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THURSDAY, 15 OCTOBER 2015

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The House met at 14:15

The Speaker took the Chair and read the prayer.

**ANNOUNCEMENTS, TABLING AND COMMITTEE REPORTS - see p**

The SPEAKER: Good afternoon everybody. I would like to extend a welcome to our guests in the gallery. It is great having you here with us. We trust that you will enjoy the sitting. To the members, it has been a little while since we had a sitting. Welcome back!

If I could just call everyone to order. I have to announce that due to the resignation of Mr T L Botha, a vacancy occurred in the representation of the Democratic Alliance in the Western Cape Provincial Parliament. This vacancy has since been filled by the nomination of Mr Daylin Mitchell with effect from 21 September 2015. Mr Daylin Mitchell was sworn in, in my office, on 21 September 2015. A warm welcome to our newest member, Mr Daylin Mitchell. Welcome! [Applause.]

Mr Q R DYANTYI: That is after four months of vacancy; four months. Welcome! [Inaudible.] [Laughter.]

The SPEAKER: And I think for the record, thank you hon member Mr Dyantyi for that warm welcome. I also would like to state that hon member Mr Mitchell is the youngest Member of Parliament. I do not even think he has made 30 yet, so once again, Daylin, welcome!

I recognise the Chief Whip Mr Wiley.

(Notice of Motion)

Mr M G E WILEY: Thank you, Madam Speaker. I give notice that I shall move:

That, in terms of section 62(5) of the National Constitution, read with section 2(3) of the National Council of Provinces Act (Permanent Delegates Vacancies), Act 17 of 1997, that Mr Ockert Stefanus Terblanche be appointed as a permanent delegate to the National Council of Provinces.

The SPEAKER: Thank you. Are there any objections? No objections? Agreed to. [Interjections.]

Thank you. I now call upon the Minister to table the Provincial Economic

Review and Outlook and the Municipal Economic Review and Outlook, the honourable, the Minister of Finance, Dr Ivan Meyer.

†'n AGBARE LID: Praat mooi!

\*An HON MEMBER: Speak nicely!

†Mnr Q R DYANTYI: Ja, asseblief. \*Yes, please. †Give us something fresh!

The SPEAKER: Hon member Mr Dyantyi.

## **PROVINCIAL ECONOMIC REVIEW AND OUTLOOK**

The MINISTER OF FINANCE: Hon Madam Speaker and Mr Deputy Speaker; hon members of the Western Cape Provincial Cabinet, the hon leader of the Official Opposition and the leaders of the other respective political parties; hon members of the Western Cape Legislature; colleagues and citizens of the Western Cape.

The annual Western Cape Provincial Economic Review and Outlook has become a key source of economic intelligence in the Western Cape. The Provincial Economic Review reviews the global, national and Western Cape economic performance and outlook as well as the interrelationships between these three economic spheres.

It not only provides a review and analysis of past and forecasted economic

growth, labour market dynamics and socio-economic development of the Province, but it also identifies the risks and opportunities to this region as a result of the changing economic circumstances on a national and global scale.

Hon Madam Speaker and hon members, together with its sister study, the Municipal Economic Review and Outlook, the Provincial Economic Review and Outlook is a toolkit which facilitates decision-making for Government Departments, public entities, business, national and international organisations interested in investing in the Western Cape. It aims to improve our understanding and insight into the Western Cape economy as part of the evidence-based approach to informing and guiding provincial policy, planning and budgeting. Consideration of the regional economy's prospects, opportunities and challenges is critical to ensure that the pursuit of economic growth also increases employment and improves the quality of life for our citizens. Hence, continuing with the theme focusing on "Inclusive growth – unlocking opportunities for growth and jobs".

The concept of "inclusive growth" captures the Western Cape Government's commitment to grow the economy and create jobs. Therefore the key focus of both the PERO and the MERO is "unlocking opportunities for growth". The MERO provides a comprehensive overview of the recent economic performance and outlook for the economy at district and municipal level.

Policy and institutional initiatives: The Western Cape Government's Provincial Strategic and Policy Framework comprises of the OneCape 2040

Vision, the Provincial Strategic Plan 2014-2019 and the Provincial Spatial Development Framework amongst others. These documents are closely aligned with the National Development Plan, which serves as a blueprint to substantively reduce poverty and inequality in South Africa by the year 2030 and the NDP's implementation plan, namely, the Medium Term Strategic Framework, which defines the outcomes and the targets of Government over a five year period.

According to the National Development Plan South Africa needs economic growth of at least 5% per annum to decisively reduce unemployment and poverty, as well as transforming our social and economic order.

