of pupils in 2019. For language subjects, the loss amounted to about three-quarters of a year.

Pass rates declined, especially for Grade 4 learners transitioning languages from their home language to English as the primary language of teaching and learning from Grade 4 onwards.

The effects of lockdowns were reflected in declining pass rates in 2022. This was particularly the case for Grade 4 learners, for whom the year would have been challenging even if the COVID-19 outbreak had not occurred. Learners receive instruction in their home language until Grade 3. However, they are taught all subjects in English from Grade 4 onwards (their home language excepted). The difficulties of this language transition were compounded by the pandemic.

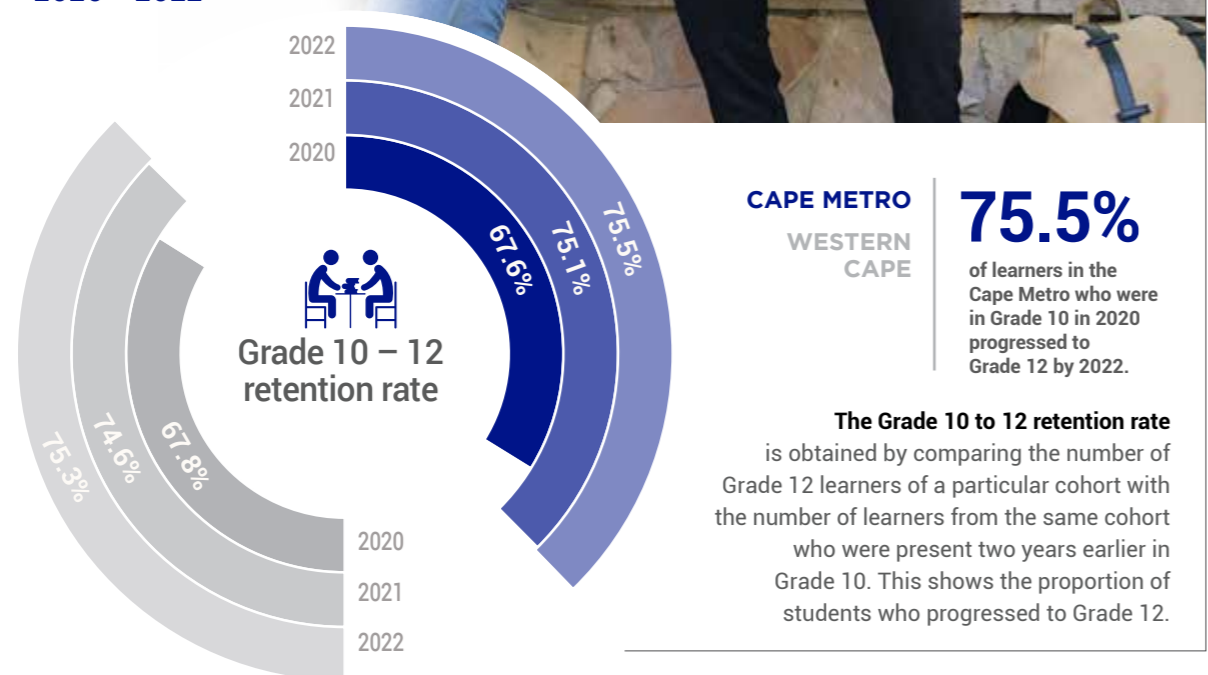
Mathematics performance declined across all grades, with some areas falling below 50.0 per cent and 20.0 per cent proficiency levels. The study suggested solutions such as providing learners with catch-up time, prioritising mathematics and languages, implementing diagnostic assessments, employing educator assistants and streamlining the curriculum to ensure a focus on essential skills.⁵³



⁵³ (Van der Berg, Hoadley, Galant, Van Wyk, & Böhmer, 2022).



Figure 6.5
GRADE 10 TO 12 RETENTION RATE, Cape Metro, 2020 – 2022



Source: Western Cape Education Department, 2023

The school environment was severely affected by the COVID-19 pandemic. However, the Cape Metro area still witnessed a significant increase of 7.9 percentage points in the retention rate over the 2020 to 2022 period: the rate rose from 67.6 per cent in 2020 to 75.5 per cent in 2022. Notably, the retention rate slightly exceeded the 75.3 per cent rate observed in the Western Cape for 2022. Over the reference period, learner retention improved by 7.5 percentage points in the Province, contrasting with the more substantial increase of 7.9 percentage points observed in the Cape Metro area.

