
THURSDAY, 26 SEPTEMBER 2024

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 14:15.

The Speaker took the Chair and read the prayer.

BUSINESS OF THE HOUSE

The SPEAKER: Please be seated. Good afternoon, hon members. Before we proceed, I would like to remind you 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 here in 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.

Hon members, decorum requirements for the Sitting of the House are provided for in the Constitution and the Standing Rules. Unless there is an indication of unanimous concurrence, voting will be confined to the hon members present in the House and on the hybrid system, who are entitled to cast their votes as per the ATC issued on 11 August 2020.

Hon members present in the Chamber and via Microsoft Teams have all the privileges and immunities imparted by law. Hon members, when you are considered out of order by the Presiding Officer, we will mute your microphone, and you will be called to order. The Sergeant at Arms will record hon members' attendance. Hon members, in instances 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, I wish to remind you that all microphones are unmuted. When the Presiding Officer recognises you, but when you are done speaking, to please switch off your microphones and the Media has also been granted access to the MS Teams meetings as guests of the WCPP. However, I wish to remind the members of the press that they may not use the chatroom or speak or activate their cameras while this Sitting is in progress.

Hon members, for this Sitting, 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. Those are the logistical arrangements, hon members, I recognise the Chief Whip.

MOTIONS

The CHIEF WHIP (DA): Thank you very much, hon Speaker. Hon Speaker, I move:

That the House pursuant to the resolution it adopted on 29 August 2024 to revive the consideration of the Constitution of the Western Cape Amendment Bill (Determination of number of seats [B 6B-2023]), from the stage it reached during the Sixth Parliament, hereby refers the Amendment Bill to the Standing Committee on the Premier and Constitutional Matters for consideration and reporting. I so move.

The SPEAKER: Thank you very much, hon Chief Whip. Hon members, are there any objections to the motion being moved? No objections, motion agreed to. Hon members, I call the hon Minister to table the Provincial Economic Review and Outlook, the hon Minister of Finance, hon Minister Baartman.

PROVINCIAL ECONOMIC REVIEW AND OUTLOOK

The MINISTER OF FINANCE: Hon Speaker, hon Acting Premier, hon members of the Executive, hon members of the Provincial Parliament, residents of the Western Cape.

There is an almost century-old children's story, about a stranded train unable to find an engine willing to take it on over a difficult mountain to its destination, that widely became known after publication in 1930 by Platt & Munk.

This train broke down shortly before reaching a tough mountain slope and called for help. First, it called upon a great engine built for hard work. The great engine responded, 'I can't; that is too much a pull for me.' It asked another engine, and another, only to receive excuses and be refused. Desperate to get over the mountain, the train asked a little switch engine whether she would help pull the stranded train up the grade and down the other side. She was not built for this work and had never been over the mountain and despite this, she agreed to help. As she pulled the train over the grade, she kept bravely puffing - faster and faster - repeating to herself, 'I think I can, I think I can, I think I can.'

As the little engine neared the top of the grade, which had so discouraged the larger engines, it went more slowly. She kept saying, 'I-think-I-can, I-think-I-can'. By drawing on bravery she reached the top of the grade and then went on down the grade, finally congratulating herself by saying, 'I thought I

could, I thought I could'. This story, in its various iterations over the years, has taught children the value of optimism and hard work, famously known as 'The Little Engine That Could.'

Honourable Speaker, as we reflect on the Western Cape's socio- and economic performance and consider the labour market trends that shape our present and future, the 2024 Provincial Economic Review and Outlook (PERO) provides us with a comprehensive picture of our economy, highlighting the mountains we have faced and continue to face as a province and is a testament of hard work and optimism.

The PERO is an annual research publication aimed at informing and guiding policymakers, departments and municipalities on key economic and socio-economic trends and patterns that will impact on policy, planning and budgeting in the Western Cape. The publication provides valuable evidence-based insights to inform and encourage debate on policies, plans and budgets that are responsive, aligned and sensitive to the policy context and spatial dynamics of the Province.