The Western Cape Provincial Strategic Plan reflects the Provincial Spatial Development Framework - a critical enabler for development - and the OneCape 2040 vision. The Provincial Strategic Plan includes five Provincial Strategic Goals, namely:

Strategic Goal 1: To create opportunities for growth and jobs;

Strategic Goal 2: To improve education outcomes and opportunities for the youth;

Strategic Goal 3: To increase wellness, safety and to tackle social issues;

Strategic Goal 4: deals with enabling a resilient, sustainable, quality and inclusive living environment, and lastly,

Strategic Goal 5: to embed good governance and integrated service delivery through partnership and spatial alignment.

Let me now turn to the changing face of the global economy.

Much has been made of the rising influence of the developing and emerging economies. Due to the rising population growth, increased globalisation and incomes, emerging economies such as China, Brazil, Russia and India are starting to represent a much larger share of the global economy. Meanwhile, advanced economies were more deeply affected by persisting financial and fiscal crises. According to the IMF, between 2004 and 2014 the size of the Chinese economy increased more than fourfold and that of Russia doubled. The size of the Indian economy nearly doubled over the same period.

In contrast, the size of the advanced economies such as the United States, Germany and France were less than 50% bigger in 2014 compared to 2004. Japan saw the size of their economy shrunk by less than 10% between 2004 and 2014. Madam Speaker, as a result China, Brazil, Russian and India now occupy more prominent positions on the world economic stage.

China is now the second largest economy with Brazil, India and Russia in seventh, ninth and tenth positions respectively.

Mr Q R DYANTYI: So good so far!

The SPEAKER: Hon member Mr Dyantyi order please.

The MINISTER OF FINANCE: Since exiting the global recession of 2008/09, global economic growth has been under significant pressure.

The International Monetary Fund in October 2015 forecasts global output to rise by 3.1% in 2015 and 3.6% in 2016. The expected growth rate for 2015 is significantly lower. Madam Speaker, than the 3.8% forecast last year, reflecting the generally more pessimistic economic outlook currently prevailing. The mood may turn more sombre in the course of the year as a more pronounced slowdown in China looks increasingly likely.

Let me now turn to the South African economic outlook. The economic activity in South Africa slowed in 2013 as a precursor to the more restrained pace of output growth of 1.5% in 2014.

The usual domestic issues, including labour unrest, infrastructure bottlenecks and a persisting current account deficit, weighed heavily on economic growth in South Africa.

Most of the decline in economic activity during the second quarter of 2015 can be attributed to declining output in mining, agriculture and manufacturing.

Drought conditions impacted on agriculture while the mining sector decline was driven by weakness in coal and iron ore production. The country's economic prospects received a further setback by the secondary sector

contracting in the second quarter of this year by 4.7% and the tertiary sector increasing to growth of only 1.1%.

Household consumption and real consumer spending contributed largely to slower GDP growth as a moderation in employment growth, particularly in the private sector.

Domestic policy uncertainty remains a concern, Madam Speaker, especially with respect to creating a conducive environment for private sector investment. Low levels of business confidence and weak domestic demand contributed to a contraction in private sector fixed investment. It declined by 3.4% in 2014 after a growth of 8.1% in 2013. General emerging market sentiment has, in recent quarters, had a negative impact on the South African economy.

Additionally, the vulnerability of the rand remains a key risk for South Africans. However, it has also proven to be a double-edged sword, boosting exports, but raising the cost of imports. Despite this a recent forecast from the Bureau for Economic Research has downwardly revised South African economic growth further from the 1.7% in 2015 and 2016 to 1.4% in both years. By implication the Western Cape GDP growth rate will most likely also be lower than what I have announced in my budget speech on 5 March this year.

Madam Speaker, let me now turn to the Western Cape Economic Outlook.



The Western Cape still manages to outperform the economic growth of the rest of the country. The pace of growth, however, is less than half of what it was at the start of the recession in 2007. After steady growth at an annual rate of 2.7% in 2012, economic growth in the Western Cape slowed down to 2.4% in 2013.

The better performance of the Western Cape economy is a result of both the structure and source of its economic activity. The tertiary sector, which makes up a greater proportion of the Western Cape economy, remained a strong performer, although construction may turn out to be the best performing sector for the decade.

Over the forecast period, for the next five years from 2015 – 2020, economic growth in the Western Cape is expected to average 2.7% per year. The tertiary sector is likely to be the biggest driver of this growth, as has been the case over the past few years.

What is the impact of the global outlook on the Western Cape economy?

The risk to the Western Cape economy posed by the outlook for global growth, is mixed. Although positive for the Western Cape in that our major export partners are growing, this is subject to downside risk if the Eurozone should experience weaker growth. This is particularly true for the food and beverage manufacturing and agri-processing sectors.

A wide diversity of products underpins why the agriculture, forestry and fishing sector remains a key industry in the Western Cape economy. This is manifested in agri-processing. That is food, beverages and tobacco, accounting for 38.6% of the Province's exports.

