
MONDAY, 6 DECEMBER 2021

PROCEEDINGS OF THE WESTERN CAPE PROVINCIAL PARLIAMENT

The sign † indicates the original language and [] directly thereafter indicates a translation.

[Hybrid sitting held with some members present in the House and some in virtual attendance through Microsoft Teams]

The House met at 10:00.

The Deputy Speaker took the Chair and read the prayer.

BUSINESS OF THE HOUSE

The DEPUTY SPEAKER: You may be seated. Order! Before we proceed, I would like to remind members about some of the logistical arrangements. It has been a long time since we have had a sitting, so I think it is important to reiterate some of the House Rules. If a member of this Provincial Parliament elects to participate virtually and not from the Chamber it is such member's responsibility to ensure that he or she has good quality data connectivity for good quality audio and video and that there are no disturbances.

The hybrid system has been functioning well and poor audio and/or video is not attributed to the system, but rather the quality of data connectivity. All members, your microphones have been muted, and for those that are participating in this sitting, you are requested to please use the raise-your-hand function when you desire to raise a point of order.

Hon members are reminded that no interjections are permitted during these hybrid sittings, and in this regard, I draw the attention of the hon members to Rule 40 of our Standing Rules.

I now recognise the Chief Whip.

(Motion)

The CHIEF WHIP (DA): Thank you, Madam Deputy Speaker. I give notice that I shall move:

That, notwithstanding the Standing Rules, I request that the sitting of today as well as later in the week on Thursday commence at 10:00 a.m.

The DEPUTY SPEAKER: Are there any objections? No objections? Agreed to. I recognise the Chief Whip.

The CHIEF WHIP (DA): Thank you, Madam Deputy Speaker. I move without notice:

That the consideration and finalisation of the Biodiversity Bill be dealt with in the same sitting later this week. Thank you.

The DEPUTY SPEAKER: Thank you. Are there any objections to the motion? No objections? Agreed to.

I call upon the hon Minister to table the Municipal Economic Review and Outlook, the honourable, the Minister of Finance, David Maynier.

MUNICIPAL ECONOMIC REVIEW AND OUTLOOK

The MINISTER OF FINANCE AND ECONOMIC OPPORTUNITIES: Thank you, hon Deputy Speaker.

Hon Speaker and Deputy Speaker, hon Premier and Cabinet colleagues, hon Leader of the Opposition, hon Leaders of Opposition Parties, Executive Mayors and Deputy Mayors, hon members of the Western Cape Parliament, members of the Consular Corps, Heads of Department, Municipal Managers, special guests and of course, most importantly, the people of the Western Cape.

Deputy Speaker, it was supposed to be a quiet day, because in the war between the virus and the vaccine, the vaccine was winning, but the new Minister of Health, Joe Phaahla, was in a hurry because he was in a race against time.

News appeared to have been leaked, and so he hastily convened a “really unplanned press conference”.

At that “really unplanned press conference”, the Minister revealed to the world that a new variant had been discovered called “B.1.1.529”. To provide what he referred to as “proper information”, we were told that “the new variant did surprise us”; that “the new variant demonstrated a big jump in evolution, may have enhanced transmissibility and may be able to evade innate immunity”; that “the new variant may already be circulating quite widely and was not isolated to Gauteng”; and finally that “the new variant was a serious concern and posed a major challenge to South Africa.”

Worse, we were told that “our response to the new variant would be determined at meetings on the weekend”.

Not surprisingly, the “really unplanned press conference” was followed by global headlines screaming: “New Super Variant from South Africa”, which, in turn, triggered market meltdowns, travel bans, cancelled flights, postponed bookings, stranded passengers, lost revenue and lost jobs in South Africa, which goes to show just how dangerous a combination of first-rate science and third-rate communication can be for South Africa.