The 2024 PERO provides valuable insights on: the effectiveness of current policies on key indicators related to the socio-economic environment; a review and analysis of past economic growth, sectoral developments, key labour market dynamics and socio-economic development trends within the province; and data and research at an aggregate provincial level with a spatial focus at a municipal district level.

The PERO focuses on increased global economic risks posed by geopolitical conflict and high interest rates, economic growth and unemployment challenges nationally, as well as the current socio-economic environment of the province.

The evidence-based approach adopted by the PERO supports the development of sound public policy, good governance and financial and economic sustainability, whilst taking a citizen centric approach to service delivery. The purpose of PERO is thus to table our data and evidence which will inform the upcoming provincial budget process.

Hon Speaker, for the first time ever, the PERO was produced in-house by the Provincial Treasury: Provincial Government Budget Office and peer reviewed by the Bureau of Economic Research (BER) to ensure credibility. Additionally, we have increased our use of the South African Revenue Services' (SARS) sourced employment data in the PERO and 32 new datasets have been analysed for this publication.

In today's fast-changing world, our decisions, policies, and budgets need to be guided by facts and data. Over the years our province has faced drought, floods and fires, a global COVID-19 pandemic, national economic recession and an energy crisis. We have faced our fair share of mountains; some we have overcome, and some we are still overcoming.

The data in PERO shows us that despite facing seemingly impossible tasks despite not necessarily having the direct mandate, the capacity or the national budget, the Western Cape Government has never refused to help her residents when they were in need. Even though she was not built for it and had never been over that mountain, the Western Cape bravely drew upon the values of optimism and hard work to get over the grade.

And as South Africa basks in the sunlight of the Government of National Unity optimism, as represented in increasing investor confidence, that optimism now needs to translate into a freer, fairer society filled with opportunities for the people of South Africa. That is going to require hard work. We, therefore, need to use the PERO to guide our plans, policies and budgets to ensure that economic growth and development benefit all the people of the Western Cape. [Interjections.]

The SPEAKER: Order, hon members.

The MINISTER OF FINANCE: Despite facing significant challenges, the global economy has shown remarkable resilience, with steady growth projected over the medium-term. Estimated global growth was 3,3 per cent in 2023 and is expected to expand by 3,2 per cent in 2024 and by 3,3 per cent in 2025. However, the growth outlook is still below historical averages due to high borrowing costs, reduced fiscal support, lingering impacts ...[Interjections.]

The SPEAKER: Order!

The MINISTER OF FINANCE: ...from the COVID-19 pandemic and geopolitical tensions, that could impact on international capital flows, global trade and commodity prices.

GDP per capita is a vital metric for understanding the economic conditions and living standards of a country's population, aiding in economic planning, investment decisions, and comparative analysis of economic performance. Empirical studies suggest that GDP per capita is a strong predictor of happiness across countries, outperforming other measures even such as the Human Capital Index. This implies that economic prosperity is thus closely linked to the overall happiness of the population.

Between 2015 and 2024, South Africa's GDP per capita is estimated to have declined by 6,3 per cent when measured in dollars. In stark contrast, countries with similar GDP per capita in 2015, have all expanded over the decade. Most notably, China and Georgia's GDP per capita surged by a staggering 59,4 per cent and 58,9 per cent, respectively.

The economic landscape of South Africa's largest trading partner, China, is currently shaped by several critical factors that influence its growth trajectory. On the demand side, weaker domestic consumption has contributed to slower growth, with demand-supply imbalances leading to deflationary pressures in the economy. Structurally, the ongoing challenges

in the real estate sector continue to hinder overall economic stability, despite efforts to restructure the property sector.

Moreover, effective government policies, including decentralisation that encourages local competition and innovation, have been significant, with a focus on inclusive economic growth and meritocratic local governance fostering sustainable development. These factors collectively have driven China's rapid economic growth and solidified its position as a global economic powerhouse.

