



**Western Cape
Government**

Provincial Treasury

BETTER TOGETHER.

2021 PROVINCIAL ECONOMIC REVIEW AND OUTLOOK

Western Cape Provincial Budget Committee

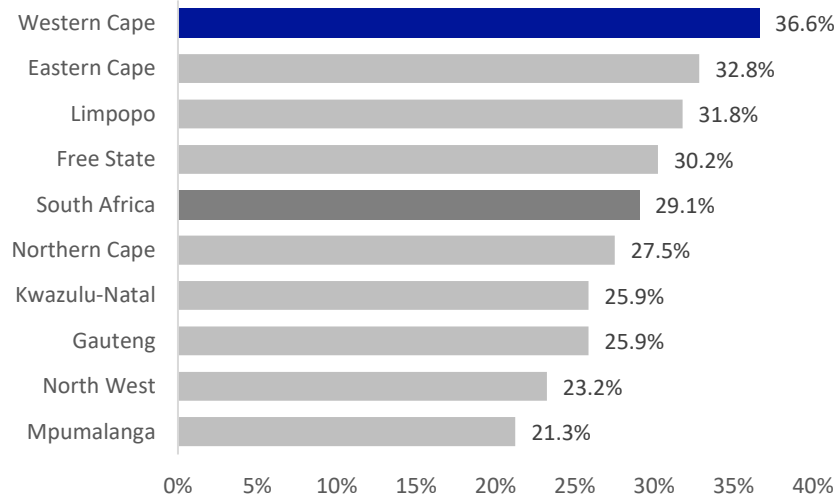
Minister Maynier and Mr D Savage

30 September 2021

“Ready to reopen and recover”



Vaccination rates by province, 19 September 2021



After a long, disruptive COVID-19 pandemic, the Western Cape is ready to reopen and recover.

Through an extraordinary collaboration between the public and private sectors, nearly 36.6 per cent of adults in the Province have been vaccinated.

Western Cape Google mobility data



The Western Cape economy is slowly returning to normal. Activity at retail and recreation areas and workplaces is now only 11 per cent and 13 per cent less compared to pre-COVID 19 period – a substantial improvement from the April 2020 shutdown.

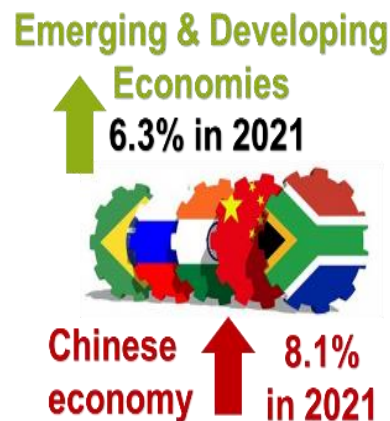
... but risks remain

- Against the backdrop of the 2020 global recession , **SA and the WC is on a recovery path** to make up lost ground in economic growth, employment and inequality.
- The **extent of recovery is uncertain** fueled by the pandemic, the openness of the economy, speed and extent of vaccination coverage and underlying structural challenges presented to SA before the pandemic.
- **Constrained fiscal environment and growing population** will limit the extent to which Government can contribute to recovery and deliver services.
- **Unemployment remains a challenge** - lower real wages and a more flexible labour market could improve employment growth.
- **Crime rates have surged** again as the economy opened up.

Macroeconomic performance and outlook

After last year's global recession, a gradual but uneven recovery expected

Growth outlook, 2021 – 2022



GDP growth rates	2020	2021(f)	2022(f)
World output	-3.2	6.0	4.9
Advanced Economies	-4.6	5.6	4.4
Emerging and Developing economies	-2.1	6.3	5.2
<i>Sub-Saharan Countries</i>	-1.6	3.4	4.1
South Africa	-7.0	3.6	3.4
<i>Western Cape</i>	-6.9	3.0	4.1

Notes: 2021 and 2022 forecasts for SA and WC are based on Stats SA GDP Quarter 1 of 2020 Report

2020 is an estimate for the Western Cape

Sources: IMF, Stats SA, Quantec Research, 2021

Western Cape outlook per sector

Description	2019	2020e	2021f	2022f	Forecast average
					(2020 - 2022)
Agriculture, forestry and fishing	-10.0	15.0	2.3	4.3	7.2
Mining and quarrying	-1.6	-19.7	7.6	0.7	-3.8
Manufacturing	-0.5	-10.6	2.5	7.0	-0.4
Electricity, gas and water	-1.1	-7.2	-1.4	3.9	-1.6
Construction	-3.4	-21.0	0.4	6.1	-4.8
Wholesale and retail trade, catering and accommodation	0.4	-10.5	5.5	6.4	0.5
Transport, storage and communication	-0.4	-14.9	2.6	3.0	-3.1
Finance, insurance, real estate and business services	2.3	-4.6	5.3	3.4	1.4
General government	1.8	0.8	-2.3	0.5	-0.3
Community, social and personal services	0.9	-2.6	0.0	2.5	0.0
Total GDP at market prices	0.3	-6.9	3.0	4.1	0.1