The economic contribution of primary agriculture is supported by value chains: its linkages extend to agri-processing producers as intermediate inputs in the production of consumer goods and as backward linkages to its suppliers within the manufacturing and services sectors.

Increasing farmer participation in the full agriculture value chain via beneficiation of agricultural products should stimulate inclusive growth and employment creation. This sector has the biggest employment and product growth rates over the period 2008 to 2011, mainly in the area of cosmetics particularly from animals and plants, for example, lanolin from wool or Rooibos-based skincare products.

In this regard I am very happy that one of our members in this House, Mr Basil Kivedo, is also using Rooibos-based skincare products. [Laughter.]

The Western Cape was a significant exporter of beverages for the past ten years, accounting for almost 70% of South Africa's total beverage exports. As mentioned in 2014 PERO, emerging African markets such as Angola, account for an increasingly large share of beverage exports. African countries

and China are becoming increasingly important markets for South African wine exports, while the more traditional market is mainstay.

Speaker, of the ten fastest growing economies in the world, seven of those economies are on the African continent, and hence we need to integrate our economy with the African economy, because when we do that we can generate 1% additional growth rate in terms of GDP and we are doing exactly that.

Tourist spending has a strong, positive and sustained impact on employment in many sectors and districts of the Western Cape economy. Tourism is one of the sectors in which the Province has a comparative advantage. Tourist spending as part of the total spending reveals the reach of tourism into other sectors of the economy. It depicts why tourism is such an important sector through which to achieve inclusive growth.

Tourism in the Western Cape is characterised by its strong links to the agricultural / agri-processing sectors. The development of unique high-quality Western Cape products, from which niche markets could flourish, links closely with tourism.

Madam Speaker, a positive outlook for tourism demands that attention be given to general risk to income levels of consumers, both locally and abroad. Consumers need the ability and the desire to spend in the Western Cape and tourist visa regulations detract from the Province's attractiveness in respect

of sport, health and heritage tourism.

According to Government's official figures, tourist arrivals are down by 8.7%. The largest declines are from Central and South America by 40.6%, from Asia down by 26.1% and North America down by 9.8%.

Meanwhile the United Nations World Tourism Organisation reports that in the same period - that is January to April 2015 - the industry world tourism has increased, has grown by 4% worldwide. America leads with 6% growth in departures.

We are a losing market and this needs to be addressed. This matter was also discussed in this Chamber.

Madam Speaker, let me now turn to the labour market dynamics. The economy shed 1.1 million jobs in the two years after the local recession hit in the fourth quarter in 2008, more than 90% of which occurred during the first year. It took the economy nearly five years to regain the jobs that we lost during the pre-recession employment levels period.

As indicated above, despite this growth in employment, unemployment has continued to grow. Madam Speaker, in the first six months of 2015 the South African economy has lost 321 000 jobs. This is a crisis.

In South Africa, the narrow unemployment rate is estimated at 25% in the

second quarter of 2015, compared with the Province's 21.7%, including the non-searching unemployed raised the national unemployment to 32.8%, while the Western Cape unemployment rose only to 23% using the broad definition of unemployment. If we use based on the narrow definition, 627 000 individuals are unemployed in 2015 in the Province.

The Western Cape's population has grown relatively rapidly over the past five years. As a result there are now 4.3 million potential workers resident in the Western Cape. The Western Cape's population is estimated at 6.2 million according to the 2015 mid-year population estimates, representing roughly 11.3% of the national population.

Let me now turn to the socio-economic developments in the Western Cape. Economic growth should as a final outcome cause an improvement in the overall quality of life as measured by different socio-economic development indicators and on the other hand, the socio-economic development improvements also benefit economic growth. Provincial Government policies directly aimed at these improvements become agents of economic growth and by creating conditions favourable for economic development.

The provincial economy generally grew at a faster rate - that is 3.8% - than the population that grew at 2.3% between 2001 and 2013. What this means is that this resulted in an increase in average income - measured by GDP per capita - in the Western Cape from R37 502 in 2001 to R44 553 in 2013.

All Western Cape districts and the City of Cape Town improved their Human Development Index from 2001 to 2013. The highest was in the City of Cape Town at the rate of 0.73. The remaining districts' Human Development Index ranged between 0.71 and 0.64 in 2013.

The rise in per capita income in the Province, combined with the small improvements in income distribution and the Human Development Index suggests that these indicators are moving in the right direction.

What are the key messages and the recommendations and the implications for policy, planning and budgeting of the MERO and the PERO?

The Provincial interventions need to encourage an economic structure, which is more labour intensive to fully utilise the growing unskilled/semi-skilled labour. Given the Western Cape dominance of the agricultural sector in exports, producers should explore how to diversify both the product composition and the destination of exports.