However, China's aging population is expected to impact labour supply and productivity, highlighting the need for long-term reforms to address these demographic challenges. As these structural issues persist, the medium-term growth outlook remains cautious, with projections stabilising around 3,3 per cent by 2029.

Georgia's economic success over the past decade is primarily due to significant foreign direct investment (FDI) and the development of the banking sector, which have supported growth and diversified investment sources, especially benefiting Small and Medium-Sized Enterprises (SMMEs). Additionally, Georgia's strategic location has established it as a vital logistics hub for the Caucasus and Central Asia, boosting its global competitiveness. Furthermore, reform-oriented government policies, including liberal market reforms and anti-corruption efforts, have fostered a business-friendly environment that promotes sustainable economic growth.

Looking towards South African in 2023, the South African economic growth was stagnant at 0,7 per cent, reflecting ongoing structural challenges such as high unemployment, stark inequality, frequent power outages, and infrastructure issues. The economy remains vulnerable to climate change, and the slow recovery from the COVID-19 pandemic exacerbated these problems. Over the decade, the average annual GDP growth rate was only 0,8 per cent which was insufficient to accommodate the growing population and labour force or to significantly reduce high unemployment.

Between 2014 and 2023, the Construction sector's GDP fell by 27,5 per cent, hindered by persistent loadshedding, the rise of the construction mafia and escalating costs. Complex regulations and frequent policy changes, coupled with low investment confidence, further exacerbated the decline. Similarly, the Manufacturing sector saw a 6,0 per cent decrease, driven by an unreliable electricity supply, rising operational costs, and deteriorating infrastructure. These challenges, alongside economic volatility, severely impacted both demand and investment in the sector.

Despite a steady recovery in GDP per capita since the 2020 downturn, GDP still lags 6,6 per cent behind the 2013 peak of R79 761. This metric, which gauges the average economic output per individual, highlights the need for transformative strategies. To genuinely uplift the nation's economic standing, it has become increasingly important to prioritise productivity enhancements, invest heavily in education and skills development, and

nurture key industries.

Since November 2021, the South African Reserve Bank (SARB) raised the repo rate by 475 basis points, reaching a 14-year high of 8,25 per cent in May 2023. The rate has stayed at 8,25 per cent since, while inflation fell by 1,7 percentage points to 4,6 per cent in July 2024, its lowest level in three years. Fortunately, the recent 25 basis points cut, will bring much-needed relief to households struggling amidst a cost-of-living-crisis.

As of this week, South Africa has enjoyed more than 180 consecutive days without loadshedding. The uninterrupted stretch began on 26 March 2024. So far, 2024 has experienced only 83 days of loadshedding, positioning it as one of the best years in recent times for reduced outages.

Rising electricity prices and frequent loadshedding severely harmed South Africa's economic competitiveness and growth. Elevated energy costs burden businesses, reducing profitability and deterring investment. Power outages disrupt production and service delivery, lowering productivity and reliability. Over the past decade, Eskom's electricity prices for municipalities increased at almost three times (149,0 per cent) the rate of headline inflation (56,6 per cent). More recently, NERSA has approved a price increase of 12,72 per cent for municipalities applicable from 1 July 2024.

In 2023, Eskom distributed 20,8 per cent less electricity to the Western Cape than in 2013; and loadshedding in the Western Cape is estimated to have cost

the economy R12,8-billion real GDP in 2023 (shaving 2 percentage points off total growth).

Recent positive developments in South Africa's growth outlook include improved investor sentiment and reduced long-term Government borrowing costs, largely due to the announcement of the GNU. These improvements are expected to have a positive impact in the second half of 2024 and into 2025. Key factors driving growth include this improved sentiment, lower inflation, expected reduced borrowing costs, better energy availability, and alleviation of rail and port disruptions.