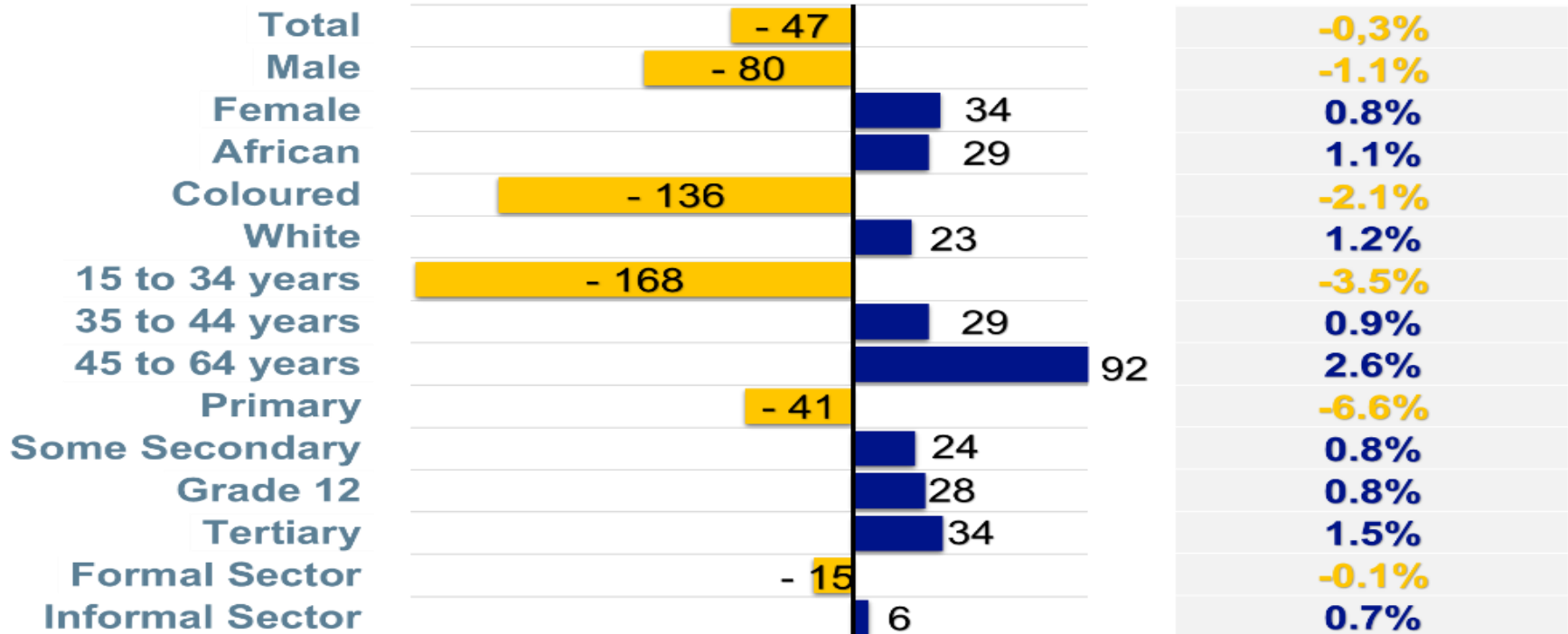
Employment growth in the Western Cape

Unemployment Rate 2021Q1

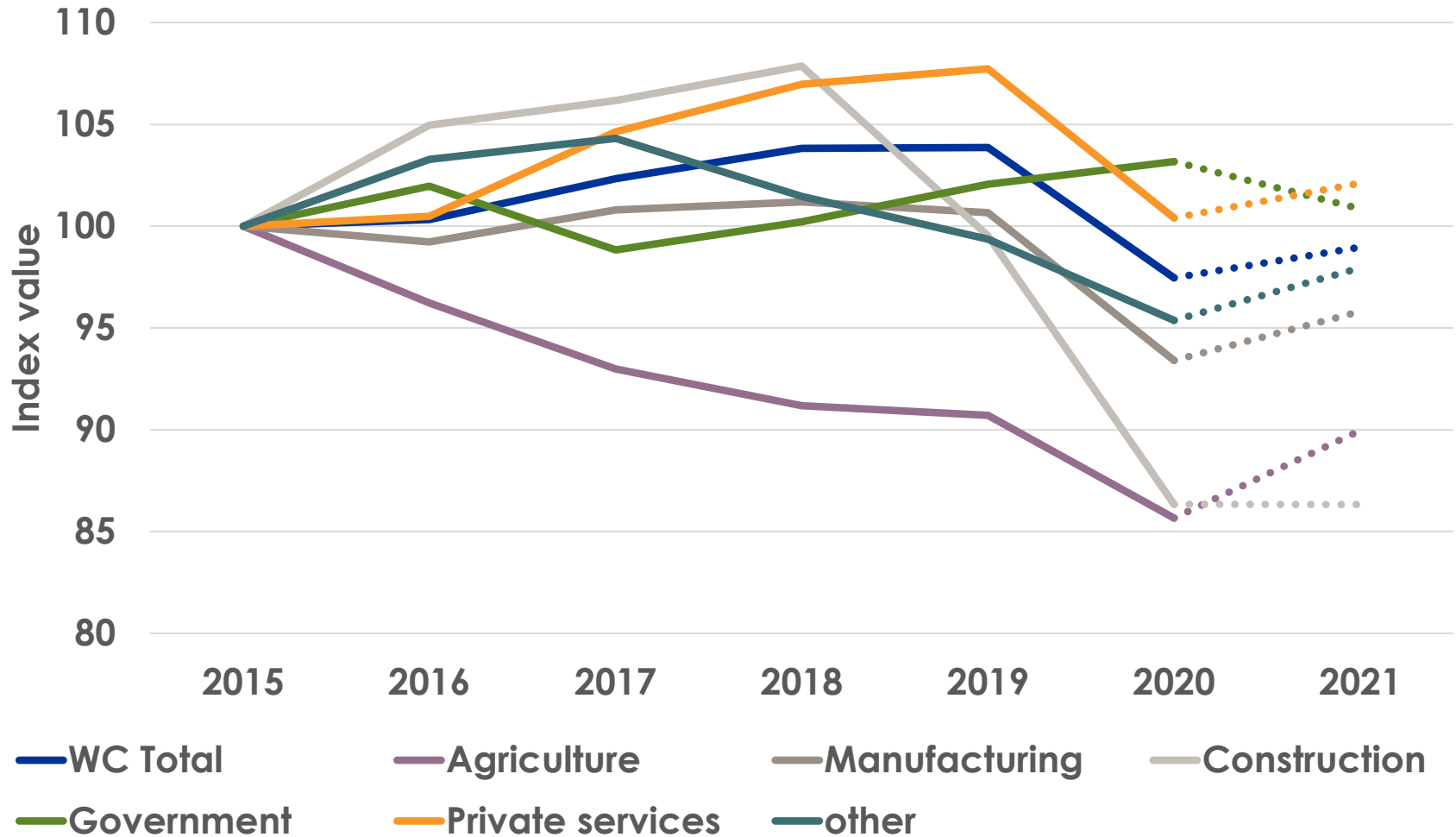


2016Q1 – 2021Q1 Change ('000s)