Within the value chains attention also needs to be given to linkages within and across promising sectors. We also need to investigate the earning potential of prioritised growth sectors, to ensure that increased employment also equal an increase in standards of living.

We are also looking into strengthening the current skills initiatives to improve the employability of the youth. We need also to take actions which

maximise the returns of infrastructure investments across spheres of governments and the private sector.

We also need to take stock of the energy constraints that prevent us from creating opportunities to strengthen the growth in the different parts of the economy, but this Government has committed itself to invest heavily over the next fifteen years in renewable energy.

One of the other key messages from both the PERO and the MERO is that we must also explore recycling, as we are currently doing as a potential job creator, while simultaneously addressing environmental and financial sustainability issues at the local level.

I now turn to the PERO's companion, the MERO. In 2015 the Municipal Economic Review and Outlook highlights that economic recovery is on track in all the regions in the Province, with the Eden and Overberg districts continuing to grow the fastest.

- Eden's real GDP growth averaged 4.3% between 2005 and 2014, mainly boosted by a strong growth in the construction sector. In that particular area, in Eden Madam Speaker, in that particular period the construction industry grew at a rate of 8%. Growth is expected to slow down to 2.6% this year, and average at 3.4% over the next three years in the Eden region.

- Let me now turn to the Overberg region. The Overberg District economy also expanded by an average of 4.3% between 2005 and 2014, boosted by the finance and business services sector growing at a rate of 8.5% and the construction sector in the Overberg region, 7.3%. The region is expected to grow by 2.5% in 2015 and will average at 3.3% over the next five years in Overberg.
- Let me now turn to the Central Karoo District. It recorded a growth rate of 3.7% between 2005 and 2014, boosted by strong performance particularly in the mining and the quarrying sectors, which had an average growth of 12% during that period. That is phenomenal growth. However, growth is expected, To decline in that particular area to 1.7% in 2015 and an average of 2.5% over the next five years.
- Let me now turn to the Cape Metro and the Cape Winelands. Both these district grew by an average of 3.4% between 2005 and 2014. Strong performance in the Cape Metro was recorded for agriculture. The agricultural sector grew by 9% in the Metro, the construction sector grew by 5.1% and the finance and business services sector Madam Speaker, grew at 4%. This year the Cape Metro economy is expected to only grow at a rate of 1.8% and will average at 2.6% over the next five years.
- For the Cape Winelands district, strong performers during the review period included construction at 6.1%, finance and business services in



the Cape Winelands, 5.6%, transport and communication - very important - 4.4%, wholesale and retail, catering and accommodation, which include tourism, is 4.3% in the Cape Winelands and general government 4.2%. This year the Cape Winelands economy is expected to grow by 2% and average 2.8% over the next five years.

- Let me now turn to the West Coast District. The economy recorded a 2.9% growth during the period 2005 up till 2014, although its finance and business services sector expanded by 8.6% and construction by 5.7%. This year the West Coast District is expected to grow by 1.8%, and an average of 2.6% over the next five years.
- The agricultural sector recorded very low growth rates between 2005 and 2014 in all the districts except the Cape Metropolitan area. The Cape Winelands we have experienced a growth in the agricultural sector of only 0.7%, in Eden only 1.7% and recorded meek positive growth rates whilst West Coast grew at minus 0.1%, Overberg minus 0.1% and the Central Karoo minus 0.5% agricultural sectors contracted. This remains a cause for concern as agriculture is a key sector and a major employer in this Province. However, the sector is expected to return positive territory across the regions over the next five years, with a growth rate of 2.8% expected for the Metro and 2.5% for the Cape Winelands and 2.2% for the Eden region.
- Sectors that are expected to perform strongly over the next five years

include the finance and business services sector will grow at a rate of 4.0%, construction - one of the fastest-growing sectors of the economy in the Western Cape will grow at the rate of 3.7% and transport and communication at the rate of 3.1%. Honourable [Interjection.]

Mr Q R DYANTYI: Mr Deputy Speaker, they are changing in the [Inaudible.] [Interjections.]

The MINISTER OF FINANCE: ...spatially it is evident that there are two nodes of economic development in the Western Cape, namely the Cape Metro and what may be regarded as the Eden 'sub-node' at this stage.

Mr Deputy Speaker, the Cape Metro node has a number of municipalities closely associated with itself and that is why the Western Cape Government has now introduced a regional socio-economic programme here in the Western Cape, because the Cape Metro is closely associated with Stellenbosch, Drakenstein, Saldanha, Swartland, Theewaterskloof and Overstrand municipalities. The Cape Metro is closely integrated with the two leading Winelands municipalities namely Stellenbosch and Drakenstein. The combined GDPR accounted for 80% of the Western Cape growth in 2013.