Figure 6.6
GRADE 12 PASS RATE AND BACHELOR'S PASS RATE Cape Metro, 2020 – 2022



(Inside bar is the bachelor's pass rate) | (Outside bar is the matric pass rate)

Region	Year	Bachelor's Pass Rate	Matric Pass Rate
CAPE METRO	2020	42.7%	79.2%
	2021	44.5%	81.0%
	2022	42.4%	81.2%
WESTERN CAPE	2020	42.6%	79.3%
	2021	44.0%	80.7%
	2022	41.5%	80.9%
SOUTH AFRICA	2020	36.4%	76.2%
	2021	36.4%	76.4%
	2022	38.4%	80.1%

To successfully complete Grade 12 and obtain a National Senior Certificate (NSC), a learner must achieve at least 40.0 per cent for three subjects, one of which must be their home language, attain at least 30.0 per cent in two additional subjects, and secure a minimum of 20.0 per cent in a sixth subject.⁵⁴ A matriculant who obtains a bachelor's pass can enrol in a bachelor's degree course at a university. A learner must pass six of their seven subjects to get a bachelor's pass, achieving at least 50.0 per cent in four subjects and at least 30.0 per cent in their language of teaching and learning.

Cape Town is fortunate to have an active and well-developed tertiary education sector, including four public universities, two of which rank in the top 400 universities worldwide. These universities are assets, as they attract accomplished academics, researchers and students from South Africa, Africa and further afield. The institutions produce high-quality research that is increasingly focused on understanding local contexts and providing economic and social benefits to the community. Together with a specialisation in skills development, this adds significant value to the Metro.⁵⁵

Source: Western Cape Education Department, 2023

⁵⁴ (Department of Basic Education, 2021).

⁵⁵ (City of Cape Town, 2021).

Not only were more learners retained, the matric pass rate for the Cape Metro area increased by 2.0 percentage points, rising from 79.2 per cent in 2020 to 81.2 per cent in 2022. The increased pass rate signified a recovery of outcomes, as matric pass rates in 2022 matched those of 2019. This achievement is expected to positively impact the local labour market, contributing to the overall wellbeing of communities and the local economy (provided that matriculants can find employment locally). This accomplishment underscores the importance of investing in education and assisting youth to become actively involved in the economy. Enabling young people to realise their potential enables them to make valuable contributions to the workforce and society while narrowing the skills gap in the Cape Metro area and creating a demographic dividend for the region.

Despite the improvements in the matric pass rate, the bachelor's pass rate in the Cape Metro area declined by 0.3 of a percentage point over the 2020 to 2022 period. In 2022, the Cape Metro area had a slightly higher bachelor's pass rate than that of the Province, with a 0.9 percentage point difference. Nonetheless, the matric pass rate differed by only 0.3 of a percentage point from the Provincial rate. This suggests that while learners pass their matric exams, they may not achieve the marks necessary to advance to tertiary education, which has implications for the region's skills base.



YOUTH EMPLOYMENT

The number of young people leaving school and accessing the labour market will continue to grow. Large numbers of people entering the job market have the potential to generate a “demographic dividend”; however, this will only materialise if employment creation accelerates. If not, rising numbers of marginalised and disaffected young people will create “connected fragmentation” risks. Therefore, connecting people in the Province to economic opportunities and finding ways to help them become more employable is crucial.⁵⁶

57.2 %
of youth unemployed
(under 25) in the Cape
Metro in 2021 because
of lack of skills

Despite the perception of the youth in the Cape Metro area having better access to opportunities than the youth in the other districts, they are, in fact, grappling with higher unemployment levels than their counterparts in the other districts, especially the youth younger than 25. A lack of skills contributes substantially to this high level of unemployment.