We must, of course, be open, we must be transparent, and we must share information about new variants, but the way that it was done, was clumsy. We should all support the call by the Director-General of the World Health

Organisation, Tedros Ghebreyesus, on the need for a new accord on sharing information on new variants, so that those who detect, sequence and report on new variants are not penalised like South Africa.

Deputy Speaker, we may have been knocked down, but we have not been knocked out in the Western Cape. We will stand up again, we will brush ourselves off, and we will fight on in the Western Cape. We will never stay down and we will always fight on so that we move forward in the Western Cape, which is why, Deputy Speaker, we moved swiftly, and we moved decisively, to respond to the knee-jerk response to Omicron.

We convened daily operational meetings to coordinate our economic response, most importantly between the Department of Economic Development, the Airports Company of South Africa, and Wesgro.

We supported airlines, the Airports Company and Consular Generals to assist stranded passengers to find accommodation, to find transport, and, in the end, to find flights home.

We supported business by convening virtual meetings to share not just what was known, but also, of course, what was not known, at that time, about Omicron, and here, Deputy Speaker, I would like to pause to extend a special word of thanks to the teams, from the Department of Economic Development, from the Airports Company of South Africa, from Wesgro, from Cape Town Tourism and, of course, from the Consular Corps, because when the going got

tough, they got going, pulling shifts often late into the night to help stranded passengers at Cape Town International Airport.

Deputy Speaker, looking forward, we will work hard to reverse the travel bans. We will double down on destination marketing. We will provide regular business briefings, and we will fight to keep the economy open so that we save jobs in the Western Cape, because, while we may have been knocked down, we have not been knocked out, and so we will stand up again, brush ourselves off and fight on so that we move forward in the Western Cape.

Deputy Speaker, we do not know the full economic impact of travel bans, but we do know that a snap poll of 856 businesses in the tourism and hospitality sector, mostly in Cape Town, the Garden Route and the Cape Winelands revealed that 78% of businesses had cancellations from clients in December 2021; that 60% of businesses had cancellations from clients in January 2022; and that 32% of businesses had cancellations from clients in February 2022. Worse, about 41% of businesses estimated that they lost more than R100 000 as a result of the travel bans. So, we say here and now to the international community, reverse your travel bans which are ineffective, and which are killing jobs in the Western Cape.

To quote a number of eminent scientists in a recent article published in an influential scientific journal, *The Lancet*, on 3 December 2021:

“By their nature SARS-CoV-2 variants are several steps ahead of the international travel curve. Once community transmission of an airborne virus is occurring, travel restrictions have little effect.”

Deputy Speaker, what we do know with absolute certainty, about Omicron, is that its timing is terrible, because we are in deep economic trouble, and we face significant budget crunches in South Africa.

We expect to spend R75,8 billion in 2022/23, R73.4 billion in 2023/24 and R76,2 billion in 2024/25 in the Western Cape.

However, our provincial equitable share, which makes up 75% of our provincial revenue, will take a R8,4 billion knock in real terms because of below-inflation increases over the medium term; and record a net decrease of R540,5 million over the medium term, following an initial R1,2 billion decrease as a result of an adjustment to the health components of the provincial equitable share formula for the Western Cape, which comes at precisely the moment when spending pressures on healthcare are most acute in the Western Cape.

To be fair, Deputy Speaker, the provincial equitable share will be increased by R1,45 billion in 2022/23 for compensation of employees, following the Public Sector Wage Agreement in South Africa. But to make matters worse, we of course, looking forward, face a number of significant fiscal risks over the medium term which have been outlined in a new and improved Western

Cape Fiscal Risk Statement. That include stagnant economic growth, a reversal of the commodity boom, and tightening financial conditions, negatively affecting revenues; the evolution of the pandemic, new variants and the vaccine rollout; slow implementation of structural reforms negatively affecting business confidence and private sector investment; the deterioration of public finances because, of course, acute spending pressures, the materialisation of contingent liabilities and staggering national debt; and, of course, pressure on spending from compensation of employees in South Africa.

