
THURSDAY, 21 SEPTEMBER 2023

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 Speaker took the Chair and read the prayer.

BUSINESS OF THE HOUSE

The SPEAKER: Please be seated. Good morning, hon members. Before we proceed, I would like to remind the hon members about some of the logistical arrangements. As has been our practice to date, the hon members who will participate in this Sitting of the House both from the Chamber with the Presiding Officer and Table staff, and via Microsoft Teams. Our Standing Rules have accordingly been amended to accommodate such hybrid Sittings. Hon members experiencing challenges in connecting to the Sitting are requested to contact the WCPP ICT colleagues, who will assist to resolve

their connectivity challenges.

Decorum requirements for the Sitting of the House are provided for in the Constitution and the Standing Rules. Hon members present in the Chamber and via Microsoft Teams have all the privileges and immunities imparted by law. Hon members who are considered out of order by the Presiding Officer will have their microphones muted and called to order. In instances, hon members, where these directives do not cover a particular eventuality, the Standing Rules must apply and in instances where the Rules cannot be applied, the ruling by the Presiding Officer is final.

Hon members, all microphones have been muted. However, for those hon members participating in this Sitting of the House via Microsoft Teams, you are requested to use the raise hand functionality of the system when you desire to raise a point of order, and I will recognise you. When an hon member in the Chamber wishes to raise a point of order, such an hon member may address the Presiding Officer as expected, but must mute their microphones when they have completed speaking.

Hon members, the media have also been granted access to this MS Teams meeting as guests of the WCPP. However, members of the media may not use the chatroom or speak or activate their cameras while the Sitting is in progress. If an individual, who is not a member of this House, activates the microphone and video camera, such an individual will be exited from the Sitting immediately.

I also request those here today who are not members of this House to please observe the decorum of the House.

For this Sitting, hon members, Language Translation Services are available in the Chamber, as usual, and on Microsoft Teams via the respective channels. Hon members, I wish to remind you that no interjections are permitted during these hybrid Sittings and to this end, I wish to draw your attention to Rule 40 of our Standing Rules.

Hon members, I now call on the hon Minister to table the Provincial Economic Review and Outlook. I recognise the hon Minister of Finance, hon Minister Wenger.

PROVINCIAL ECONOMIC REVIEW AND OUTLOOK

The MINISTER OF FINANCE AND ECONOMIC OPPORTUNITIES: Thank you very much, hon Speaker, hon Acting Premier and hon Cabinet colleagues, hon Leader of the Opposition, hon members and people of the Western Cape.

Today, I have the pleasure of sharing some of the key data trends revealed in the Provincial Economic Review and Outlook, or the PERO. Over the last few months, our colleagues in the Provincial Treasury and provincial departments have compiled this comprehensive document, providing us with critical evidence we need to tackle the challenges and to guide us to the

opportunities that we can nurture, to deliver a better future for our residents. It gives us a clear picture of sectoral developments, key labour market dynamics and socio-economic development trends within the province, contextualised within the broader national and global realities, as well as how these developments impact us here in the Western Cape. And this year, the PERO team have introduced impressive new data that further deepens our ability to respond to emerging trends.

For the first time, we have included Spatial Economic Activity Data, which leverages anonymised, administrative tax data to give granular insight into where firms and jobs are located. The saying goes that decisions are only as good as the information on which they are based. This is why we place a premium on evidence-based decision-making, so we can make informed decisions to achieve the best possible outcomes in terms of economic growth, education, healthcare, well-being, and safety for our people. And so, Speaker, this publication is more than a labour of love, but a true example of civic service.

To begin, I would like to express my sincere appreciation and gratitude to all of those involved in the production of the 2023 PERO, especially Ms Shirley Robinson, Mr Philippus Prinsloo, Ms Taryn van de Rhee, the chapter leaders, quality controllers and advisors, technical editors, and graphic designers, under the stewardship of Mr David Savage as our previous Head of Treasury, as well as our new Acting Head of Treasury, Ms Julinda Gantana. All of the Treasury officials in the bay over there that have put so much hard

work into this PERO, I thank you.

The document that I table today also kicks-off this Government's Annual Budget process. The information contained in the PERO will help inform our policy responses and our budget choices which will be shared with you, the people's representatives in the House when I table the Medium-Term Budget Policy Statement later this year. And so, with the tabling of this publication we are witnessing the embodiment of robust policy formation in action.