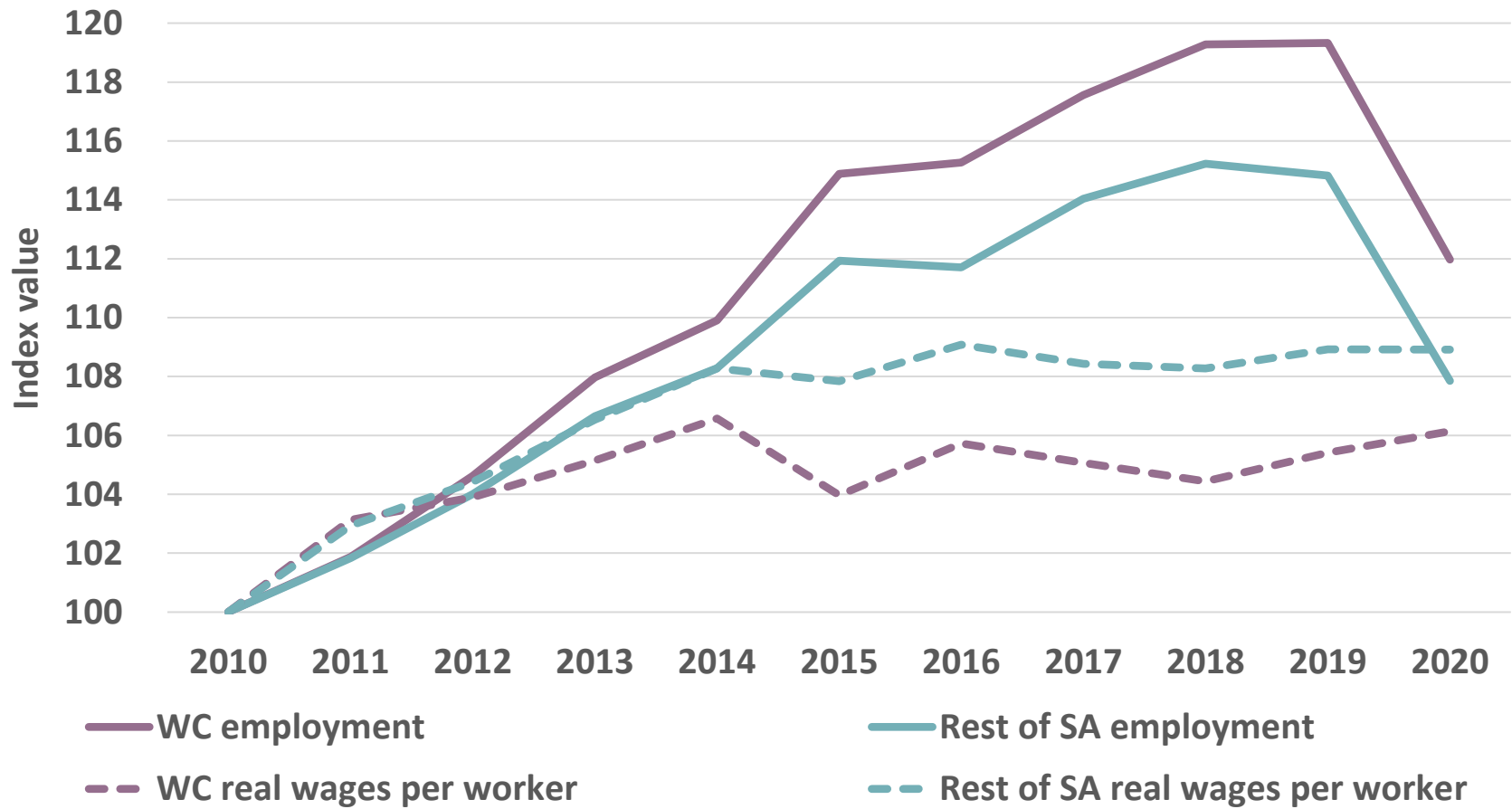
Change per annum



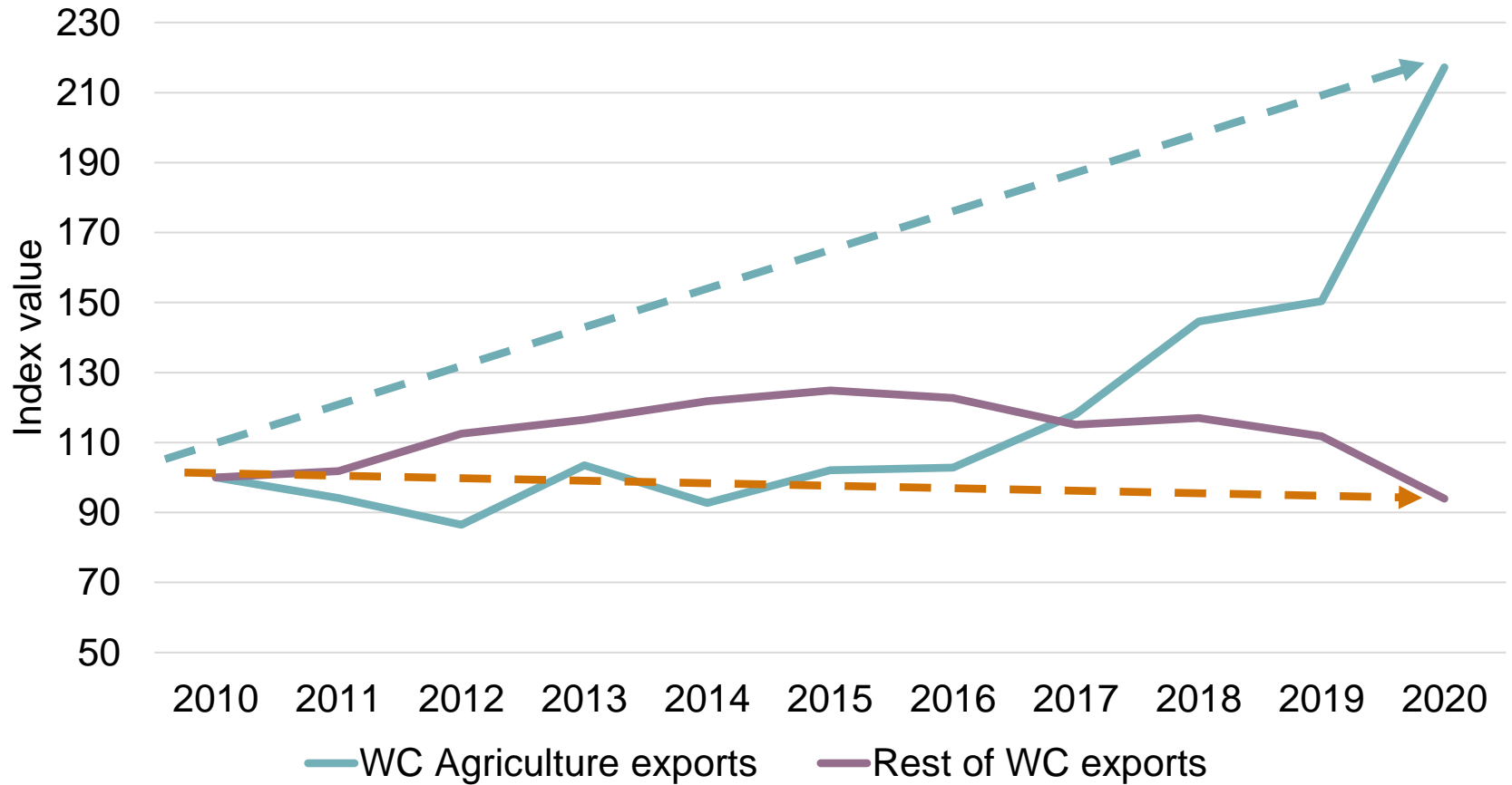
WC employment growth per sector



Cumulative employment and real wages growth



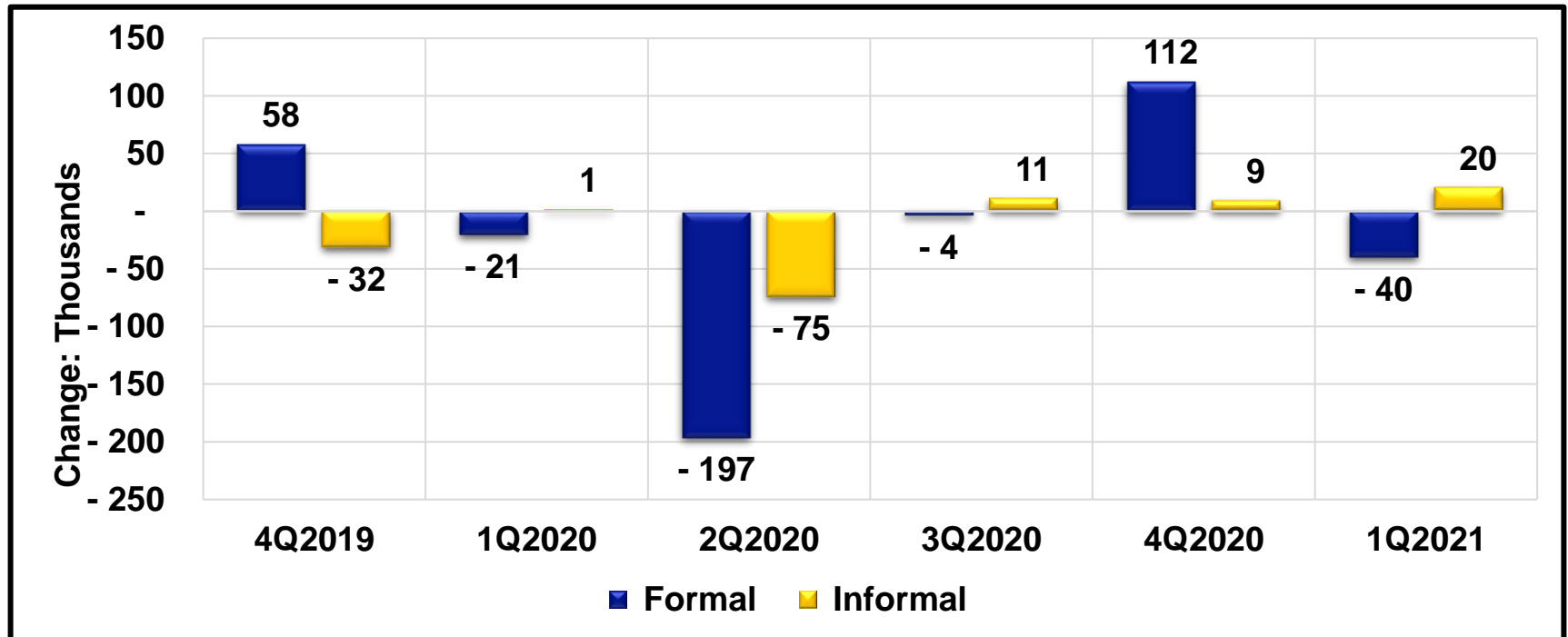