Deputy Speaker, we know that because of the budget crunch things will be tough, but we will stand up again, we will brush ourselves off, and we will fight on so that we move forward in the Western Cape, which is why, today, we are tabling *A Budget to Back You* in the Western Cape, a budget to back you so that you find a job, a budget to back you so that you feel safe and a budget to back you so that you receive the care you need. But, above all, this is a budget to back you so that you have hope here in the Western Cape.

To back you, and provide hope for you, the Medium-Term Budget Policy Statement outlines how resources will be allocated to sustain the fight against the Covid-19 pandemic in the Western Cape; to support “*Jobs, Safety and Wellbeing*”, the three north stars of the Recovery Plan; to protect frontline services, including education, health and social development in the Western Cape; to rebalance the composition of expenditure by increasing spending on infrastructure; to support effective, and clean, municipal government in the

Western Cape; to significantly improve the efficiency of spending by driving value for money; to promote transparency of spending on procurement in the Western Cape; to mitigate risks including droughts, floods and fire; and finally, to ensure the long-term fiscal sustainability of the Western Cape.

Deputy Speaker, we have now lost over 20 000 people as a result of the COVID-19 pandemic in the Western Cape, so today we table a budget to back you, to fight the COVID-19 pandemic in the Western Cape.

To avoid further lockdowns, we must have an effective vaccination programme to vaccinate as many people as fast as possible; a robust health platform with enough beds, with enough oxygen and with enough healthcare workers to take care of patients; and, of course, an effective booster programme to support or to provide booster shots to as many people as fast as possible in the Western Cape.

We have reprioritised and we have allocated an additional R211,3 million to the fight against the COVID-19 pandemic in the Western Cape, and to ensure that we are sufficiently agile, and to ensure that we are sufficiently flexible in our response, we continue to ring-fence R800 million in the provincial reserves to support the fight against COVID-19 in the Western Cape. Because, while we may have been knocked down, we have not been knocked out, and we will stand up again; we will brush ourselves off and we will fight on so that we move forward in the Western Cape.

Deputy Speaker, we have too many people who do not have jobs, or who have given up looking for jobs, in the Western Cape, so today we table a budget to back you, to find a job in the Western Cape, which is why we plan to spend R1,4 billion over the medium term on the ease of doing business, on boosting investment and exports, on enterprise development, on skills development and on energy resilience in the Western Cape.

Deputy Speaker, we have too many people who are victims of crime in the Western Cape, so today we table a budget to back you, to feel safe in the Western Cape, which is why we plan to spend about R2,2 billion over the medium term on more law enforcement officers, support to families at risk, providing safe spaces and on safety data and surveillance in the Western Cape.

Deputy Speaker, we also have too many people who do not receive the care they need in the Western Cape, which is why we plan to spend about R160 billion over the medium term on providing strong foundations, improving nutrition, mental wellness and, of course, on after-school programmes in the Western Cape, because while we may have been knocked down, we have not been knocked out, and so we will stand up, we will brush ourselves off, and we will fight on so that we move forward in the Western Cape. Deputy Speaker, today we table a budget to back you, by protecting spending on frontline services, including on education, on health and on social development in the Western Cape.

Despite the budget crunch, we plan to spend an additional R350 million over the medium term on education, health and social development; and we plan on spending 82% of our budget over the medium term on the provincial social wage, including spending on education, health and social development, spending on school nutrition, learner transport, fee exemptions, housing opportunities and after school programmes in the Western Cape. Because, while we may have been knocked down, we have not been knocked out, and so we will stand up again, brush ourselves off, and fight on so that we move forward in the Western Cape.