Hon Speaker, it was Anne Bradstreet that said:

“If we had not winter, the spring would not be so pleasant; if we did not sometimes taste of adversity, prosperity would not be so welcome.”

As we mark the spring equinox tomorrow, and the September sun warms the vast stretches of the yellow canola fields from the Swartland to the Overberg, I am reminded of the age-old saying that ‘the grass is greener where you water it’. This sentiment simply and accurately describes the deliberate, yet often difficult choices we, as a government, must make. The saying also illustrates that with deliberate action guided by a clear, evidence-based strategy, we will emerge from the winter to reap the benefits of our choices and be rewarded with flourishing and vibrant harvests.

The need to tend diligently to our garden has never been so great, especially if we look to the international arena, which places South Africa, and the

Province, into sobering and arid territory. The global economic outlook remains uncertain, characterised by a sluggish growth, high inflation, and rising debt levels. Supply chain disruptions, geopolitical tensions, and climate change pose additional challenges world-wide.

The International Monetary Fund's July 2023 projections anticipate that global growth will drop from 3,5% in 2022 to 3% in 2023 and 2024. Economic activity continues to be weighed down by central banks raising interest rates to combat inflation and ensure financial stability. Even though the signs of lower inflation are there, especially in major economies, high interest rates strain economic activity, leading to stricter lending and a decrease in available credit.

In the United States of America, monetary policy has tightened in response to inflationary concerns and recent bank failures have led to a slowdown in credit creation, both affecting economic activity. In 2022, the US economy had significant links to the Western Cape, accounting for 13,7% of all arrivals at Cape International Airport and receiving 8,2% of the region's total exports, again just underpinning how important the renewal of South Africa's participation in AGOA is. America is one of our top export markets and here in the Western Cape we deeply value the US's support for our growth opportunities.

Looking to another international economic leader and key export partner, China, which contributed 5,5% to the Western Cape's exports. Although

China's economic growth is projected to rebound to 5,2% in 2023, their recovery is expected to weaken due to lower exports, a slowdown in the manufacturing sector and underlying risks in the real estate sectors. Overall, we are now seeing inflation starting to decrease, but it is still high in many countries.

If we turn to the realities closer to home, annual headline inflation in South Africa increased slightly from 4,7% in July to 4,8% in August 2023, falling below the Reserve Bank's upper monetary policy target range. While food inflation decreased from 10% in July to 8% in August, cost-of-living pressures persist.

Regarding economic growth, between 2013 and 2022, the South African economy grew at an average growth rate of 1%. Over the same period, the national population grew at an average annual rate of 1,4%. The result of this disparity between population and economic growth has been a decline in GDP per capita, making the daily lives of millions of South Africans that much harder. The latest inflation data confirms this lived reality, showing significant cost of living increases impacting the most vulnerable economic groups disproportionately.

In the 12 months leading to April 2023, lower-income households experienced an 11,3% rise in living costs, while middle-income and higher-income households experienced a 7,8% and 6,2% increase, respectively, according to Statistics South Africa. Last year, we had cause for some hope

as we continued to recover from the ravages of the COVID-19 pandemic: South Africa's economy grew by 1,9% off a relatively strong recovery in 2021 of 4,7%. But this year, those green shoots are absent. We expect growth of just 0,5% in 2023, before recovering to a somewhat modest growth of 1,8% in 2024. The key economic factors that have led to this underwhelming national growth include the impact of Russia's illegal invasion of the Ukraine; monetary policy tightening as a result of rapidly rising inflation; severe floods in April 2022; and the exacerbation of our national energy crisis, now into its 15th year.

The harsh reality is that this level of economic growth is entirely insufficient to support the job creation that South Africa needs. This level of economic growth is plainly unable to support National Government debt and unable to afford the National Wage Bill. Now frontline services are in line for deep cuts, compromising their ability to provide dignity and care to our people, and especially the vulnerable who need it the most. At the heart of these factors lies the undeniable truth that the National Government consistently and continuously fails to grab the nettle and make the critical and tough choices that will undoubtedly set us all on a path of inclusive and steady economic growth.