South Africa's economic outlook indicates a slight uptick from last year's 0,7 per cent expansion. Importantly, the expected expansion of 1,0 per cent for 2024 and 1,6 per cent for 2025 are higher than the average growth expected for the past decade at 0,8 per cent. Over the past decade, the largest growth contributions to the South African economy were Finance at 5,6 per cent, Community Services at 2,6 per cent, and Government Services at 1,2 per cent. While the largest negative growth contributions to the South African economy were Construction at -1,1 per cent, Manufacturing at -0,9 per cent, and Utilities at -0,6 per cent.

In 2023, China was the largest export destination with 11,2 per cent of total exports, followed by the United States at 7,6 per cent and Germany at 6,6 per cent. Between 2014 and 2023, Mozambique's contribution to total exports have increased by 2,4 percentage points to become the 5th largest export

destination for South Africa in 2023.

South Africa's largest sources of imports were again China at 20,4 per cent, the United States at 8,6 per cent and Germany at 8,1 per cent in 2023. South Africa's dependency on China as a source of imports increased significantly by 5,0 percentage points between 2014 and 2023.

Looking to the Western Cape, the economic expansion was sluggish at 0,7 per cent in 2023, in sync with the national economy, of which the Finance Sector again, 0,6 percentage points, made the largest contribution. Additionally, positive growth came from the Transport and Community Services sectors at 0,5 percentage points and 0,2 percentage points respectively.

Over the past decade, the Western Cape economy expanded by 9,1 per cent, hon Speaker, or at an average annual growth rate of 0,9 per cent. Something to be proud of. On average, the bulk of the growth was contributed by the Finance Sector at 0,7 per cent with the Community Services, Government, Transport and Agriculture Sectors each contributing 0,1 percentage points.

Hon Speaker, weak logistical networks and deteriorating public transport systems undermine the full economic potential of the Western Cape economy. The Port of Cape Town has deteriorated ever further in 2023, to the worst performing port in the world according to the global Container Port Performance Index. The railway transport was once the backbone of public transport, providing over 600 000 passenger trips daily. However, due to the

years of National Government underinvestment and vandalism, ridership declined to fewer than 50 000 trips per day in the province, while key rail lines are non-operational.

Since 26 March 2024, there has been a suspension of loadshedding. According to Eskom, loadshedding remained suspended in 2024 due to steady ongoing improvement in the reliability of the generation fleet leading to sustained generation performance. Furthermore, new Geographical Information Systems or GIS data, shows that an estimated 535 megawatts of solar PV have been installed across the Western Cape by May 2024, of which 220 megawatts were registered as small-scale embedded generation with municipalities in the Western Cape.

Between 2014 and 2023, the Western Cape witnessed a notable cumulative export growth of 106,9 per cent. The Agriculture sector in the Western Cape, which accounts for almost half of South Africa's agriculture exports, was one of the main drivers, recording a remarkable 190,7 per cent growth, while the Manufacturing sector experienced slower progress at 56,7 per cent. The Agriculture sector has significantly outperformed in economic growth and exports over the past decade, indicating a competitive advantage that can be leveraged to strengthen ties with an underperforming Manufacturing sector.

The top 5 fruit exported from the Western Cape over the past decade were oranges at 20,2 per cent, grapes at 18,7 per cent, mandarins at 17,3 per cent, apples at 16,4 per cent and lemons and limes at 8,2 per cent.

Between 2014 to 2023, the top ten fruit exports from the Western Cape showcased exceptional growth, with six fruits surpassing 100 per cent growth. Cranberries, bilberries (similar to blueberries), and other fruits of the genus Vaccinium had phenomenal growth since 2013 with 1 444,5 per cent growth. One export, in particular mandarins, which only began exports post 2013, emerged as a significant fruit export in 2023 constituting 17,3 per cent of the top 10 fruit exports.

There are many challenges that confront the fruit industry including weather conditions (drought and floods), increases in farming input costs, uncertain transport expenses linked to fluctuating container prices, and port constraints, all of which impact the commercial viability of farming. Input costs have increased on the back of the number of fuel price increases, along with fertiliser, increased import regulations and standards, particularly in the EU. Feed and transport costs have increased linked to a weakening exchange rate and geo-political risk factors. Decaying public infrastructure, port delays and an unreliable electricity supply, further compounded the industry woes and will also negatively affect the 2024 season.