7 000
young people losing
employment because
of large-scale formal
job losses in 2022

The youth in the Cape Metro weren't spared the large-scale formal job losses of 2022, especially those in food and beverage, accommodation, security and insurance services. However, not all sectors shed jobs. Education, office administration and financial services proved to be leading sources of new jobs for the youth. These sectors require a minimum level of skills, again emphasising the value of tertiary education and other support programmes targeted at the youth.

The Youth Development Programme initiated by the Provincial Department of Social Development offers people under 35 a chance to shape their career paths, acquire crucial life skills and benefit from valuable mentorship. It teaches financial management and fosters independence. The programme also provides a comprehensive array of services and various forms of assistance to individuals aged 14 to 35.

The programme's core aim is to enhance the abilities of young individuals. It thus encompasses leadership training, mentoring and assistance in tackling the everyday challenges such individuals may encounter. Funded non-profit organisations (NPOs) run additional programmes through Youth Cafés and community-based initiatives, providing services that are also available at the Department of Social Development's Service Delivery Area Offices. NPOs and Youth Cafés determine the content of their programmes, focusing primarily on helping the youth prepare for work, providing skills development and assisting with job placement. The Youth Development Programme is strategically designed to ensure the inclusion of most young people, offering a diverse range of skills development opportunities, mentorship and internship offerings.⁵⁷

⁵⁶ (Western Cape Government, 2023).
⁵⁷ (Western Cape Government, 2023).

HUMAN DEVELOPMENT INDEX

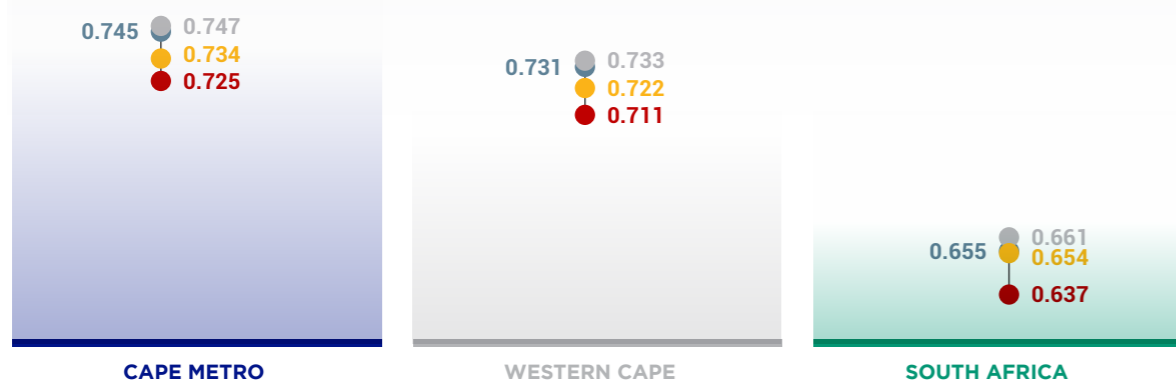
The Cape Metro had the highest HDI score in the Western Cape in 2022 (0.734), which was even more elevated than South Africa's HDI score. This indicates how living in highly urbanised areas has benefits in terms of access to healthcare and education quality, as well as prospects for earning a reasonable income. While the HDI score dipped in 2021 as life expectancy registered the effects of COVID-19, it rebounded to even higher levels than in 2019 as life expectancy normalised after the pandemic.