The Eden sub-node hosts the coastal municipal economies of George, Mossel Bay and Knysna and that accounts for 70% of the economic activity in the Eden region. Although the Eden sub-node consisting of the five leading municipalities in the region only contributed an estimated 7% to Western

Cape GDP in 2013, it has been the fastest growing region in the Province.

Both the Winelands and the Eden economies are geographically better balanced in that they each contain sizeable outlying municipal economies, such as Breede Valley, Langeberg and Witzenberg in the Winelands and Oudtshoorn and Bitou in Eden.

The rising Human Development Indices across all the regions between 2001 and 2013 is indicative that economic growth is having a positive impact on social development in all regions. Furthermore, areas which recorded higher economic growth than population growth experienced positive growth in per capita income levels and standards of living.

Mr Deputy Speaker and hon members, what are the implications and recommendations for municipality policy, planning and budgeting of the MERO?

- Mr Deputy Speaker, Honourable Speaker, the MERO suggests that the increase in the informal sector has implications for skills development and social policy.
- There is a need to support the development of midstream activities.
- Industry support services such as schools, social amenities, hospitals need to be explored for example in the West Coast area.
- As you know that the Western Cape Government will over the next three years spend R17.3 billion rand in infrastructure development.

Infrastructure development and maintenance with specific reference to backward and forward linkages, offer great opportunities. Tourism and the quality of life destinations as well as health, sport and cultural tourism will also be promoted

The MERO also highlights further economic opportunities particularly the Metro around oil and gas; and also in Atlantis in the West Coast, the Saldanha IDZ infrastructure and services; in the Cape Winelands District low growth in food and beverage and agri-parks and tourism; in the Overberg district, small scale farming, niche markets and tourism.

In the Eden region we will be focusing on agri-processing, higher employment potential vs petrochemical industry. In the Central Karoo it is tourism, marketing, agri-opportunities particularly in the area around Beaufort West and Laingsburg.

Mr Deputy Speaker, let me conclude. The 2015 MERO and PERO highlighted that the current global and domestic economic environment is particularly weak amidst a less than desirable economic growth outlook. Persistent unemployment, coupled with increasing population pressures and dynamics linked to youth, gender and race remain a key challenge in the Western Cape. Other domestic constraints impacting on the economic outlook relate to energy, infrastructure and skills shortages, while outcomes related to education, health and broader social ills continue to impact on and are affected by the levels of economic development.

These economic pressures emphasise the fundamental need for thorough integrated planning, considered decision making, active economic transformation and appropriate policy responses, which will in turn stimulate economic and human development.

South Africa's economy is facing structural problems and as a country we must address these.

Firstly, the total of South African's income from the government is R1.1 trillion. The total expenditure for this current financial year is R1.4 trillion. You can imagine with a R300 billion shortfall we have to borrow more money.

Secondly, the South African debt to GDP ratio is currently already at 42%. In 2008 the debt to GDP ratio was 21%. Over a eight year period Mr Deputy Speaker, our debt to GDP ratio has doubled. If you factor into the guarantees that we gave to Eskom, the guarantees that we gave to SANRAL, this could potentially rise to the level of 47%. There is a risk.

Thirdly, the current labour legislation impacts negatively on investment, South Africa urgently needs labour law reform to encourage investment; to grow the economy and create jobs.

Fourthly, the level of saving as a percentage of GDP is very low in South

Africa and is currently only at 13.5 %, and within the BRICS countries we have the lowest savings rate.

Fifthly, the levels of corruption in South Africa are far too high. Corruption is destroying opportunities and increasing poverty. Public perception confirms that South Africa must urgently address the issue of corruption.

Sixthly, the current wage agreement of public servants of 7% is costing the fiscus, almost R50 billion over the next three years. The state cannot and the taxpayer cannot afford to pay public servants any more salary wage increases above inflation.

We cannot continue to blame the world economy for our poor performance of the South African economy. South Africa has structural weaknesses...  
[Interjection.]

Mr Q R DYANTYI: It is the Western Cape MEC.

The MINISTER OF FINANCE: ...and South Africa's domestic structural weakness... [Interjection.]

Mr Q R DYANTYI: It is the Minister!

The DEPUTY SPEAKER: Order! [Interjections.]

The MINISTER OF FINANCE: It now requires leadership...

Mr Q R DYANTYI: Calm down! [Interjections.]

The MINISTER OF FINANCE: ...to implement pro-poor pro jobs and pro-employment agencies.

†Mnr Q R DYANTYI: Terug huis toe.

\*Mr Q R DYANTYI: Go back home.

Mr K E MAGAXA: Just concentrate on your work.

Mr Q R DYANTYI: The Western Cape.

The MINISTER OF FINANCE: I repeat, we cannot continue to blame the world economy for the poor performance of South Africa's economy.  
[Interjections.]

The DEPUTY SPEAKER: Order!