Looking to Tourism, the Western Cape Tourism has largely recovered from the restrictions imposed during the COVID-19 pandemic. The Western Cape experienced a successful festive season in 2023/2024, reflecting positive recovery and promising growth in aviation and tourism for the year ahead. Between January 2021 to April 2024, international tourist arrivals have

grown by 1 058 per cent peaking at 114 897 visitors in the month of February 2024.

During 2023, Cape Town International Airport assisted in landing four new route services in Cape Town and in 2023, the Western Cape witnessed a continuation of the remarkable surge in domestic tourism, recording 3,8 million trips, an impressive 330 per cent increase from 2021.

Tourists from the USA surged by 321,2 per cent over the period from 2014 to 2023, to become the second largest source at 16,3 per cent, of international tourists that arrived at Cape Town International Airport. In 2023, the five largest sources of international tourists that arrived at Cape Town International Airport were the United Kingdom, the USA, Germany, Netherlands, and France. These countries were responsible for over half or 59,5 per cent of all international tourist arrivals at Cape Town International Airport in 2023. This has also coincided with the Cape Town International Airport recently winning the best airport in Africa award for the 9th time in a row.

Hon Speaker, over the past decade, capital stock has increased at a diminishing rate. In the first five years of the decade, capital stock expanded four times faster than the latter five years of the decade. The diminishing rate of growth in capital stock can be seen in the declining trend in net fixed capital formation since 2015. The net capital formation has declined by 80,8 per cent over the last decade. A major reason behind this can be linked to

reduced business and investor confidence in South Africa along with the COVID-19 pandemic impact.

In 2023, the Western Cape received R6,9-billion in Greenfield investments that created 3 179 employment opportunities. The bulk of the 2023 investment was in Business Services, totalling R3,1-billion. From 2014, Greenfield investments have seen an increase of 48,5 per cent and between January 2014 and December 2023, the Software and IT Services industry created 6 916 employment opportunities.

The Western Cape economic outlook for 2024 is subject to the same underlying structural challenges of the national economy, although the Province is expected to marginally outperform the South African economy and expand by 1,3 per cent in 2024, followed by a rebound of 1,8 per cent in 2025. It is expected that the Finance Sector will mainly support the provincial economy with the largest growth contribution at 0,6 percentage points in 2024. Despite the challenges we face, the Western Cape provincial economy is a resilient engine which is steaming ahead and bucking the trend of the South African economy.

Despite our relative strength, we cannot overlook the persistent challenge of unemployment. In the second quarter of 2024, the Western Cape's unemployment rate stood at 22,2 per cent, an increase from 2019. While this is still the lowest rate among South African provinces, it remains high by global standards.

Youth unemployment continues to be a pressing concern. At 31,2 per cent, youth unemployment in the Western Cape remains high, although significantly lower than the national average of 46,6 per cent. Young people remain vulnerable in the job market, often constrained by inadequate education, a lack of experience, and limited opportunities.

Over the past five years, the Western Cape has demonstrated robust employment growth across several key sectors, with overall employment increasing by 7,1 per cent, contributing 52,2 per cent of net national gains. However, the gains have not been evenly distributed across all industries. The Finance sector contributed 4,7 percentage points to the total employment growth in the province, while community services and private households also played a significant role.

Despite this, not all sectors have performed as well. Trade, Manufacturing, and Agriculture recorded declines in employment during this period, with manufacturing shedding over 43 000 jobs. This poses a long-term risk to economic diversity and resilience, as over-reliance on the Service sector may leave the economy vulnerable to shocks. These declines point to structural weaknesses in some of our foundational industries and underscore the need for targeted interventions that can revitalise them.

It is also critical to note the rise of informal employment, particularly in sectors like private households, where informal jobs grew by a significant

45,9% between 2019 and 2024. Although informal work provides vital income for many, the lack of security and benefits could deepen economic vulnerability for these workers, especially during economic downturns.