WC Agriculture export performance



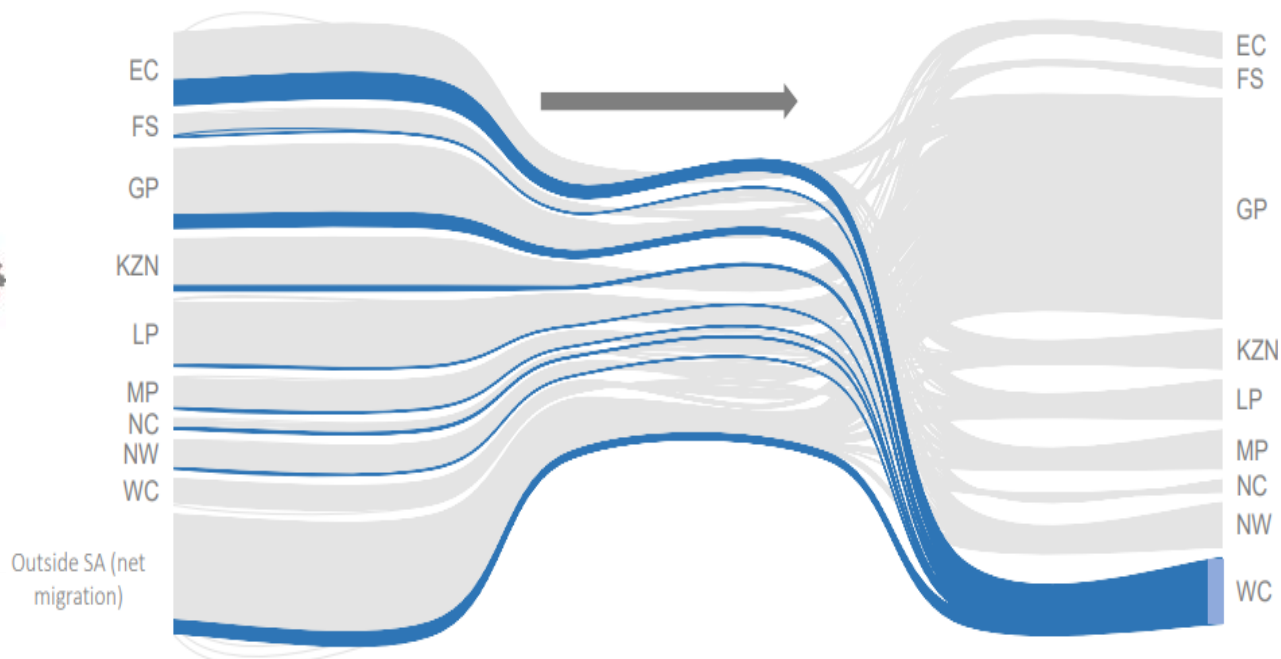
WC Informal sector employment recovery

Employment gained back

Between 2020Q2 and 2021Q1

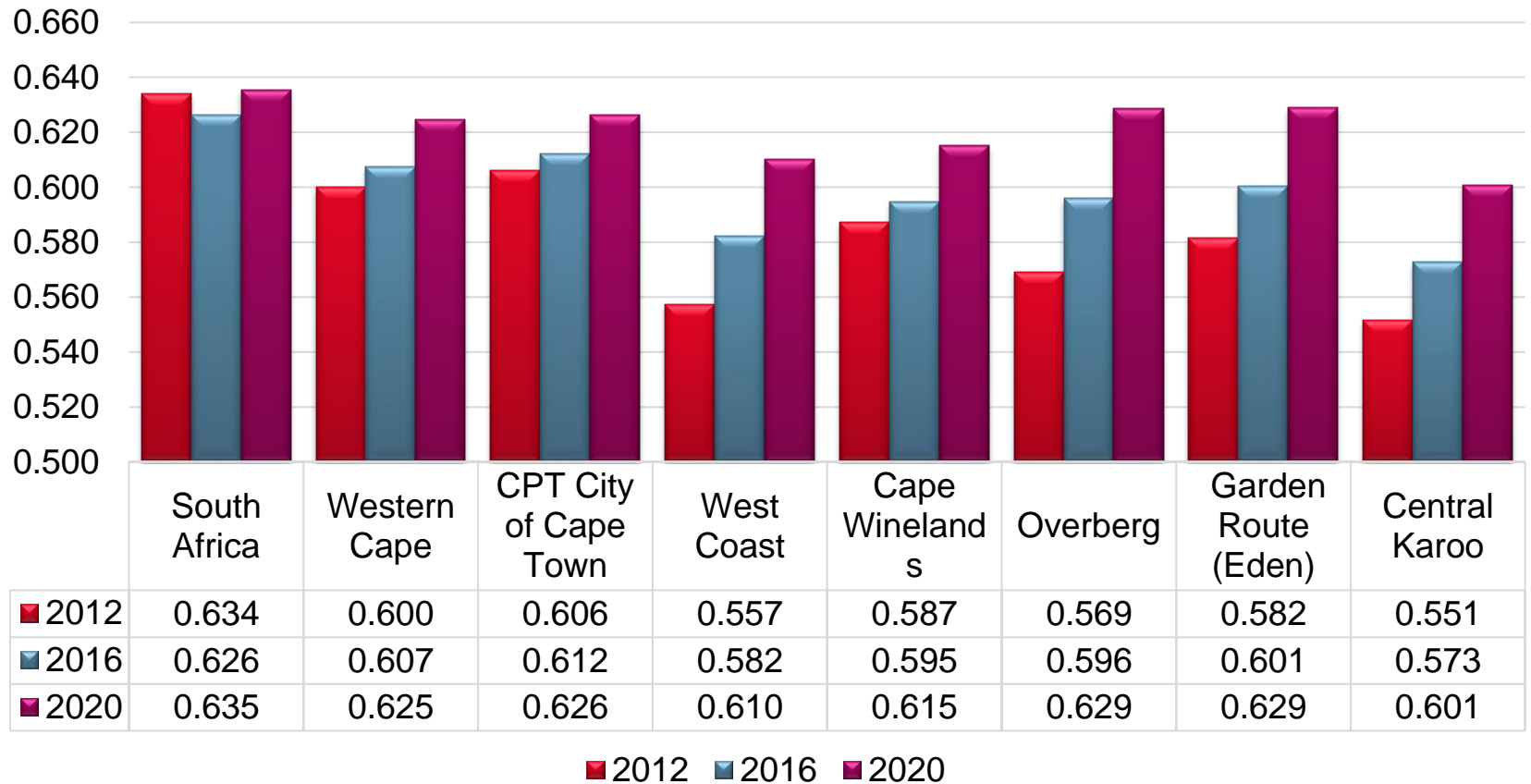


Migration into the Western Cape