The MINISTER OF FINANCE: I will repeat: we cannot continue to blame the world economy for our poor performance. [Interjections.]

The MINISTER OF FINANCE: Mr Deputy Speaker... [Interjections.]

The DEPUTY SPEAKER: Order! Order! Order!

The MINISTER OF FINANCE: I will repeat this until the hon members understand it. [Interjections.]

An HON MEMBER: Ja.

The MINISTER OF FINANCE: We cannot continue to blame the world economy for our poor performance. [Interjections.]

The DEPUTY SPEAKER: Order!

The MINISTER OF FINANCE: We cannot continue to blame the world economy for our poor performance.

The DEPUTY SPEAKER: Order! Minister, Order Minister, I think you have [Interjection.]

The MINISTER OF FINANCE: I will repeat it hon Mr Deputy Speaker.

The DEPUTY SPEAKER: Minister, order. [Interjections.] Order! Order! [Interjections.] Order! Minister, I think you can continue now.

An HON MEMBER: Yes, yes, you can [Interjections.]



The MINISTER OF FINANCE: I will listen to you Mr Deputy Speaker.  
[Interjections.]

An HON MEMBER: We are not going anywhere. [Interjections.]

The MINISTER OF FINANCE: South Africa has domestic and structural weaknesses and it now requires leadership to implement pro-poor, pro-jobs  
[Interjection.]

An HON MEMBER: But you do not have ... [Interjection.]

The MINISTER OF FINANCE: ...pro-employment strategies... [Interjections.]  
...as leaders in this House we must implement the National Development Plan.

Mr Q R DYANTYI: There you go, come back to this House.

The MINISTER OF FINANCE: The policy implications of the 2015 PERO and MERO research findings strongly reiterate the strategic priorities and initiatives encapsulated in the 2014 to 2019 Provincial Strategic Plan. These include creating an enabling environment through energy security, reducing red tape, skills development and promoting infrastructure-led growth. The MERO's research findings well complement and inform the Integrated Development Plans of the respective municipalities to ensure the effective use of resources, improved service delivery, attract additional funding,

strengthen democratic values and to promote inter-governmental cooperation.

The PERO and the MERO research present the harsh, clinical realities of the South African and Western Cape economies. Next week the National Minister of Finance, Minister Nhlanhla Nene, will outline the National Government's fiscal and financial policy for the next three years when he tables the Medium Term Budget Policy Statement in the National Assembly on 21 October.

On 19 November I will come back to this House to present this Government's fiscal policy responses for the next three years when I table the Western Cape Government's Medium Term Budget Policy Statement.

I wish to express my sincere thanks and appreciation to my HOD and all the staff in the budget office who has contributed to this year's research, particularly the colleagues from the Bureau for Economic Research up there and also all the staff of this Government and also the Western Cape Cabinet for approving or recommending that this be submitted today in this house.

Mr Deputy Speaker, it therefore gives me now great pleasure to table the 2015 Provincial Economic Review and Outlook and the 2015 Municipal Economic Review and Outlook for consideration in the House.

Mr M G E WILEY: Hear, hear.

An HON MEMBER: Well done! [Applause.]

The DEPUTY SPEAKER: Thank you. Order! Thank you Minister. The Provincial Economic Review and Outlook and the Municipal Economic Review and Outlook will now be referred to the relevant committees for consideration.

We move on to Orders of the Day. The Secretary will read the first Order.

### **ORDERS OF THE DAY**

1. Consideration of Report of the Standing Committee on Local Government on the *Disaster Management Amendment Bill* [B 10D – 2015] (NCOP), dated 10 September 2015 (See Announcements, Tablings and Committee Reports, No 71, dated 17 September 2015, p 229, Ratification of final mandate).

The DEPUTY SPEAKER: Order! When the House could not sit during the past few days the Legislature received the report of the Standing Committee on Local Government on the *Disaster Management Amendment Bill* conferring authority on the Western Cape delegation in the NCOP not to support this bill. This mandate has been sent to the NCOP.

I will afford those parties who wish to take the opportunity to make declarations of vote if there is a need for that. The DA? The ANC? Is there?

Oh the DA, hon member, you may continue.

†UMnu M MNQASELA: Sihlalo, mandibulele ngeli thuba. Niya kunxiba ezi zinto zalapha ezindlebeni. Okokuqala mandiyicacise into yokuba, ukuqala kwethu ngale nkqubo besikhe sahlala noNondyebo, uNondyebo weSizwe ehamba nnaboLawulo lweeNtleklee kuZwelonke. Bathetha ngalo makhi, safumanisa ukuba kukho amasolotya esingonwabanga ngawo. Sabaxelela ukuba mabaye kulungisa, manditsho.