Figure 6.7
HDI, Cape Metro,
2019 - 2022



- 2019
- 2020
- 2021
- 2022



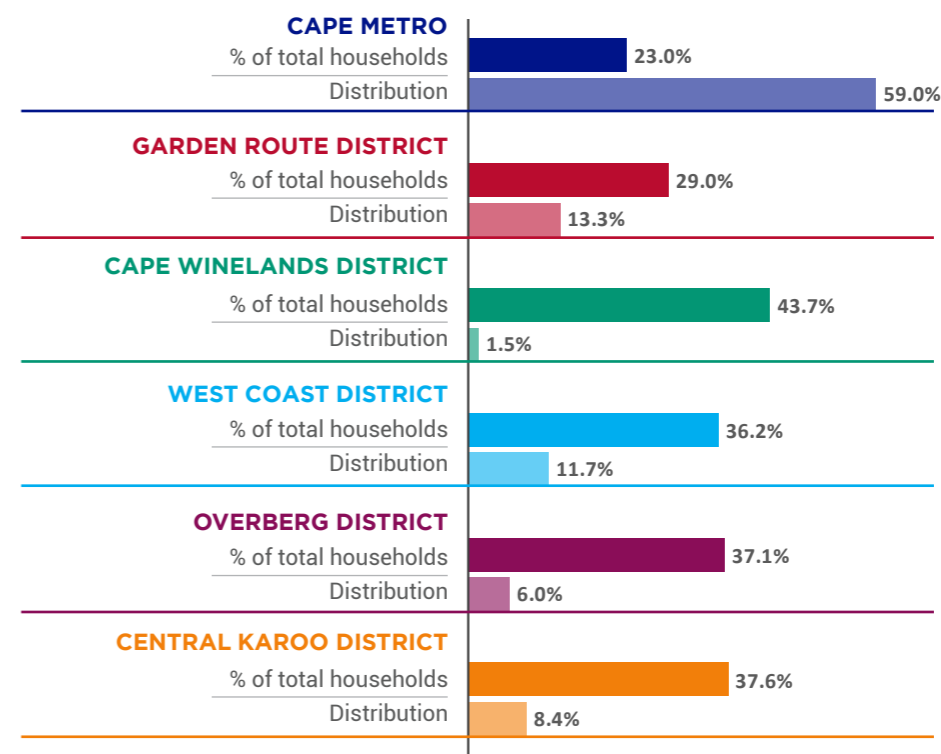
Source: S&P Global, 2023

The Human Development Index (HDI) provides a multidimensional view of a region's socio-economic development. A region's economic performance holds immense significance in determining the quality of life of its residents. As economies thrive, human development tends to improve, translating into better lives for individuals. The prosperity and growth of an economy can foster advancements in education, healthcare and access to resources, which in turn contribute to the overall wellbeing of the population. The HDI is a measure created by the United Nations Development Programme (UNDP) to assess a country's overall progress. It allows for evaluation in terms of three fundamental aspects of human development: life expectancy, education and standard of living. The index serves as a metric to gauge the average level of achievement across these aspects within a country.

7. HOUSING AND ACCESS TO BASIC SERVICES

The Cape Metro's housing needs are well known, with in-migration from other provinces fuelling the demand for affordable housing in the area, especially in localities close to work opportunities.

Figure 7.1
WESTERN CAPE HOUSING DEMAND, 2022



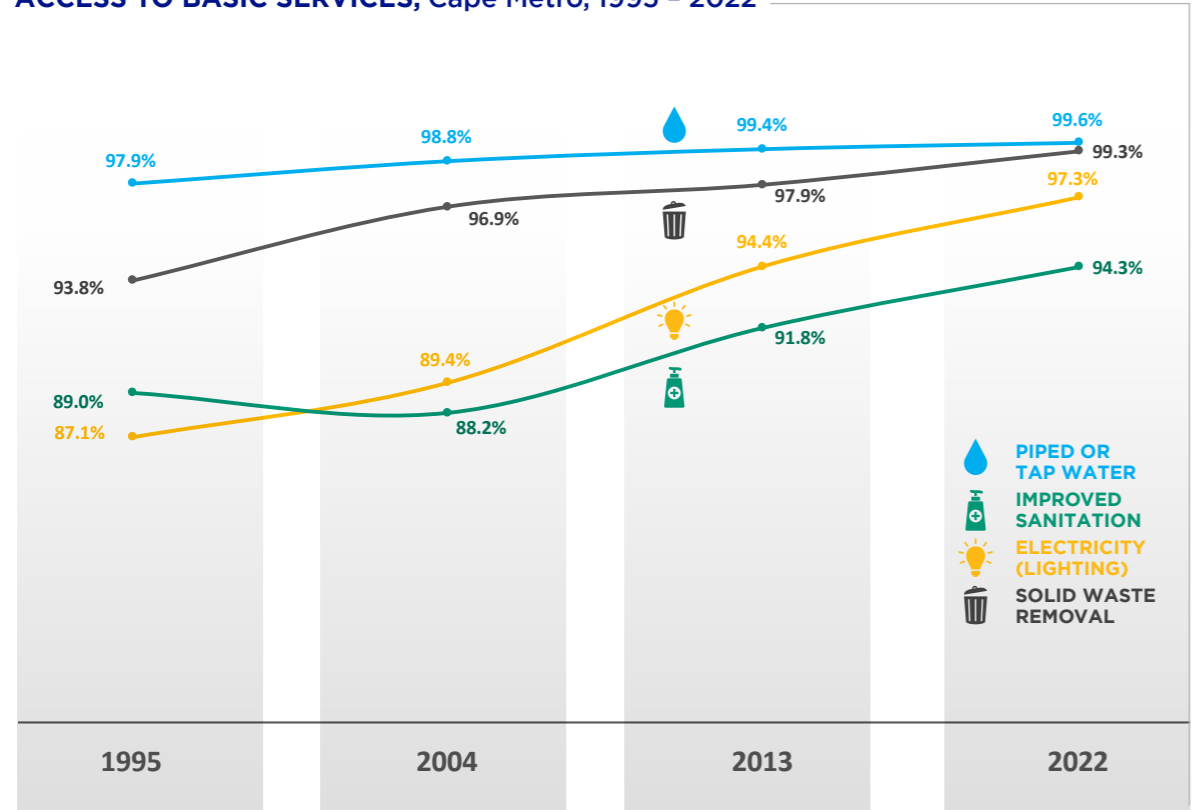
Source: Western Cape Department of Infrastructure, 2023