These choices are essential if we are to move from a nation buried under high unemployment, vast inequalities, and deep poverty, to one in which every citizen has the prospect of meaningful work, an equal opportunity to thrive, and a dignified quality of life. The country's economic prospects are further

constrained by limited fiscal space; rising debt levels; higher debt servicing costs; longstanding rigidities in the labour markets; the logistics crisis; and governance and corruption vulnerabilities. These factors collectively dampen the outlook for future economic growth and social outcomes in South Africa.

Here in the Western Cape, over the past decade, the economy has cumulatively expanded by 11,1%, or at an average annual growth rate of 1,1%. Over this period, the agriculture sector at 37% expanded at the fastest pace followed by the finance and government sectors. The success of the agriculture sector can largely be attributed to its increased access to international markets and phenomenal export growth. Our farmers and agricultural workers are so deserving of their success, despite immense headwinds that they battle daily.

Taking a broader view, the PERO shows that the Western Cape economy recovered from the 2020 recession by the first quarter of 2023. By the first quarter of 2023 the Provincial GDP was estimated to be 0,3% more than in the first quarter of 2020, while employment increased by 6,3% during the same period, highlighting the robustness and resilience of the Western Cape job market. Notwithstanding this resilience and in the context of inordinately challenging and binding national constraints to economic growth, businesses are rightly expressing negative sentiment in response. The provincial economy is expected to expand by 0,5% in 2023 followed by a rebound of 2,1% in 2024.

Our duty is to ensure that the choices that we make now will have not only an immediate impact on lives and livelihoods today but have a lasting positive impact on our children's futures and the generations to come. The choices that we make are becoming increasingly difficult, as our fiscal environment becomes increasingly tough. The Western Cape Government has not shied away from the tough choices in the past and I am heartened to see the PERO reflecting the outcomes of the tough choices we have made to prune our work and ensure that our tools and resources are applied with the greatest care, respect, and for the benefit of the people of the Western Cape.

To put it more plainly, 'the grass is greener where you water it' reflects our determined belief that it is the tough choices we make now, based on the insights from the PERO, that will go on to help our grass grow, to help our economy grow, so that we can create a province in which her people prosper, with many more jobs that lift people out of poverty and into a future budding with prosperity and with hope.

Hon Speaker, we are on a mission to make sure our collective tomorrow is better than today. And our map to guide us on this mission is our ambitious new economic action plan, 'Growth For Jobs' or G4J. G4J aims to enable a R1-trillion, jobs-rich, inclusive, resilient, and thriving provincial economy that is growing at between 4% and 6% by 2035. Ultimately, the solution to the challenges we face is to achieve the kind of break-out economic growth that will create many more jobs and which in turn, will help pull people out of poverty and give them the opportunities they need to succeed.

The entire strategy is underpinned by the principles of partnership, combining our efforts to achieve the best results of innovation to ensure we are constantly learning and employing the best methods to achieve our collective aims of redress because we understand that the best way to address historic injustices is to pull more people into the economy.

G4J clearly sets out seven Priority Focus Areas, which brings in a whole-of-government approach, to achieve horizontal enablement of the private sector for a private sector-led growth path. These focus areas, each with their own goals and targets, include driving investment, stimulating domestic markets and exports, energy resilience and a transition to net zero carbon, water security and resilience, technology and innovation, infrastructure and a connected economy, and improved access to economic opportunities.

At the very heart of G4J is the understanding that it is the private sector, including the formal ...[Interjections.]

The SPEAKER: Order!

The MINISTER OF FINANCE AND ECONOMIC OPPORTUNITIES:
...informal, and township-based economies, and particularly, citizens, entrepreneurs and SMMEs, that drive our economy. To put it simply ...[Interjections.]

The SPEAKER: Order, hon members!

The MINISTER OF FINANCE AND ECONOMIC OPPORTUNITIES: ...it is the private sector that creates jobs, and it is our job, as government, to make this as easy as possible. It is centred on systemic solutions that address key binding constraints and an enabling environment for the private sector that accelerates economic growth. And so ...[Interjections.]

The SPEAKER: Order!

The MINISTER OF FINANCE AND ECONOMIC OPPORTUNITIES: ...while there is much more work to be done, we have seen some green shoots emerging.

The data coming from the PERO confirms that millions of people are actively seeking out the Western Cape to base their families, their businesses, and their hopes. We are anticipating that our provincial population will reach 10 million by 2040. That means that between 2023 and 2040, our population will grow by an additional 2,7 million people. We have just learned that the Census data will be released in October, and this will provide additional information on our population dynamics.