Deputy Speaker, we plan to spend R28,6 billion on infrastructure over the medium term in the Western Cape. We plan to increase spending on infrastructure over the medium term by providing more predictable funding for infrastructure over the medium term; supporting establishing a clear, well prepared, pipeline of infrastructure projects through the Project Preparation Facility; crowding in private sector investment through public private partnerships, following the revision of the Public Private Partnership Regulations, starting with the new Tygerberg Central Hospital; and, of course, supporting and assisting municipalities to develop a pipeline of projects that are bankable through the Sustainable Infrastructure Development and Finance facility, which has already identified about R1,7 billion worth of energy, water and wastewater infrastructure projects in the Western Cape. Because, while we may have been knocked down, we have not been knocked out, and we will stand up again, brush ourselves off and fight on so that we move forward in the Western Cape.

Deputy Speaker, we have just come through the Sixth Democratic Local Government Elections in the Western Cape, and I would like to pause here and to congratulate the newly elected Executive Mayors, Executive Mayoral Committee members and Councillors of all the municipalities in the Western Cape.

We plan to back you by backing municipalities because we know that they are engines of economic growth and that they are on the frontline of service delivery, in the Western Cape.

We stand ready to provide guidance on compliance with legislation and prescripts; accredited training and peer-to-peer learning; guidance on the interpretation of procurement legislation, and the development of budget funding plans for municipalities with unfunded budgets.

Today, Deputy Speaker, we also table the 2021 Municipal Economic Review and Outlook, which is a world-class document stacked with data that is packaged in a user friendly and visually appealing manner, designed specifically to support planning and budgeting in municipalities in the Western Cape.

To make the 2021 Municipal Economic Review and Outlook even more user-friendly, separate publications have been produced for each district in the Western Cape. We will also not hesitate to take strong action in terms of the Constitution and legislation if municipalities do not back you in the

Western Cape. So we have acted to strengthen our provincial guardrails by allocating an additional R15 million over the medium term to increase municipal capacity building and support initiatives; and by allocating an additional R15 million over the medium term to increase the capacity of legal services and forensic services in the Western Cape.

Deputy Speaker, we are also committed to making sure that increases in expenditure are matched by corresponding increases in efficiency in the Western Cape because we must ensure that every cent of the public's money is spent wisely.

We have, in line with the new framework for achieving spending efficiency in a fiscally constrained environment, begun introducing expenditure reviews to assess the efficiency, effectiveness and performance of selected programmes, which include learner transport, commuted overtime, foster care services, skills development and broadband in the Western Cape.

Deputy Speaker, we are deeply committed to ensuring clean government in the Western Cape so we are very proud to have recently published the 17th, I say again, the 17th monthly edition of the Procurement Disclosure Report for the period 1 October 2021 to 31 October 2021; and the third, I repeat, the third Quarterly Procurement Disclosure Report for the period 1 July 2021 to 30 September 2021 and just a few months ago, we published the first – the first Annual Procurement Disclosure Report for the period 1 March 2020 to 31 March 2021, which, of course, was a first-of-its-kind report in South

Africa.

What that annual report revealed was that we back you by making sure that a total of R1,5 billion of all COVID-19 related expenditure by provincial departments and public entities was spent on Small, Medium and Micro-Enterprises in the Western Cape; and a total of R1,3 billion of all COVID-19 related expenditure by provincial departments and provincial public entities was spent on suppliers based in the Western Cape.

We want to be the most transparent province when it comes to procurement, and for that reason we will incrementally expand the scope of the procurement disclosure reports over the medium term here in the Western Cape.

Deputy Speaker, we must also, of course, be prepared to back you to deal with risks such as drought, floods and fires and for that reason we have allocated additional funding to enhance the Disaster Management Centre as well as allocated about R379 million in 2022/23, R432 million in 2023/24 and R292 million 2024/25 for unforeseen and unavoidable expenditure in the Western Cape.

Deputy Speaker, to respond to a more constrained fiscal future, departments and public entities will have to implement the consolidation framework, including proactively mitigating fiscal risks, containing spending on compensation of employees and generating additional revenue to ensure the

long-term fiscal sustainability of the Western Cape.