The South African Constitution recognises adequate housing as a basic human right. Access to housing is intertwined with migration, labour market dynamics and other demographic trends. Access to affordable housing is the cornerstone of sustainable communities that can contribute to the economy.

Approximately 59.0 per cent of Provincial housing demand stems from the Cape Metro, yet this area represents only 23.0 per cent of households in the Cape Metro. Districts such as the CWD, CKD and OD have a substantial cohort of households in need of housing support, probably because of high urbanisation rates in these regions. However, households registered on the Western Cape Housing Demand Database are only one indicator of housing needs. The Cape Metro is notorious for having large communities of people living in informal dwellings.

In 2022, 21.3 per cent of households lived in informal housing. Within this sphere, substantial racial disparity is evident, with 40.1 per cent of black Africans living in informal settlements. Furthermore, the Cape Metro area has recorded significant growth in the number of backyard dwellers. This compounds the challenges facing infrastructure planning and budgeting to ensure adequate levels of services for residents.

Figure 7.2
ACCESS TO BASIC SERVICES, Cape Metro, 1995 - 2022



Source: Urban-Econ calculations based on Quantec research, 2023

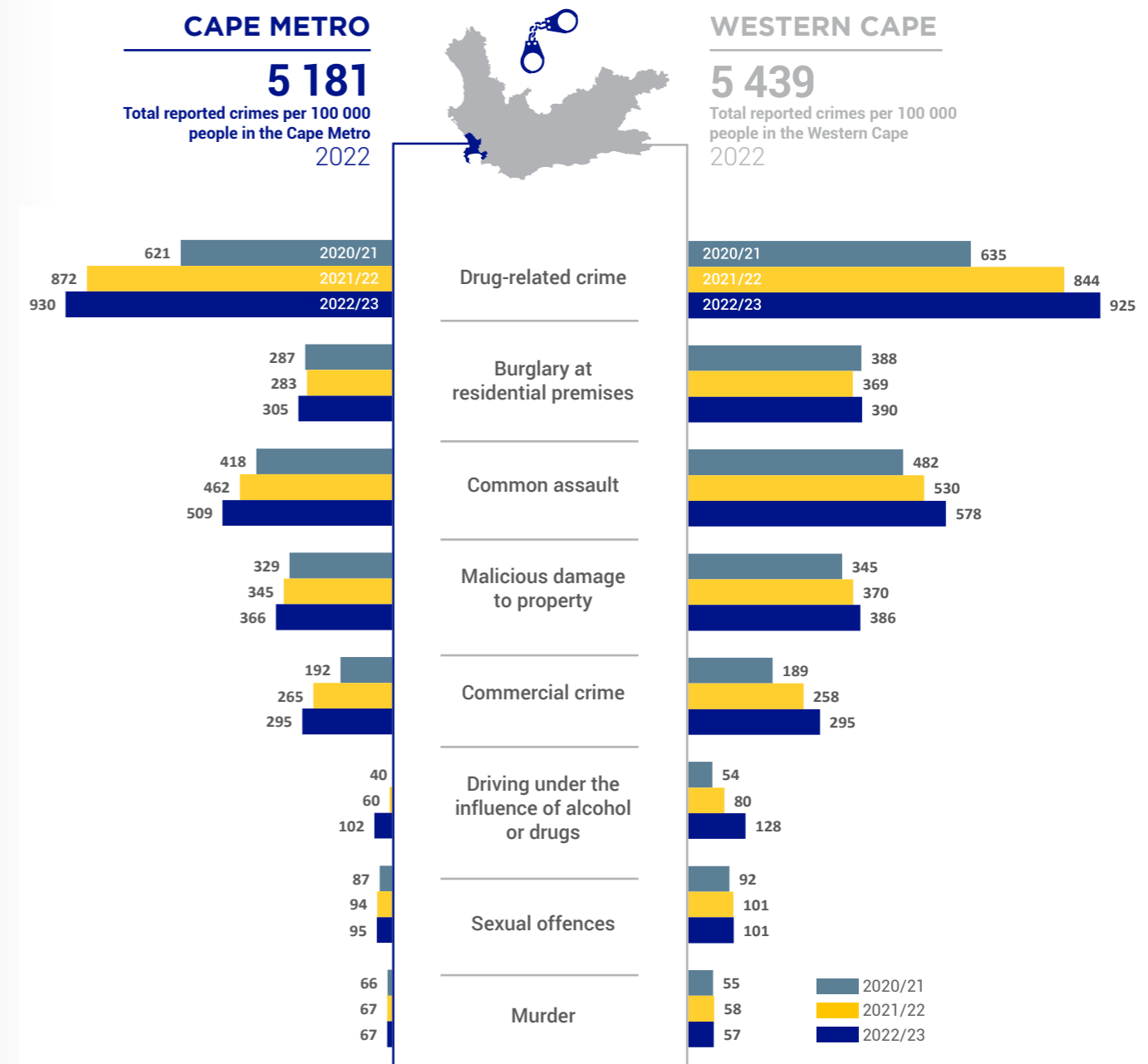
From 1995 to 2022, there was a 1.8 percentage point increase in the number of households with access to piped or tap water, with 99.6 per cent of households in the Cape Metro area having attained such access by 2022. This substantial improvement means nearly every housing unit within the Cape Metro has access to this essential utility. Progress has also been made in enhancing access to other essential services. From 1995 to 2022, the