With an ever-increasing population comes the increased pressure on provincial frontline services like education and health. And while the Western Cape Government is taking up the fight to make sure our residents

are not punished for poor policy choices made at the national level, the stark reality is that because of the fiscal crisis, we are going to have to do more, with far, far less, here at home. The PERO includes critical data on the performance of our education and healthcare systems to inform the path forward.

Over the last five years, there has been a notable improvement in learner retention for both primary and high school cohorts. This positive trend suggests a decline in dropout rates and an increasing number of learners successfully completing their education. We have also seen the devastating impact of the COVID-19 pandemic on systemic test results for Grades 3, 6, and 9, revealing sustained declines and highlighting the urgency and importance of targeted interventions.

The Western Cape moved quickly in lockstep with this data, and the Back on Track programme of the Western Cape Education Department is an example of a successful targeted intervention that has received national recognition for its efforts to address severe learning losses. By enabling increased ...[Interjections.]

The SPEAKER: Order, hon members!

The MINISTER OF FINANCE AND ECONOMIC OPPORTUNITIES: ...time allocation for Maths and Reading each week for the grades most severely affected by the pandemic, the programme applies a variety of teaching,

learning, and support methods to improve learning outcomes.

On the health front, PERO shows us that over the past decade, the Western Cape has seen encouraging growth in the number of public-employed doctors per 100 000 people, from 43,4% in 2013/2014 to 45,9% in 2022/2023. We have been able to employ an additional 725 doctors at public healthcare facilities over the period, which is an expansion of 27,8%. However, over the same period, the growth in public-employed nurses has not kept up at the same pace. The number of public employed nurses per 100 000 people declined markedly from 204,6 in 2013/2014 to 191,4 in 2022/2023.

Hon Speaker, through deliberate, evidence-led innovations, our provincial Department of Health and Wellness has achieved some impactful outcomes. Despite the expanding population in the province, there has been no corresponding rise in hospital visits or the number of hospital patient days. Since 2020, the number of public healthcare facility visits, and the hospital patient day equivalent, declined dramatically from levels reached in 2019/2020. The initial decline can be ascribed to the COVID-19 lockdowns, which prevented the public from accessing healthcare facilities for non-urgent services. But it has actually been the impressive innovation of the Department of Health and Wellness during the difficulties of the pandemic that has made all the difference here.

The community-oriented primary care, which took healthcare directly to residents' homes through outreach programmes and efficient medicine

delivery, including home delivery of chronic medication and tele-healthcare, has reduced healthcare facility visits. Consequently, the number of public healthcare facility visits is down by 11%, and the hospital patient day equivalent has been reduced since 2019/2020, largely due to the change in service delivery modality. It must be noted that these figures are not indicative of the demand for healthcare services in the province, which has of course increased.

The increase in service delivery demand is attributed to changing demographic dynamics and population growth in the Western Cape. Understanding life expectancy offers insights into health status, the disease burden of the population, and the impact of resource allocations. Across all provinces, females consistently exhibit higher life expectancy than males, with the Western Cape standing out for its longer male life expectancy compared to other provinces. What we are seeing in the Western Cape particularly, is a noticeable trend of gradual ageing, with this province showing the highest increase in the share of elderly individuals, which is now 1,1 percentage points higher than in 2014.

These changing demographics have implications for the healthcare system as the projected growth of chronic diseases and complex medical conditions among the ageing population will place a substantial burden on the demand for adult primary care services and specialised medical fields. This highlights the need to maintain public healthcare service delivery through continued investment, as well as the importance of ongoing innovations that

can sustain and improve the standards of healthcare services so that we can continue to help those who need it the most.

Looking to more general indicators of wellbeing, South Africa and the Western Cape have consistently improved on the Human Development Index or HDI scores over the last decade, indicating progress in well-being, education, healthcare, and living standards. HDI in the Western Cape has been improving in spite of the context of a deteriorating Gini Coefficient, unprecedented in-migration, and slow economic growth. The HDI improvement suggests that on average, the Province is making progress in education and healthcare outcomes. However, worsening income inequality, combined with slow economic growth, shows that the only way we are going to be able to lift more people out of poverty is by dramatically growing our economy, to create jobs.