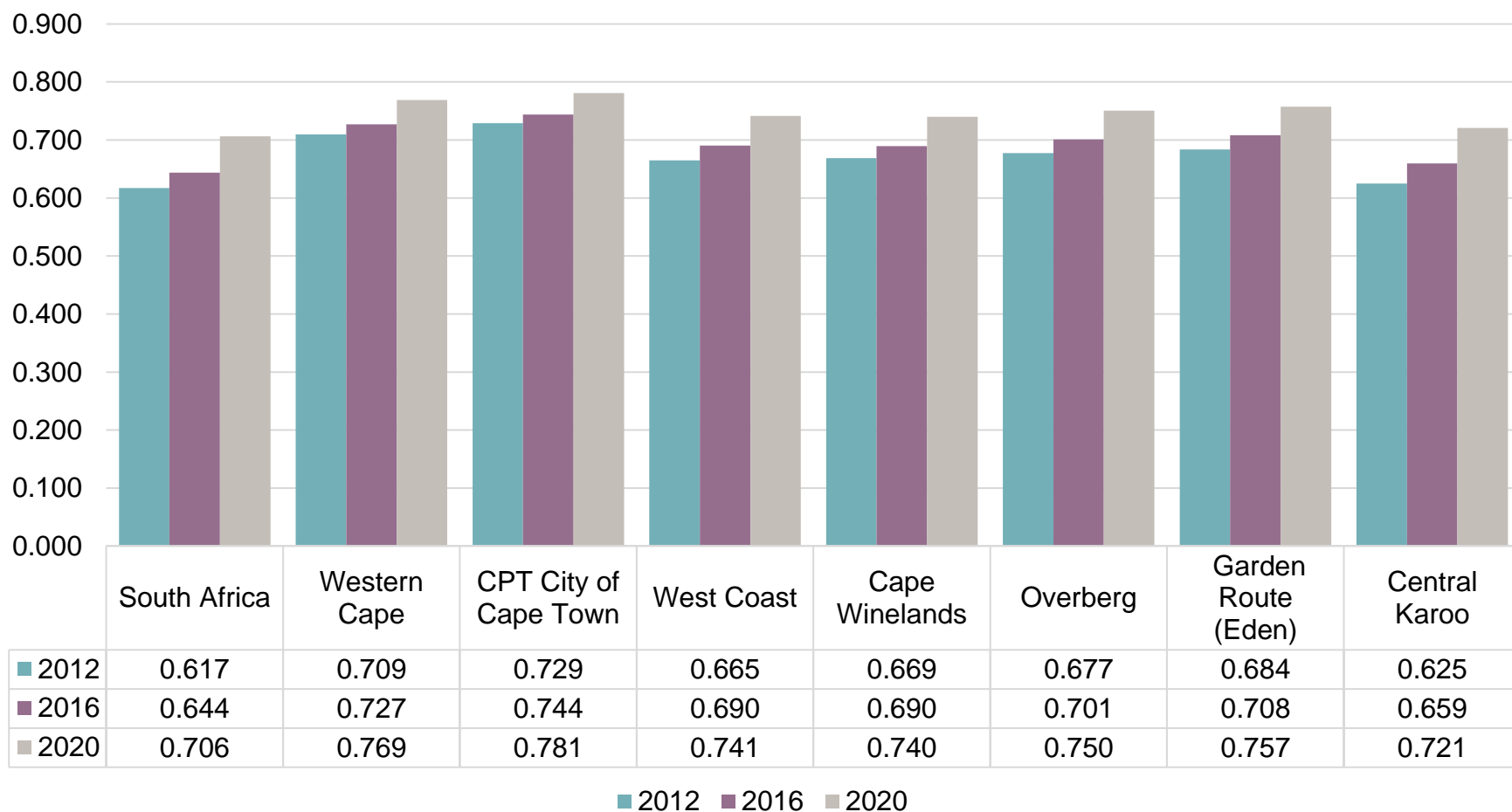


EC	FS	GP	KZN	LIM	MP	NC	NW	Outside SA
122 436	3 979	32 854	20 586	5 474	2 765	5 466	644	98 317

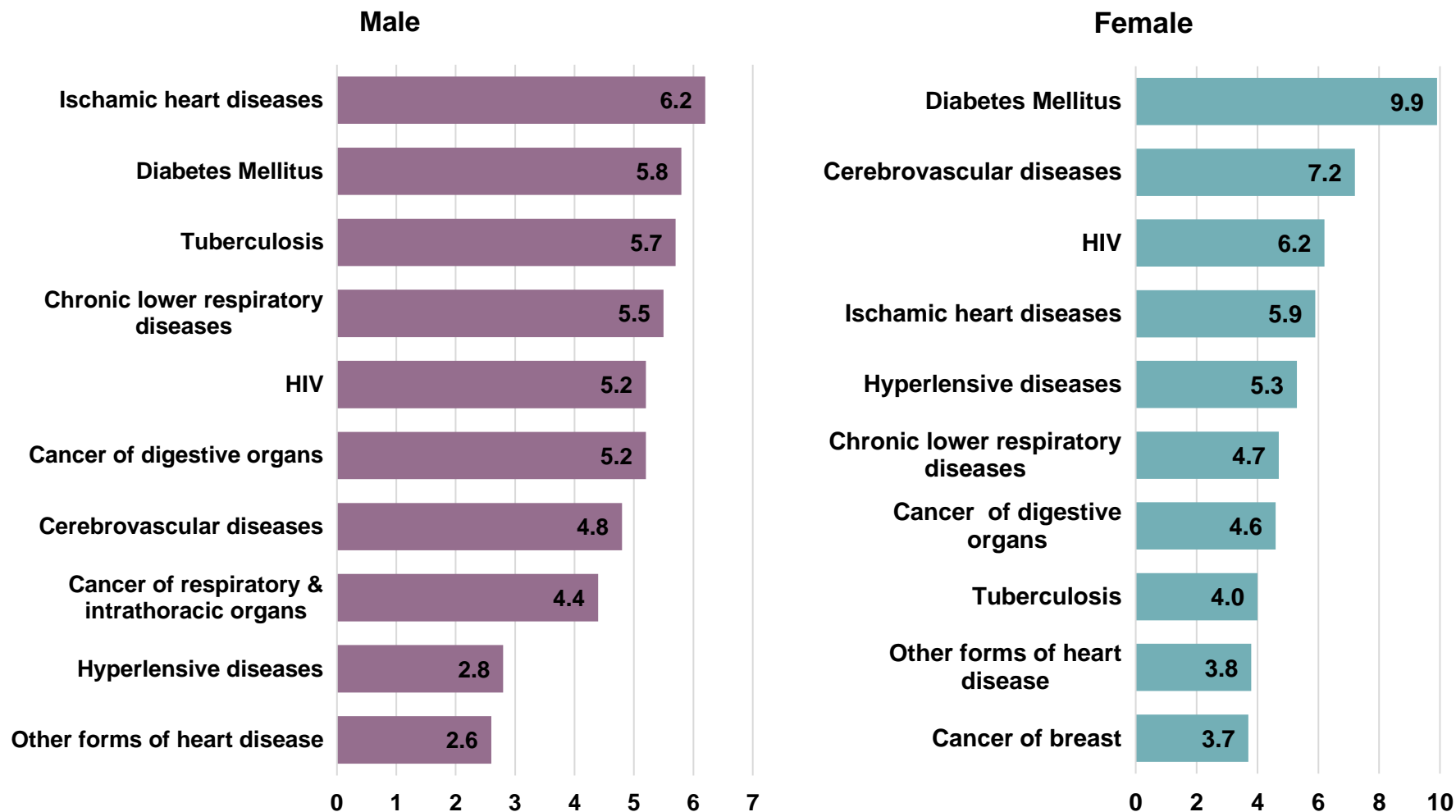
Inequality in the Western Cape (based on Gini coefficient)