\*Chair, let me thank you for this opportunity. You will have to wear your earphones. Firstly, let me explain that when we first started with this process we sat with the Treasurer, the National Treasurer, together with Disaster Management from National Government. They talked about this bill. We found out that there are some acts that they are unhappy with. We told them to go and do rectification. †Let me state upfront that the ANC, EFF and the Democratic Alliance... [Interjection.]

Mr Q R DYANTYI: The ANC speaks for itself.

Mr P UYS: Speak for the DA.

Mr Q R DYANTYI: You do not speak for us.

Ms M N GILLION: Speak for yourself man.

Mr M MNQASELA: We all agreed in that Standing Committee that there are

certain elements of the bill that really need some very serious oversight. For instance when we dealt with the bill we realised that the financing or rather the costing of the bill, was not included as one of the issues that were areas that were very important in the contents of the bill and obviously that became a challenge because National Treasury was talking about 25% that should be coffered by the municipalities and that as National Treasury they are going to support it with 75%, I mean with 25%. So in essence it meant that municipalities must finance this as an unfunded mandate at 75% whereas National Treasury will fork out 25%. That was the very first point that we had a problem with.

We then went out to public hearings and going out to public hearings the very simple message that we got, was very clear, that municipalities do not have a problem with this bill, but areas that were very important for them as National Government to know that when you bring a bill you must cost it, and you must make sure that you supply enough information for us to be able to apply our minds, but we saw that National Treasury and the National Disaster Management were not prepared in terms of dealing with this particular bill. But the worst part of it is when the Standing Committee took a decision not to support this bill, subject to certain provisions that are in the report being considered, which the NCOP failing to do that, we then arrived at a particular decision on 10 September, that we are not going to support this. The ANC delegate that is sitting there, our permanent delegate from the province, I do not know whether this man was high on something... [Interjections.]

An HON MEMBER: Haibo! Haibo!

Mr M MNQASELA: Because he goes out of his way to misrepresent and undermine this House and he says there... [Interjection.]

An HON MEMBER: Who is this man?

Ms M N GILLION: Who is this man?

Mr M MNQASELA: And he says there... [Interjections.]

The DEPUTY SPEAKER: Order member! Order member, your time has expired. Just finish off the last sentence.

Mr M MNQASELA: And he says there that I am going to read this thing, but I do not agree with it.

The DEPUTY SPEAKER: Thank you hon member Mr Mnqasela, your time has now expired.

Mr M MNQASELA: You cannot do that as a honourable delegate...

The DEPUTY SPEAKER: Order! Hon member Mr Mnqasela your time has expired.

Mr M MNQASELA: Thank you very much. [Time expired.]

The DEPUTY SPEAKER: Any other party?

Mr Q R DYANTYI: Is it parliamentary, Mr Deputy Speaker, for the hon member Mr Mnqasela to refer to another hon member... [Interjection.]

An HON MEMBER: Who is that man?

Mr Q R DYANTYI: ...of the NCOP as “that man...” - is it parliamentary - “who is high on something.”

The DEPUTY SPEAKER: Let me say it is not unparliamentary, members in the other House do not have any protection in this House, so I am not going to rule on that one. [Interjections.]

The DEPUTY SPEAKER: Honourable... [Interjections.]

Ms M N GILLION: He is a member.

An HON MEMBER: That is fine.

The DEPUTY SPEAKER: We are becoming very technical now. He is not a member in this House.

An HON MEMBER: No, no, he is... [Interjections.]

The DEPUTY SPEAKER: Hon member Mr Dyantyi are you taking the three minutes for the declaration?

Mr Q R DYANTYI: I am taking these three minutes, so you are saying I can say “that man Mmusi Maimane”.

An HON MEMBER: Ja.

Mr Q R DYANTYI: That is fine. I get that. [Interjections.]

The DEPUTY SPEAKER: Order! [Interjections.] Order! Order!

The MINISTER OF AGRICULTURE, ECONOMIC DEVELOPMENT AND TOURISM: He is the man.

Mr Q R DYANTYI: Who is always high, by the way. [Interjections.]

The MINISTER OF AGRICULTURE, ECONOMIC DEVELOPMENT AND TOURISM: He is the man!

The DEPUTY SPEAKER: Honourable, order! [Interjections.] Order!



An HON MEMBER: He is the man!

An HON MEMBER: Whose man, your man? [Interjections.]

The DEPUTY SPEAKER: Hon member Mr Dyantyi your three minutes has started a long time back. [Interjections.]

Mr Q R DYANTYI: Mmusi Maimane [Inaudible.] by the way. [Interjection.]

The DEPUTY SPEAKER: Order! Order! [Interjections.]

Ms B A SCHÄFER: You are very immature. [Interjections.]

The DEPUTY SPEAKER: Order!

An HON MEMBER: You can say seven hundred and... [Inaudible.]