number of households with access to electricity for lighting increased by 10.2 percentage points. Similarly, improved sanitation and solid waste removal services also saw enhancements, with the number of households with access to these services increasing by 5.3 and 5.5 percentage points, respectively. These improvements collectively reflect a commitment to enhancing living conditions and infrastructure within the Cape Metro, which is notable given the significant household growth and urbanisation trends over the reference period.

Overall, there are generally high levels of service access in the Cape Metro area. Nonetheless, disparities persist, primarily along racial lines. With the many black Africans living in informal settlements, access to electricity and improved sanitation lags for this group. However, it should also be noted that the gaps between the racial groups have significantly narrowed since 1995.

8. CRIME

Socio-economic factors, urban density and the legacy of past discrimination combine to create an intricate tapestry of security concerns in the Cape Metro area. While the Cape Metro boasts lower overall crime levels than its Provincial counterparts, it grapples with a distinct set of challenges – from drug-related offences and commercial crimes to a sobering murder rate.

Figure 8.1
CRIMES PER 100 000 PEOPLE, Cape Metro, 2020/21 - 2022/23



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

The overall crime rate in the Cape Metro experienced a decline in 2020/21, followed by an increase in 2021/22 and 2022/23. The imposition of COVID-19 lockdown regulations in 2020/21 contributed to the overall decrease in crime, as more people stayed home. This minimised opportunities for criminal acts.⁵⁸ However, despite the consequent increase, crime levels in 2022/23 remain lower than pre-pandemic levels recorded in 2019/20.