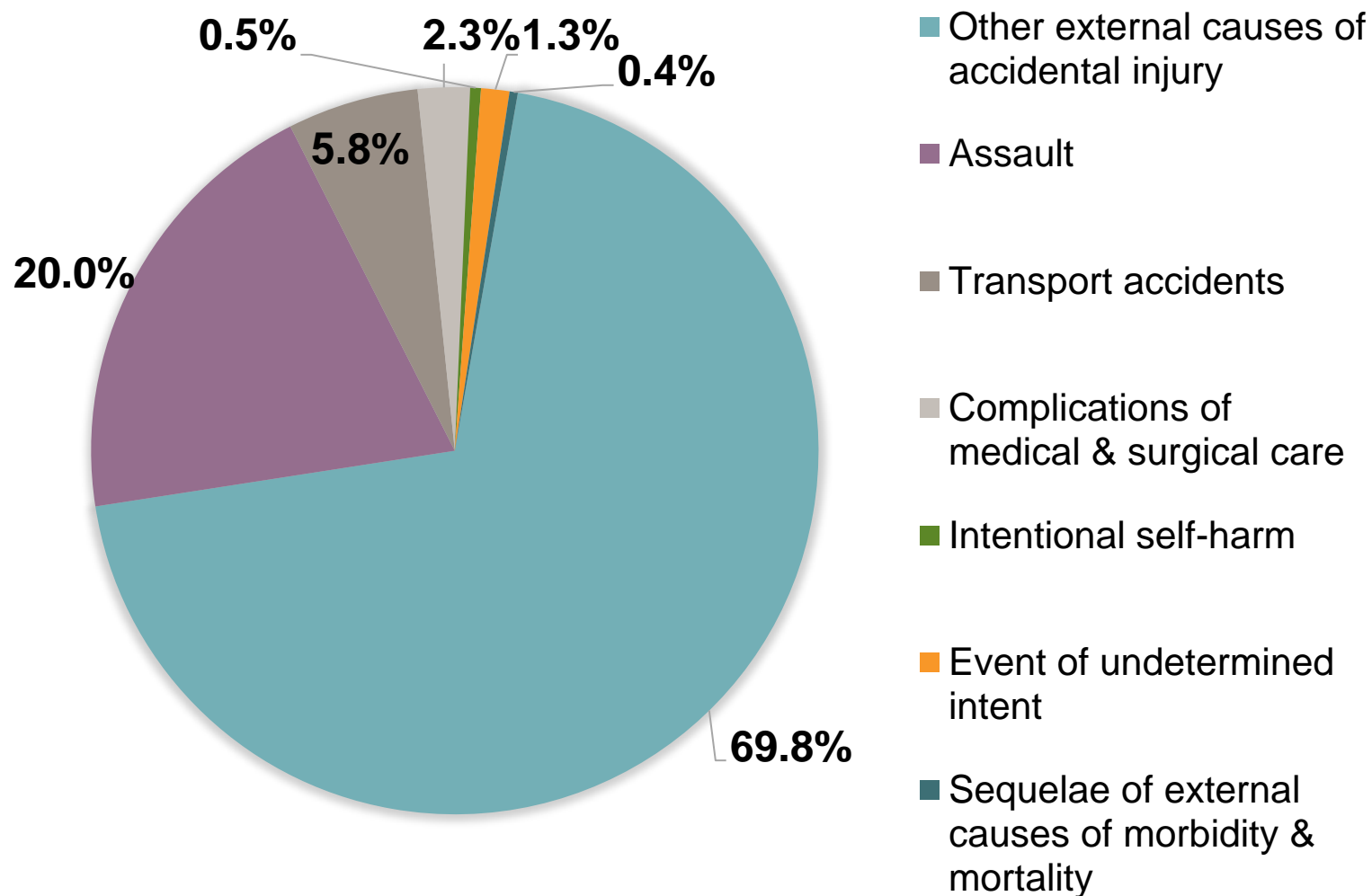
Human Development Index



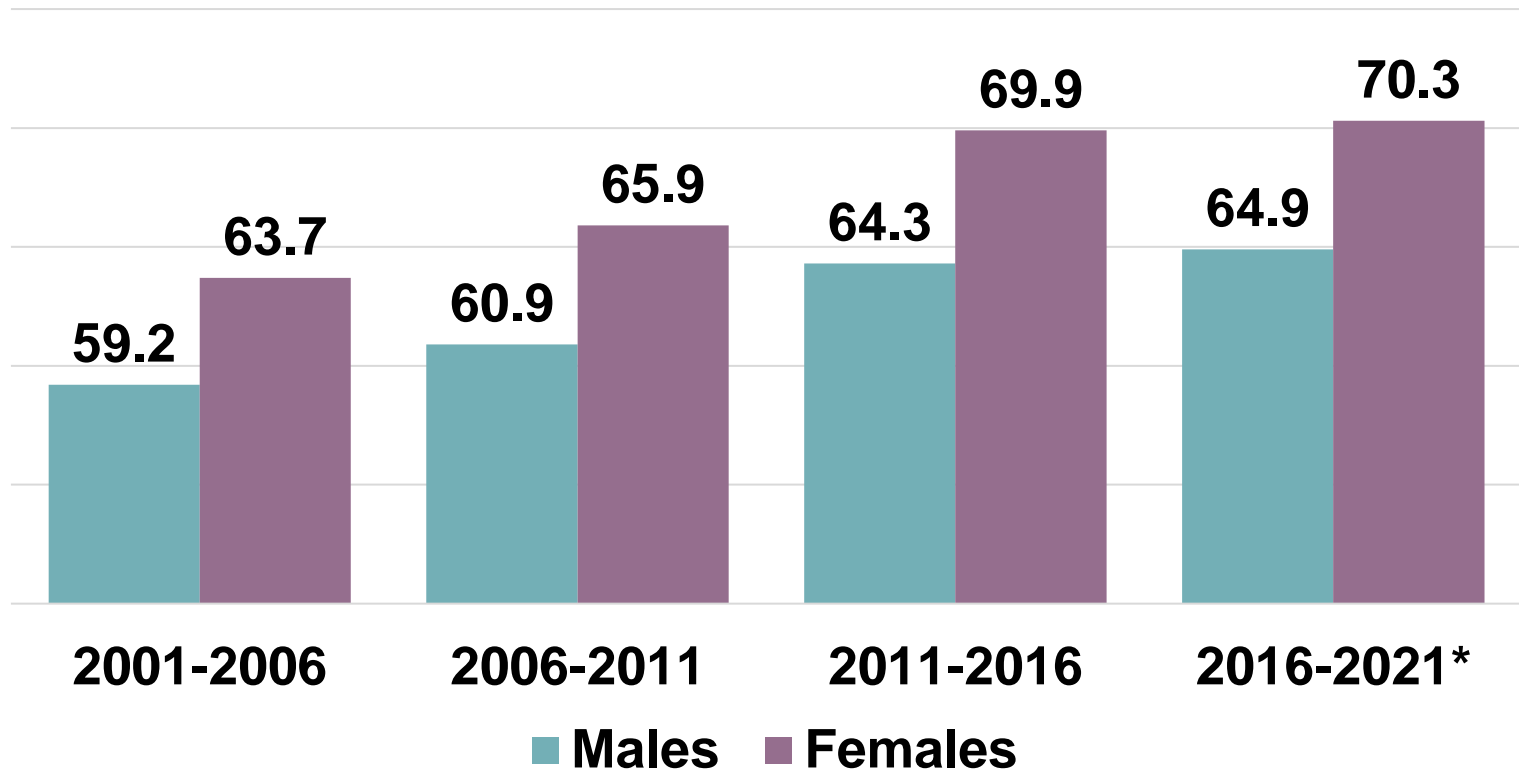
Natural causes of death in the Western Cape, 2018