Honourable Speaker, the most significant challenge we face is providing meaningful employment opportunities, especially for our young people. In the Western Cape, employment growth among the youth has been slower than that of the older working-age population, with youth employment rising by only 3,6 per cent between 2019 and 2024. Education and skills development are essential to reversing this trend. Data from PERO 2024 shows that the higher the level of education, the lower the unemployment rate. We need our children in school, to stay in school, and encouraged to complete further education.

Between 2019 and 2024, employment for individuals with secondary education increased by 24,3 per cent, while those with tertiary education saw a 12,3 per cent rise. This demonstrates the critical role that education plays in securing stable and rewarding employment. We must continue investing in education and training to align our labour force with the demands of a changing global economy.

Vocational training is key in addressing the skills gap in sectors like Manufacturing, Construction, and Technology. Technology-driven disruption could widen the unemployment gap unless proactive measures are taken to upskill and reskill workers in affected industries. We must, therefore,

prepare the youth for the jobs of the future. We need to equip our youth with the skills they need to compete in the digital economy and more traditional industries.

In addition to education, entrepreneurship must play a central role in our efforts to create jobs. New businesses drive innovation and employment, often creating more jobs than established firms. As noted in the PERO, developing a culture of entrepreneurship is vital for long-term economic growth. Our support for SMMEs, especially those led by women and young people, is essential for unlocking the potential of our economy and creating the jobs.

The rise of digital technology and artificial intelligence presents both challenges and opportunities. AI, for example, may displace some traditional jobs, but it also opens up new avenues for innovation and entrepreneurship. We need to face AI head-on and leverage its power to create jobs.

We must, therefore, be proactive in developing policies and taking initiative to enable workers and businesses to adapt to these changes by upskilling and reskilling, ensuring that technological advances do not leave anyone behind.

Hon Speaker, rapid population growth in the Western Cape is one of the most significant trends highlighted by the PERO. Between 2015 and 2024, the province has seen a 19,6 per cent increase in its population size and over the next decade the Western Cape should look forward to accommodating an

additional 1,196 million people. While population growth at this pace have historically been attributed to birth rates, the PERO data tells another story. Between 2016 and 2021, the fertility rate in the Western Cape has declined and dipped below the replacement level of 2,1. This downward trajectory is projected to continue below this level for the period 2021 to 2026. This indicates that natural factors are not the primary driver of population growth in the province.

The Western Cape population boom has been driven most substantially by immigration from other provinces across South Africa, as well as abroad. It is estimated that between 2022 and 2026, net migration will account for 51,2 per cent of the total population growth in the province. The Western Cape's population growth shows us how good governance can be a catapult to bringing about socio-economic progress.

On the one hand, the unprecedented uptick in migration to the province tells us that more and more people view the Western Cape as a hub of opportunity. Citizens across the country are recognising that they can find better opportunities in the form of jobs, education, quality healthcare and stable governance in the Western Cape. This however, hon Speaker, will also put pressure on the Western Cape to deliver services to an increasing population.

On the other hand, the low fertility rate can be attributed to the rising costs of childcare; individuals moving to urban areas and gaining better access to social services; better access to contraceptive methods; and changing societal

norms around family structures. The primary driver behind lower fertility rates is higher levels of education, particularly among women in the province. This tells us that more and more young women in the Western Cape are receiving access to education and are delaying parenthood in pursuit of economic opportunities and financial independence.

(The Deputy Speaker takes the Chair.)

The MINISTER OF FINANCE: Hon Deputy Speaker, these population trends do, of course, hold significant implications on our Province and planning for the future, including pressure on our finances. Low fertility rates point to an aging population, where an increasing section of the society are elderly. This shift can and will place a burden on our already strained healthcare and social security sectors, as well as impact infrastructure and economic productivity.