Turning to mental health, we continue to see the impact of the immense stress and isolation caused by the COVID-19 global pandemic. In the 2021/2022 and 2022/2023 financial years, the Western Cape experienced an unprecedented surge of psychiatric admissions in public health facilities, accounting for 45,9% of admission growth over the past decade. We also saw annual suicide numbers in the Western Cape increasing by 36%, between 2013 and 2022, of which 82% occurred since 2019, requiring key considerations for mental healthcare access in the Western Cape.

Hon Speaker, as Premier Winde so rightly says, nothing stops a bullet like a

job, which is a further reason that we are on such a drive to dramatically increase economic growth to create so many more jobs.

Crime trends in the Western Cape over the past decade, have seen significant improvements in certain crime categories on a per capita basis. Driving under the influence of alcohol or drugs has decreased by 68%, drug-related crime is down by 38%, and sexual offences ...[Interjections.]

The SPEAKER: Order!

The MINISTER OF FINANCE AND ECONOMIC OPPORTUNITIES: ...have notably ...[Interjections.]

The SPEAKER: Order! Order, hon members!

The MINISTER OF FINANCE AND ECONOMIC OPPORTUNITIES: ...decreased by 68% ...[Interjections.]

The SPEAKER: Order!

The MINISTER OF FINANCE AND ECONOMIC OPPORTUNITIES: ...drug-related crime is down by 38%, and sexual offences have notably declined by 28% between 2012 and 2021. However, there has been a concerning increase in murder of 34,2% and robbery at residential premises up by 36%, over the last ten years.

As a result of the inadequate police resource allocation to the Western Cape, this Government launched a R1-billion Law Enforcement Advancement Plan (LEAP) during the fourth quarter of 2019, to help keep residents in key hotspot areas safe. Following the implementation of LEAP, there has been a notable decrease in the average number of crimes reported in the 13 quarters of LEAP implementation compared to 13 quarters before LEAP implementation. These figures reflect the positive impact of targeted interventions and underscore the importance of strategic measures in curbing crime in these critical areas.

While we continue to see the impact of the Law Enforcement Advancement Programme in reducing targeted categories of crime in the identified hotspot areas, the fact remains that we need to dramatically increase employment opportunities.

The SPEAKER: Order!

The MINISTER OF FINANCE AND ECONOMIC OPPORTUNITIES: Between 2012 ...[Interjections.]

The SPEAKER: Order, hon members!

The MINISTER OF FINANCE AND ECONOMIC OPPORTUNITIES: ...and 2022, the Western Cape experienced a notable cumulative real export growth

of 42,4%. Yes! The Western Cape's agriculture sector accounts for more than half of South Africa's agricultural exports, and was the primary driver of this export growth, recording a remarkable 219% growth. From 2012 to 2022 ...[Interjections.]

The SPEAKER: Order, hon members.

The MINISTER OF FINANCE AND ECONOMIC OPPORTUNITIES: ...the top ten ...[Interjection.]

The SPEAKER: Hon Minister, please take your seat. Hon members, I have allowed interjections. I have allowed it because it is allowed as per the Rules, but you are getting to a point where you are drowning out the hon speaker. The hon Minister is tabling the PERO. You will have an opportunity to engage that, so please allow the hon Minister to continue with the speech. Hon Minister, my apologies. You may continue.

The MINISTER OF FINANCE AND ECONOMIC OPPORTUNITIES: Thank you, hon Speaker. Between 2012 and 2022, the Western Cape experienced a notable cumulative real export growth of 42,4%. The Western Cape's agriculture sector accounts for more than half of South Africa's agricultural exports and was the primary driver of this export growth recording a remarkable 219% growth. From 2012 to 2022, the top ten fruit exports from the Western Cape exhibited notable cumulative growth, surpassing 100%.

Particularly noteworthy was the extraordinary surge in cranberries, bilberries (which are very similar to the better-known blueberries which our provincial growers produce in abundance), and other berry-type fruits, which experienced a substantial growth rate of 1 300%.

Notably, mandarins, emerged as a significant fruit export, constituting 3,4% of the total commodity exports in 2022.

The challenges that confront the fruit industry in particular include a surge in farming input costs and transport expenses alongside very large shipping price increases. This sub-sector has been hit by freight rate increases in excess of 500% for a standard 12 metre container between 2020 and 2022. Coupled with daily port and rail constraints, it is increasingly difficult for many growers to continue commercial viability under these conditions.