To support the departments and public entities that are backing you, we have established, as you may know, a Fiscal Transition Support Facility, to support once-off, upfront investment in new service delivery models that will result in long-term reductions in expenditure for the Western Cape.

Deputy Speaker, tucked away under all these budget books, of course, is the 2021 Adjusted Budget, which makes provision for new priorities, spending pressures and risk mitigation in the Western Cape.

The 2021 Adjusted Budget makes provision for a net additional allocation of R1,49 billion, including most importantly an additional R603 million for the Presidential Youth Initiative to employ general school assistants, healthcare workers and social workers; an additional R1,1 billion for compensation of employees as a result of the Public Sector Wage Agreement; and an additional R35 million in National Conditional Grant Allocations including R20 million for the HIV, TB, Malaria and Community Outreach Grant; and R17,2 million for the Early Childhood Development Grant here in the Western Cape. The additional allocation, as a result of the Presidential Youth Initiative will give thousands of people, especially young people, work opportunities and hope in the Western Cape.

Deputy Speaker, today we are tabling *A Budget to Back You* in the Western

Cape. This is a budget, as I have said, to back you so that you find a job. This is a budget to back you so that you feel safe; and this is a budget to back you so that you receive the care that you need in the Western Cape, but, above all, this is a budget to back you so that you have hope in the Western Cape.

To back you and provide hope for you, the Medium-Term Budget Policy Statement has outlined how resources will be allocated to sustain the fight against the COVID-19 pandemic; to support “*Jobs, Safety and Wellbeing*”, the three north stars of the Recovery Plan; to protect frontline services, including education, health and social development; to rebalance the composition of expenditure by increasing spending on infrastructure; to support effective and clean local government; to significantly improve the efficiency of spending by driving value for money; to promote transparency of spending on procurement; to mitigate risks including drought, floods and fire; and, finally, to ensure the long-term fiscal sustainability of the Western Cape.

Deputy Speaker, we have all worked hard, often late into the night, on the 2021 Medium-Term Budget Policy Statement and we all owe a big thank you to Team Finance at Provincial Treasury, so it gives me great pleasure to table:

- the Western Cape Adjustments Appropriation Bill, 2021;
- the 2021 Western Cape Adjustments Estimates of Provincial Revenue

and Expenditure;

- the Western Cape 2021 Draft Notice on Additional and Amended Allocations to Municipalities;
- the Overview of Adjusted Provincial and Municipal Infrastructure Investment, 2021;
- the 2021 Municipal Economic Review and Outlook;
- the 2021 Western Cape Medium-Term Budget Policy Statement;

and finally, my speech, for discussion and deliberation here in the Western Cape Parliament.

In conclusion, Deputy Speaker, we may have been knocked down, but we have not been knocked out in the Western Cape. We will stand up again, we will brush ourselves off, and we will fight on in the Western Cape. We will never stay down. We will always fight on so that we move forward in the Western Cape. I thank you.

An HON MEMBER: Hear–hear! [Applause]

The DEPUTY SPEAKER: Thank you very much, Minister Maynier. The Secretary will read the Order of the Day.

ORDER OF THE DAY

The SECRETARY: Introduction and First Reading – Western Cape

Adjustments Appropriation Bill, (2021/22 Financial Year) [B6 – 2021]

The DEPUTY SPEAKER: Thank you, Mr Secretary. The Secretary will now read the Bill a first time.

The SECRETARY: Western Cape Adjustments Appropriation Bill.

The DEPUTY SPEAKER: Thank you, Mr Secretary. The Bill, together with the papers tabled, will be referred to the relevant committees for consideration and report. The Municipal Economic Review and Outlook will now be referred also to the relevant committee for consideration. I trust that is in order.

Before we adjourn, hon members, I would like to remind members that the briefing on the ThethaNathi would commence after the adjournment of this sitting. This concludes the business of the day.

The Secretary will now end the meeting and all members will be exited from this sitting. The House is adjourned.

The House adjourned at 10:35.