Our data already reflect these shifts. The elderly population of the Western Cape, aged 60 and upwards, is increasing. Between 2015 and 2024, this grouping's share of the total population has seen a 2,2-percentage point increase. This is in contrast to the decline in the youth population, aged 5 to 19. This group has declined by approximately 4,6 percentage points over the last decade while still representing approximately half of the total provincial population.

The people of the Western Cape are living longer lives! The Western Cape

consistently demonstrated higher life expectancy rates compared to other provinces in the country. This is primarily a result of the improved access to healthcare services, better living conditions, and higher socio-economic standards offered in the province.

As an example, life expectancy at birth in the Western Cape is projected to be well above the national average. From 2001 to 2026, the life expectancy for both males and females in the Western Cape has increased. The data shows a notable increase in the life expectancy of males in the Western Cape compared to their counterparts in other provinces. The life expectancy for males in the Western Cape is projected to reach 67,4 years by 2026, while females are expected to have a life expectancy of 71,6 years, which is higher than the averages also, for the rest of the country.

The Western Cape has been able to achieve this because of its sustained investment in health and social services. By ensuring widespread access to public healthcare and expanding access to basic services such as water, sanitation, and housing, public health outcomes have improved. These efforts, combined with the province's stable political environment and good governance, have contributed to the Western Cape's longer life expectancy.

Hon Deputy Speaker, what do these figures tell us about the quality of life of Western Cape residents? Over the years 2002, 2012 and 2022, the Western Cape Gini coefficient, which measures income inequality, declined from 0,66 in 2002 to 0,59 in 2022, indicating a more equal income distribution. It is

worth noting that while the Western Cape has seen improvements in income equality, South Africa as a whole continues to grapple with high levels of income inequality, reflected in a Gini coefficient which sits at 0,68.

The Western Cape has also shown steady improvements in the Human Development Index, a composite measurement tool developed by the United Nations Development Programme, over the past two decades. The Western Cape's HDI of 0,76 consistently outperforms the national average of 0,66, indicating better overall development outcomes in the province compared to the rest of the country. This progress in the standard of living of Western Cape residents is attributed to the improvements in accessing health and education in the province over the last two decades.

While the positive impacts of investing in health and education is commendable, the rapid population growth the Western Cape is currently experiencing, places considerable pressure on infrastructure such as housing and mobility as well as frontline services, especially health and education. As policymakers, we must, therefore, be proactive and deliberate in addressing these pressures in order to keep up with demand.

Hon Deputy Speaker, let us consider education. Education plays a foundational role in advancing individuals and society and driving economic growth and development. Delivering quality education is, therefore, key if we want our province to continue on its path of progress. The rapid growth in people moving to our province has resulted in learner enrolment increasing

by 19 per cent between 2014 and 2023. This has also affected the learner-teacher ratio, rising from 28,4 per cent to 35,4 percent over the same period. Schools are thus struggling with their overcrowded classrooms, inadequate infrastructure, and a shortage of qualified employed teachers.

(The Speaker takes the Chair.)

Hon Speaker, the fiscal environment in South Africa poses a major risk to the advancement of education in the Western Cape. Budget limitations hinder the Western Cape Government's efficacy in recruiting and retaining well-trained teachers, providing quality learning materials and delivering safe and conducive learning environments for learners. However, in spite of the budgetary constraints and pressure on the Education sector, the Western Cape Education Department's engine is running tirelessly to get the learners and teachers of our province over the mountain.

It thus greatly pleases me to announce that, on 13 September 2024, the National Budget Council composed of the National Minister of Finance, the National Deputy Finance Ministers and all Provincial Finance Ministers, unanimously supported and adopted my resolution that frontline services must be protected in the national budget process, that their public wages must be fully funded by the National Government, and that the Budget Council as the collective, will carry this resolution into the extended National Cabinet meeting on 2 October for support from the National Cabinet. Hon Speaker, we can overcome this mountain!

Further, over the past five years, the Western Cape has seen a notable improvement in learner retention for both primary and high schools, indicating a decline in dropout rates and an increasing number of learners completing their education. Retention rates improved from 86 per cent in 2019 to 93 per cent in 2023 for primary schools, which is a 7-percentage point increase, and for high schools the retention rates improved from 65 per cent in 2019 to 71 per cent in 2023, a 7-percentage point increase as well.