Sticking with exports, the tourism and hospitality sector has the potential to expand significantly and is a key opportunity area for the Western Cape. By 2022, arrivals at Cape Town International Airport surpassed pre-pandemic levels, highlighting the region's enduring appeal to international tourists. Within the same year, domestic tourism in the Western Cape also saw a substantial boost as more and more people enjoyed the world-class beauty and variety that a break in the Western Cape can offer.

Since September 2022, Cape Town Air Access powered by Wesgro, the province's trade, tourism, and investment promotion agency, has added seven

new airlines to the Cape Town International Airport schedule and seven new routes. This has contributed to a 100% and above passenger recovery from January 2023 onwards, when compared to 2019. The airport was served by 21 airlines ...[Interjections.]

The SPEAKER: Order!

The MINISTER OF FINANCE AND ECONOMIC OPPORTUNITIES: ...flying to 27 destinations globally, with 199 flights per week during the 2022/2023 peak summer season. The airport also continues to connect the province to the country at large. George airport has also contributed significantly to provincial growth, and we look forward to enabling more passengers, business, and cargo to connect to and from our province.

In other good news, our reputation as a Tech Hub is growing, and our careful cultivation of this province as the easiest place to do business in the country and indeed, the rest of the continent, is starting to bloom. The latest Global Financial Centres Index shows that, thanks largely to its improved Fintech ratings, Cape Town and the Western Cape have toppled seven cities across the world to improve its rankings from position 62 in September 2021 to settle at number 54 globally in 2022.

The Western Cape is also Africa's leading digital hub with the Cape Town/Stellenbosch tech eco-system being the most productive on the continent. Cape Town is also fast establishing a reputation as the Cloud

Computing Hub of Africa, and several new data centres are currently being built.

All of this adds up to show that our province is an increasingly attractive place to invest and to grow, and growth means jobs. This is not just sentiment, and the evidence-led PERO shows even more reason for hope: the greenfield investments received in 2022 was 25% higher than the average over the last decade. In 2022, the Western Cape received R13,3-billion in greenfield investments that created 2 315 employment opportunities. This equates to 0,7% of the jobs created in the province.

And adding to our drive to reduce our reliance on Eskom, renewable energy accounted for 10,9% of greenfield investments, or R11,6-billion, the 4th largest industry in terms of foreign direct investment. I would like to thank businesses and investors that are placing their trust in the Western Cape, and I assure them today that we value that trust. We are doing our utmost to make the Western Cape the best and easiest place to establish, operate and expand a business so that many more jobs can be created, and many more lives can be improved.

Now, hon Speaker, let me turn to some binding constraints, which much like weeds, strangle the growth of our economy. The obvious culprit for this low growth is the severe electricity crisis. In fact, it is no longer a crisis, but an economic catastrophe. We know that you reap what you sow.

In 1998, Eskom sounded the alarm, telling the National Government that there must be investment in new infrastructure to secure future electricity supply. That was 25 years ago, a quarter of a century, and today we continue to be negatively impacted by the tragic consequences of that unheeded warning. In 2022, South Africa experienced the worst energy crisis on record, losing more than 150 ...[Interjections.]

The SPEAKER: Order!

The MINISTER OF FINANCE AND ECONOMIC OPPORTUNITIES: ...full days to darkness, without the power the people of South Africa or the economy needed to simply operate. This is catastrophic! ...[Interjection.]

Mr L L MVIMBI (ANC): Hon Speaker.

The MINISTER OF FINANCE AND ECONOMIC OPPORTUNITIES: Since load shedding was first introduced, the Western Cape is estimated ...[Interjection.]

Mr L L MVIMBI (ANC): Hon Speaker ...[Interjection.]

The SPEAKER: Hon Minister, my apologies. Honourable, please take your seat. Hon Mvimbi, is that a point of order?

Mr L L MVIMBI (ANC): Yes. Thank you very much, hon Speaker. I would

just like your assistance or the assistance of the Table staff or IT because I have just experienced a problem now. My laptop said someone removed you from the meeting and I had to rejoin again, and there was a space where I have actually missed out on the hon Minister. It just said on my screen someone removed you from the meeting.