Non-natural causes of death in the Western Cape, 2018



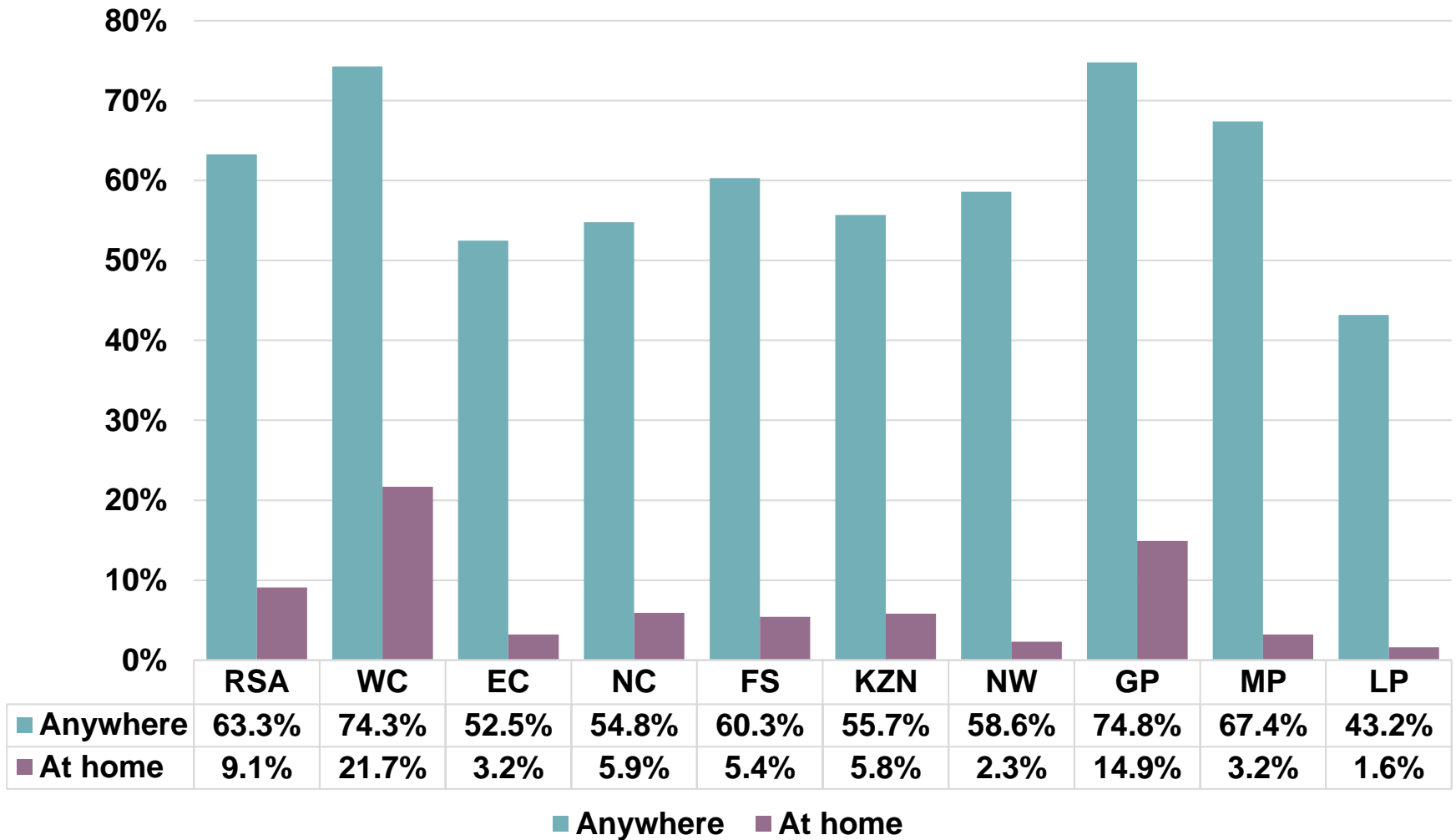
Life-expectancy in Western Cape (2001 to 2021)