In the last quarter of 2022/23, the Cape Town Central Police Station recorded the highest number of community-reported serious crimes in the country (3 079 cases), with Mitchells Plain having the fourth-highest case count. Other Cape Metro police stations in the top 30 for most cases reported during the quarter include Mfuleni, Delft, Kraaifontein and Nyanga.⁵⁹

The Cape Metro had a murder rate of 67 per 100 000 in 2022/23, marginally exceeding that of the Province. While the murder rate is considered low in relation to historical trends, Delft, Mfuleni, Kraaifontein, Khayelitsha, Nyanga, Gugulethu and Mitchells Plain were among the top 30 police stations in the country for reported murders.⁶⁰ Arguments, retaliation and gang-related activities are the most frequent causes of murder in the Province.

The incidence of sexual offences has remained relatively stable in the Cape Metro over the reporting period. However, there are hot spots, including Delft, Harare, Mfuleni, Mitchells Plain and Kraaifontein. Police stations in these areas were among the top 30 stations for reporting sexual offences during the last quarter of 2022/23.

Since the Cape Metro serves as the economic hub of the Province, it stands to reason that there would be a heightened prevalence of commercial crime in the area. As households grapple with lower purchasing power because of high inflation levels and rising interest rates that put added pressure on household budgets, the Cape Metro has recorded a substantial increase in commercial crime – with the rate of such crime rising by 11.4 per cent between 2021/22 and 2022/23. The areas where this crime is most reported align with the commercial areas of the Cape Metro. Police stations in Cape Town Central, Table View, Bellville, Somerset West, Milnerton and Durbanville police stations are among the top 30 in the country in terms of the number of reports for such crimes.

The crime with the highest incidence rate in the Cape Metro concerns drug-related activity – a pressing social problem closely related to the presence of gangs. In 2021/22, 872 cases per 100 000 were reported in the Metro. Furthermore, a substantial increase to 930 cases per 100 000 was reported in 2022/23. Mitchells Plain, Kraaifontein and Delft were the top three police stations in the country as regards the number of drug-related crime cases reported in the last quarter of 2022. Other stations in the top 30 for most reported drug-related crimes included Lentegeur, Atlantis, Cape Town Central, Manenberg, Strand, Steenberg, Bishop Lavis, Sea Point, Philippi, Khayelitsha, Grassy Park, Mfuleni and Gugulethu.

Crime levels in the Cape Metro area are concentrated in areas with high population densities or a high prevalence of poverty. Thus, these areas require a heightened police presence and overall increases in social support to alleviate pressures that lead to criminal activities.

⁵⁸ (Stats SA, 2022).
⁵⁹ (SAPS, 2023).
⁶⁰ (SAPS, 2023).

One of the ways that underlying issues of poverty and inequality are evident in South Africa is through the prevalence of violence and crime. Violence and crime are articulated in different ways. Given that certain crimes tend to be under-reported, with GBV being a prime example, it can be challenging to obtain a comprehensive picture of the state of crime and violence in South Africa. However, the impact of crime and violence is widespread. It includes pain and trauma, economic loss, the erosion of social cohesion, unfulfilled human potential and a national psyche in an ongoing state of fear.⁶¹



GBV includes any action that causes or is likely to cause physical, sexual or psychological harm or suffering to women. This includes threats, coercion or unjust restrictions on their freedom, regardless of whether these actions are carried out in public or private settings.⁶² Approximately 400 cases of GBV were reported in the Western Cape between 1 April 2021 and 31 March 2022. Physical violence dominated the statistics, with 207 cases reported in the Province.⁶³ Disempowerment and social inequities continue to disproportionately limit the economic participation and productivity of vulnerable groups such as women and young people, contributing to the prevalence of GBV.⁶⁴



⁶¹ (The South African College of Applied Psychology, 2020).
⁶² (Government Communication and Information System [GCIS], 2019).
⁶³ (Western Cape Education Department, 2022).
⁶⁴ (Western Cape Government, 2023).