The DEPUTY SPEAKER: Please come to order now members. Hon member Mr Dyantyi, you may continue. [Interjections.] You may continue.

An HON MEMBER: Our mandate says 780 000 [Inaudible.]

Mr Q R DYANTYI: Thank you, Mr Deputy Speaker. On the issue of the amendment of the Disaster Management Bill this is a bill that was enacted in 2002 and quite clearly in 2015 over twelve years of that it was proper that the

ruling party considers the amendment to this. We interrogated the amendments. We raised critical issues from the side of the ANC, which were taken up by the authors of these amendments and we are happy with the process that is undergoing and let me make the following points that the member refers to the public hearings that we embarked on. Those public hearings under the DA in this province were ashamed. When we went to George in the Southern Cape [Interjection.]

An HON MEMBER: Did you go?

Mr Q R DYANTYI: We were in a hall bigger than this House with less than twenty people, all of them officials.

Mr R D MACKENZIE: Did you mobilise [Interjections.]

Mr Q R DYANTYI: No member of the public. Now that is the public hearing he is referring to. We wasted money to go to fifteen officials of the City for that. [Interjections.]

HON MEMBERS: No! No!

Mr Q R DYANTYI: That is not enough. [Interjections.] We went to the West Coast. It got worse [Interjections.]

An HON MEMBER: And your point is [Interjections.]

Mr Q R DYANTYI: ....about ten officials - no member of the public.

Ms M N GILLION: What public participation? There is no public participation.

Mr Q R DYANTYI: Do not refer to any public participation in terms of this issue. [Interjections.] That is the point I am making.

The MINISTER OF AGRICULTURE, ECONOMIC DEVELOPMENT AND TOURISM: That is a weak point.

Mr Q R DYANTYI: And therefore to go further, the ruling party in this country in our very successful National General Council resolved...one of the critical things we raised in the Disaster Management Act is that the role of the district is going to be lifted up to focus on issues of audit outcome and disaster management - something that they dream about. [Interjections.]

An HON MEMBER: What about the money?

Mr Q R DYANTYI: That we have done. [Interjections.]

Mr M MNQASELA: ...disaster management [Interjections.]

Mr Q R DYANTYI: And therefore as the African National Congress we

support the amendments of this bill as proposed by both Cogta, Treasury and as driven by the NCOP. We are in support and we do not support this report as reflected here.

An HON MEMBER: Unfortunately you [Inaudible.] [Interjections.]

The DEPUTY SPEAKER: Thank you member. Order! Order! [Applause.] Are there any other parties wishing to take the opportunity? If not, then I am putting the question. Before I put the question, can I just appeal to the House, the noise level is too high and I am referring to both sides now. We cannot have an interaction like this going forward. I am now going to put the question. Are there any objections to the ratification of the conferment of authority on the Western Cape Delegation in the NCOP not to support the Bill?

HON MEMBERS: Yes, yes, of course [Inaudible.]

The DEPUTY SPEAKER: There is an objection. Therefore I put the question. Those in favour of the conferment will say “aye”.

HON MEMBERS: Aye.

The DEPUTY SPEAKER: Those against “no”.

HON MEMBERS: No.

The DEPUTY SPEAKER: I think the “ayes” have it, and so it be. The ANC’s objection will be recorded. The Secretary will read the next Order. [Interjections.] Order! [Interjections.] Allow the secretary the freedom to speak please?

2. Consideration of Report of the Standing Committee on Community Development on the *Medicines and Related Substances Amendment Bill* [B 6D – 2014] (NCOP), dated 2 October 2015 (See Announcements, Tablings and Committee Reports, No 80, dated 2 October 2015, p 249) (Ratification of final mandate).

The DEPUTY SPEAKER: Order! When the House could not sit the past few days the Legislature received the report of the Standing Committee on Community Development on the *Medicines and Related Substances Amendment Bill* conferring authority on the Western Cape delegation in the NCOP to support this bill. This mandate has been sent to the NCOP.

Are there any objections to the ratification of the conferment of authority on the Western Cape Delegation in the NCOP to support the Bill?

HON MEMBERS: No.

The DEPUTY SPEAKER: No objections? Agreed to.

An HON MEMBER: Ja, there is no objection.

Mr P UYS: It is our bill! [Laughter.] It is our bill.

The DEPUTY SPEAKER: Order!

An HON MEMBER: It is last year's one.

The DEPUTY SPEAKER: Order! Before we adjourn...

†'n AGBARE LID: Nee man, 'n goeie wetsontwerp.

\*An HON MEMBER: No man, it is a good bill.

The DEPUTY SPEAKER: ... I would like to remind hon members that the Budget Committee meeting would commence immediately after the adjournment in the Chamber. That concludes the business for the day. The House is adjourned.

House adjourned at 15:05