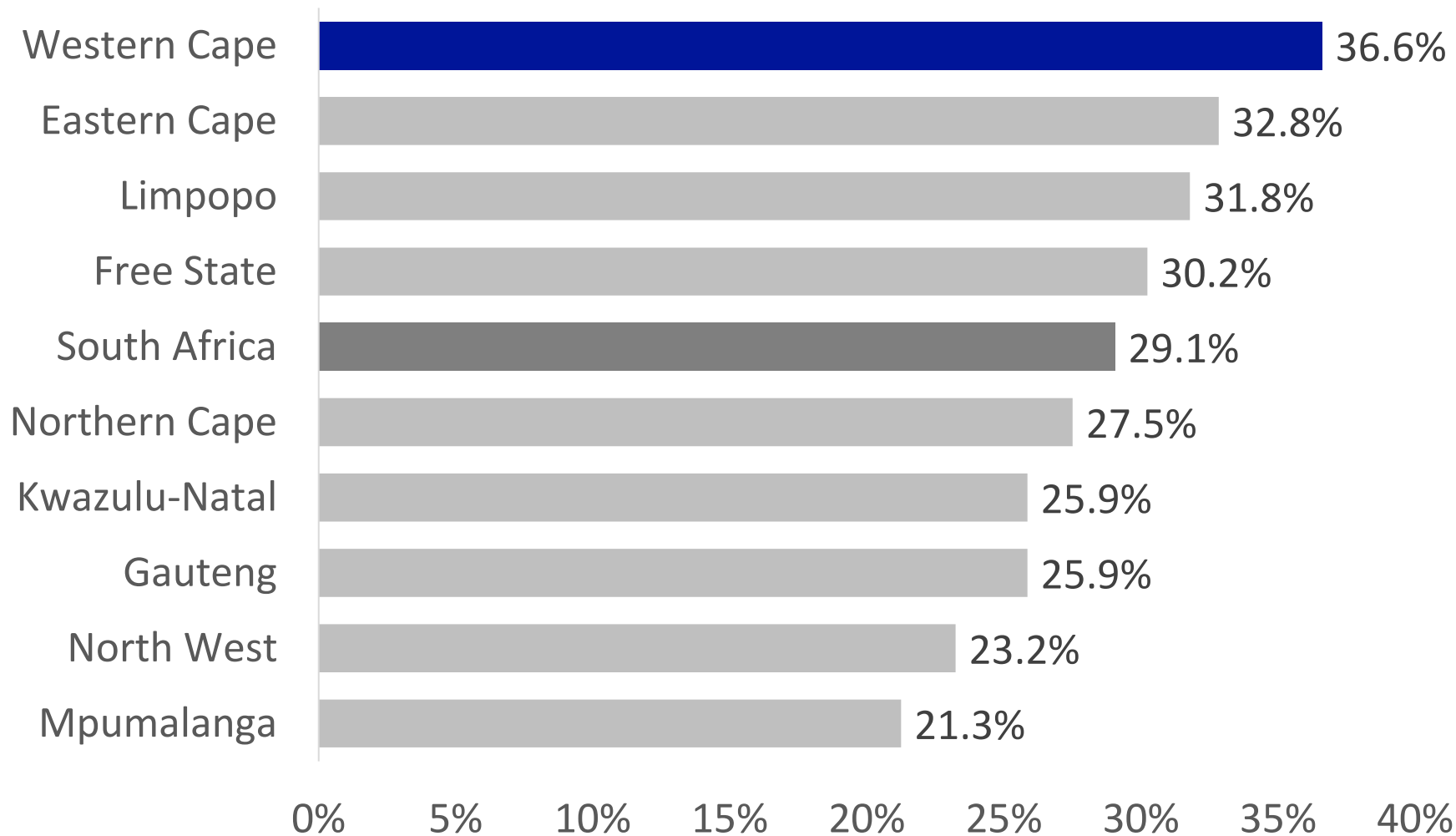
Mental Health

- The **COVID-19 epidemic** has had a profound effect on **mental health illness** in the entire country.
- Depressive symptoms are **more prevalent** amongst **male workers**.
- Prevalence of depressive symptoms was **72.2 per cent among 18–35-year-olds** in South Africa.
- As the **epidemic progressed**, workers had **higher odds of experiencing depressive symptoms** in October compared to June 2020.
- **Childcare responsibility**, which arose as a result of lockdowns (closure of schools and childcare facilities), was **associated with poor mental health outcomes** for caregivers.

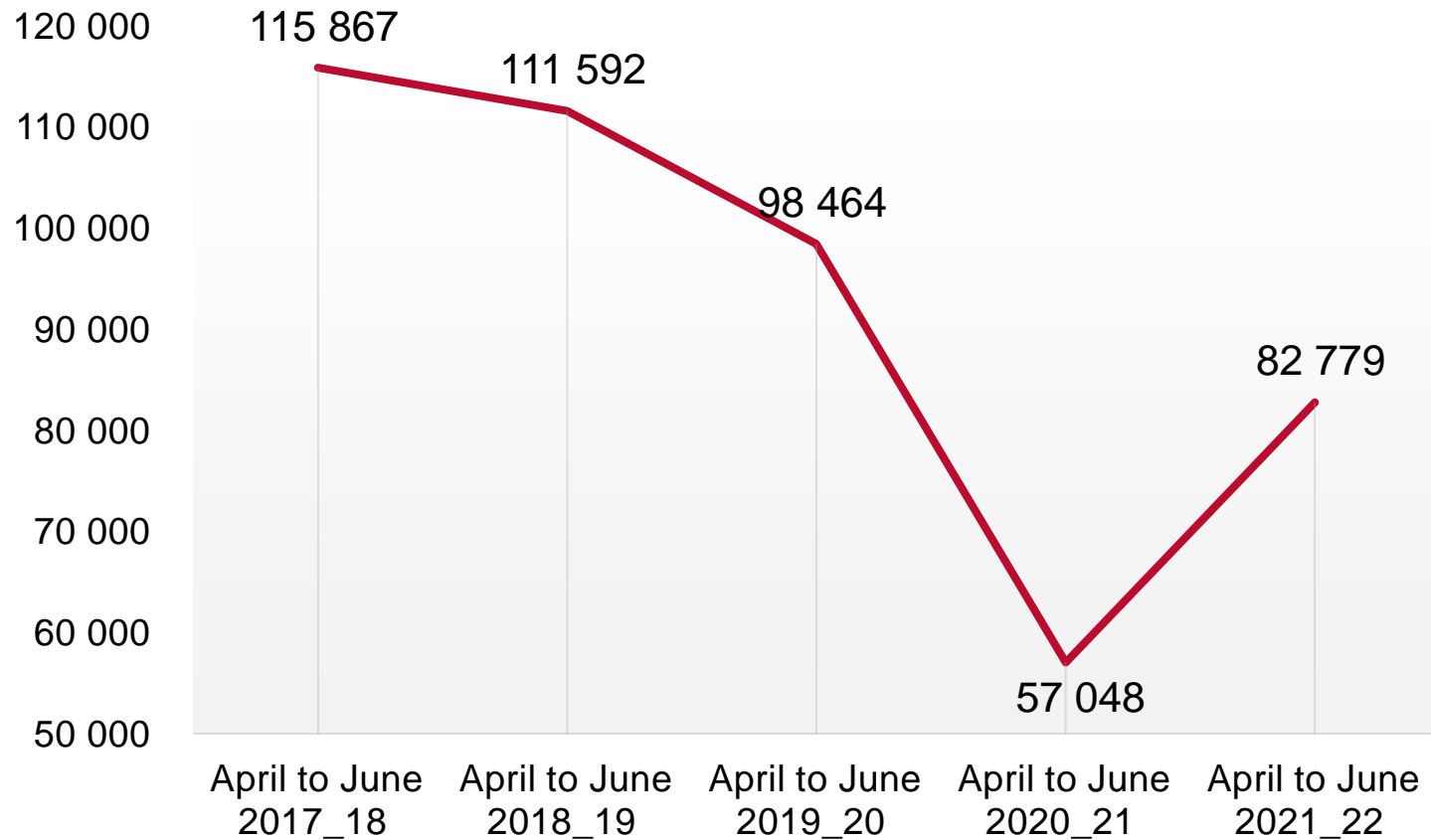
Access to internet by province, 2019



Vaccination rates



Total number of crimes committed in WC , 1st Quarter 2017/18 –2021/22



Summary of PERO Implications

- **Population size and growth impact on service delivery:** the continuation of in-migration to the Western Cape will place increased pressure on its health, education and public infrastructure. In the context of constrained budget growth, the WCG will need innovative policies that involves the **increased use of information technology and improved spatial planning** to become more efficient and effective.
- The **economic contraction impacted the government sector**, which will have budget and service delivery implications at both provincial and municipal level. Implementation of vaccination strategy is critical to enhancing economic growth.
- While national economy has posted a strong recovery since the third quarter of 2020, the **unemployment rate has continued to rise**, reaching an all-time high (34.4 per cent) in the second quarter of 2021.
- **Informal employment** also absorbs relatively more Africans and Coloured populations, men, youth, and less educated individuals. **Less stringent labour legislation** will not only benefit these groups but also incentivise companies to take more risks and encourage fixed investment.
- The 2020 recession resulted in **increased poverty and inequality in the WC – requires an integrated and transversal approach**

Thank you