The SPEAKER: Alright, thank you. Thank you, hon Mvimbi. I will ask the IT and the Table Staff to look into the matter, and I will revert back to you. Hon Minister, my apologies. You may continue.

The MINISTER OF FINANCE AND ECONOMIC OPPORTUNITIES: Since loadshedding was first introduced, the Western Cape is estimated to have lost between R48,6-billion and R61,2-billion in real GDP, costing the provincial GDP R8,2-billion last year alone. This year, we will experience another all-time record of being unable to access the energy needed for the most basic. Any hope of expansion and real, meaningful growth in our economy has become victim to the same blackout.

The direct consequence of the electricity crisis is that almost one in ten businesses in the Western Cape is now at high risk of insolvency due to the ongoing power cuts, according to a survey by Sustainable Energy Africa and the Department of Economic Development and Tourism. Our economy cannot afford to lose one more business and cannot afford to lose one more job.

Hon Speaker, while we certainly do have many reasons for hope in the

Western Cape, we cannot escape the fact that there are still too many binding constraints choking investment and economic growth, most notably, the logistics crisis.

The situation that has been allowed to take root at the Transnet owned and operated Port of Cape Town is one of the biggest of these constraints. The Port of Cape Town was ranked 344th out of 348 ports on the Container Port Performance Index for 2022. It consistently languishes at the bottom of indices measuring efficiency and competitiveness, and at the top of those measuring the most congested ports globally.

Historically the Port of Cape Town has suffered a severe lack of investment in critical infrastructure as well as equipment. As a key economic node responsible for processing more than half of country's agricultural goods, it is imperative that the private sector is brought in as a partner to help unlock its immense potential and contribute to economic growth in the province and the country. Research has also shown that an efficient Port of Cape Town, with sufficient capacity and investment in infrastructure, has the potential to contribute, and I will just share four statistics here. An additional R6-billion in exports; roughly 20 000 direct and indirect jobs; over R1,6-billion in additional taxes by 2026; and a contribution to the Western Cape Gross Domestic Product of 0,7% by 2026. Put simply, when the Port works, our economy works.

And so, it is to job creation that we must always return. As of the second

quarter of 2023, South Africa faces a daunting unemployment rate of 32,6%, ranking among the world's most severe. While the Western Cape fares comparatively better with a rate of 20,9%, there is much more work to be done to create more jobs for more people.

By the second quarter of 2023, the dividends of higher education were evident: unemployment rates for tertiary-educated individuals sat at 15,4% nationally and at 7,8% in the Western Cape, significantly lower than for those with only secondary or lesser qualifications. The emerging trend is that while the City of Cape Town hosts almost three quarters of jobs in the Western Cape, over the past five years the Metro accounted for 35,8% of employment growth, with significant employment growth taking place in other district municipalities, such as the Cape Winelands, West Coast, and Overberg regions, which shows that the Western Cape, as a whole, is working.

Going forward, with respect to the development of policies and interventions that consider spatial dynamics, the evidence points to the opportunity to support the non-metro and rural municipalities to drive job creation. And this is a perfect example of the power of PERO and the data it contains to inform and guide a policy response to a pressing need.

One of the key focal areas of the PERO is youth unemployment. The document includes a deep dive into the most devastating reality plaguing South Africa's hopes and growth prospects: far too many young people do

not have jobs. With national employment levels still 1,2% below pre-pandemic levels by the first quarter of 2023, the data in PERO shows that young South Africans have undeniably borne the brunt of the country's significant economic contraction in recent years.

While not unique to the Western Cape, the relatively lower labour force participation among young people is largely attributed to the high number of people actively attending formal education. When those attending formal education are excluded from the working population, the youth labour force participation rate in the first quarter of 2023 rises to 80,9%. This is a useful difference, as it shows that in the Western Cape, even when our youth are not formally educated, they are active participants in the economy. Our challenge going forward will be to enable access to the skills needed to progress beyond entry-level roles.

In the second quarter of 2023, the unemployment rate among youth in the Western Cape was at 31,2%, significantly higher than the total unemployment rate for the province. The challenges faced by the youth in finding employment remain pressing issues in South Africa and the Western Cape. A significant mismatch between the skills and experience of young people and existing work opportunities highlights the importance of education and skills development. We know that the so-called 'recipe' for employment success includes qualifications and experience, and it is the latter that is so critical to get young people into jobs. This is not something that Government can tackle alone, however.