9. CONCLUDING REMARKS

The Cape Metro is a dynamic and rapidly growing metropolitan area. Its population, while diverse, faces challenges related to housing disparities, income inequality and crime rates. The region's economic attractiveness is evident in its population growth, with younger working-age individuals, in particular, migrating to the area in search of job opportunities. Positive trends in education retention and matriculation pass rates underscore the importance of investing in education.

Socio-economic disparities of particular concern relate to informal housing, unequal income distribution and crime rates. Specific areas experience high levels of crime associated with factors such as drug-related activities and gang violence. Efforts to address these challenges are essential to the region's continued development and prosperity.

While the Cape Metro boasts a higher HDI score and better access to services than other areas, it is also subject to a historical spatial legacy contributing to inequality in commuting distances and housing access. Nevertheless, the Cape Metro's progress in narrowing income inequality and improving education outcomes holds substantial promise for residents and bodes well for their future.

A comprehensive approach is needed to enhance safety and wellbeing in the Cape Metro. Addressing housing disparities and informal settlements should be a priority, with initiatives to provide affordable and accessible housing options for all residents. Tackling income inequality through policies that promote fair wages and job opportunities, especially for marginalised communities, is essential. Addressing the root causes of crime, such as drug-related activities and gang violence, demands a holistic strategy involving law enforcement, community engagement and social programmes. Additionally, investing in education to sustain positive trends in retention and matriculation pass rates will empower the workforce and reduce long-term disparities. Lastly, efforts to improve commuting infrastructure and housing access should continue to bridge spatial inequalities, ensuring that all residents can benefit from the Cape Metro's development and prosperity.



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Infographic Indicator References		
Indicator	Source	Year
Land area Population density Households Gender Age Estimated population growth	Western Cape Government PPU, 2023. Provincial, District and local municipality population estimates by sex and age (2002 – 2037) based on Stats SA MYPE base year 2022	2023
Population	Stats SA, Census 2022 Provinces at a glance	2023
Average median income	Nell, A. & Visagie, J. Spatial Tax Panel 2014 – 2022 (dataset). Version 3. National Treasury Cities Support Programme and Human Sciences Research Council (producer and distributor)	2023
Indigent households	Western Cape Department of Local Government	2023
Access to services	Quantec, RHHF – Development Indicators – Households' facilities by population group at 2011 local municipal-/ward-based metro region level	2023
Tourism indicators	Wesgro, Cape Town Visitor Trends: Jan – Dec 2022	2023
Total GDP Sectoral GDP	Quantec, RVGA – Income & Production – Regional Output and GVA at basic prices by industry and 211 local municipal-/ward-based metro region level	2023
Total employment Sectoral employment	Quantec, REMP – Labour – Employment and compensation by skill level, industry and 2011 local municipal-/ward-based metro region level	2023
GDP forecast	Quantec, RVGA – Income & Production – Regional Output and GVA at basic prices by industry and 211 local municipal/ward-based metro region level South African Reserve Bank, QPM forecast summary table July 2023 MPC Press report	2023
GDP per capita	Quantec, RVGA – Income & Production – Regional Output and GVA at basic prices by industry and 211 local municipal-/ward-based metro region level Western Cape Government PPU, 2023. Provincial, District and local municipality population estimates by sex and age (2002 – 2037) based on Stats SA MYPE base year 2022	2023
Unemployment rate	Quantec, RUEM – Labour – Employment and unemployment by 2011 municipal-/ward-based metro region level	2023
International trade indicators	Quantec, TRD12 – RSA Regional Trade QSIC Quantec, TRD11 – RSA Regional Trade HST 6-digit	2023

Section C Infographic Indicator References		
Indicator	Source	Year
Households Gender Age Estimated population growth	Western Cape Government PPU, 2023. Provincial, District and local municipality population estimates by sex and age (2002 – 2037) based on Stats SA MYPE base year 2022	2023
Population	Stats SA, Census 2022 Provinces at a glance	2023
Average median income	Nell, A. & Visagie, J. Spatial Tax Panel 2014 – 2022 (dataset). Version 3. National Treasury Cities Support Programme and Human Sciences Research Council (producer and distributor)	2023
Indigent households	Western Cape Department of Local Government	2023
Race	Quantec, RPOP – Population, Number of Households and Densities by population group at 2011 local municipal-/ward-based metro region level	2023

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