In our mission to make the Western Cape the best and easiest place to invest, we must work to ensure that we enable a better fit between academia, skills development, and the needs of the private sector. Which is why our experiential learning programmes are critical and specifically aimed at providing young people with the experience required, while also ensuring that businesses, big and small, have access to the skills they need to expand, generating more growth and therefore, more jobs. There is significant scope to upskill, educate, train, and inspire hope in our young people in the Western Cape so that they can make a sustainable and productive contribution to the economy.

In South Africa, the youth now make up a significant portion of the working population, and as a group carry immense potential to drive economic growth. We are determined to enable and unleash the full potential of our young people because when we get this right, nothing will hold them back from making a substantial impact on the national economy, and we want that impact to start with the youth of the Western Cape.

Hon Speaker, I have set out in detail for this House and the public, the key trends emerging across the Western Cape. We know that our population is expanding, which will increase pressure on frontline services such as education, health, and wellbeing. While we have seen some green shoots of spring, we face significant challenges and constraints, chief amongst them the electricity catastrophe, the inefficiencies at the Port of Cape Town and

logistics in general, combined with stagnant economic growth and increases in the cost of living, impacting the most vulnerable residents.

To face up to these challenges, we are going to work harder and work smarter, and do a lot more with far less to protect frontline service delivery. This will require us to innovate, to embrace data integration and to employ spatial strategies that build on key opportunities we have identified.

And finally, we cannot do this alone. We will need to work together to enhance our strategic partnerships and seek to leverage innovative financing. As Government, we will need to make the tough trade-offs that enable the private sector to not only sustain operations but to grow and expand, because quite frankly, our only way out of the challenges we face, is through breakout economic growth that lifts more people out of poverty.

Hon Speaker, in the iconic words of Lauren Hill, from her platinum debut album:

“Sometimes it seems we’ll touch that dream; But things come slow or not at all; ... To make a better situation; Tomorrow, our seeds will grow; All we need is dedication Let me tell [you] that; ... After winter must come spring; Change, it comes eventually.”

In closing, I would like to dedicate this speech to all the young people of this incredible province. It is for you that we will continue to push on, to drive

forward and make the tough choices now. We will do this so that we can emerge from a bitter winter by enabling the breakout economic growth we need to usher in an abundant spring, full of possibility and opportunity. And we will do this so that your tomorrow is better than our today.

Hon Speaker, I herewith table the 2023 Provincial Economic Review and Outlook in the Western Cape Provincial Parliament. Soon, I will have the pleasure of sharing with the honourable members another equally impressive, evidence-based approach to policy formation in the form of the Municipal Economic Review and Outlook, which drills down even further to reveal critical insights in our local municipalities. Together, the PERO and the MERO form the evidence base that will help shape the upcoming MTBPS and Main Budget. I therefore look forward to listening closely to your comments and suggestions in response to the reading of these publications. I would also like to share that we will be continuing with our 'Messages for Mireille' in the run up to the MTBPS, to invite residents to participate in the budget process.

As I come to the end of this address, I would like to recognise the former Head Official of the Treasury, Mr David Savage, who we recently bid farewell to and whose passionate commitment to this province and her people will certainly not be forgotten. I would also like to thank the hon Premier Alan Winde, for his visionary leadership and for pushing us to do even better than before, in spite of the challenges we face. I thank my Cabinet colleagues for their hard work, day in and day out for the residents of this

province, as well as to all of you, my Legislature colleagues, who hold us to account. I would also like to thank my team: Darren, Rishka, Susanne, Georgie I could not do it without you. Thanks very much.

And finally, to the residents of this indomitable province of the Western Cape. I assure you that we will continue to make the prudent choices, we will continue to water the grass, and invest in and enable breakout economic growth for you. I thank you.

†Die SPEAKER: Baie dankie, agb Minister. [The Speaker: Thank you, hon Minister.] Hon members, the Provincial Economic Review and Outlook will now be referred to the relevant committee for consideration. But before we adjourn, I would like to remind the hon members that the Budget Committee meeting would commence 20 minutes after the adjournment of this Sitting. Hon members, that concludes the business for the day. The Secretary will now end the meeting, and all hon members will be exited from this Sitting. The House is adjourned.

The House adjourned at 10:49.