On average, over the last three years, the province has also witnessed an improvement in systemic test results for Grades 3, 6, and 9, revealing significant gains in Grade 3 scores. We have also seen an uptick in the number of teachers participating in professional development, which is crucial for enhancing teaching quality and educational outcomes. These positive trends in education in the Western Cape are indicative of the targeted approach by the WCED to address the challenges which persist in our education system. Interventions such as the Back-on-Track programme address educational inequities and gaps, and they are yielding significant results.

Hon Speaker, Education is not the only sector that has shown resilience in the face of budgetary constraints. Another important cog in the engine, Health, has shown tremendous progress. The PERO highlights a number of challenges, however, faced within the Western Cape healthcare system. The shortage of healthcare professionals, particularly nurses, remains a crucial

problem in the hospitals and clinics across our province. The number of nurses per 100 000 people has decreased.

Population growth between 2014/2015 and 2023/2024 in the province, sitting at 19,6 per cent, has exceeded the growth in the number of publicly employed nurses which grew at 5,8 per cent, and the growth in the number of public employed doctors at 18,3 per cent. This has created a mismatch between healthcare demand and available personnel, placing additional strain on our already overburdened public health sector. And given the growing elderly population, these trends are worth noting as it will impact future demand for chronic healthcare services.

Mental health issues, exacerbated by factors such as unemployment and substance abuse, have also seen a sharp rise in the Western Cape. During the 2014/2015 and 2023/2024 period, there was an average of 20 503 psychiatric admissions in the Western Cape. Of these, 30,4 per cent required admissions to specialised psychiatric hospitals. Non-communicable diseases in the Western Cape represent a substantial public health challenge, which include a range of chronic conditions such as diabetes, heart disease, and cancer.

Fiscal constraints are also hampering sustained investment in the healthcare infrastructure to meet the evolving needs of the population. The fiscal crunch is limiting the Western Cape's ability to invest in the necessary resources and infrastructure to expand healthcare delivery. Despite these challenges, there has been notable progress in the healthcare sector under the

stewardship of the Department of Health and Wellness. Over the past decade, the Western Cape has seen marginal growth in the number of public-employed doctors per 100 000 people, from 43,5 per cent to 43,9 per cent.

The Department has also expanded its network of healthcare providers, community organisations, NPOs, and private sector entities to ensure a collaborative approach to streamline and improve healthcare delivery across our province. The Department has not only demonstrated progress, but it has also demonstrated innovation. The Department's Differentiated Models of Care initiative provides tailored, high-quality health services that are more accessible and comprehensive, reducing the need for facility visits. The model shows promise of alleviating pressure on the province's healthcare system.

COVID-19, hon Speaker, was the top leading natural cause of death in the province in 2020 at 11,2 per cent, followed by HIV disease and Tuberculosis at 8,6 per cent, and Diabetes at 7,6 per cent. The relevance of COVID-19 as a cause of death has diminished as the pandemic has subsided, thanks to widespread vaccination efforts, improved treatments, and public health measures. However, the pandemic highlighted the importance of preparedness for emerging infectious diseases, reminding us that such threats can have devastating consequences if not managed adequately.

In response to the ongoing challenge of TB, the Western Cape Government implemented the Targeted Universal Testing for TB initiative, which expands

testing to include close contacts of TB patients, regardless of whether they show symptoms. This approach ensures earlier diagnosis and treatment and aims to improve health outcomes related to TB in the province. The challenges faced by the Western Cape's healthcare system is undeniable but not insurmountable. The progress achieved by the Department of Health and Wellness over the years is commendable. Through innovation, collaboration, and targeted interventions, the Province is taking the necessary steps to meet the evolving needs of its population.

Honourable Speaker, I here want to turn our attention to housing. The surge in migration to the Western Cape has exacerbated existing challenges within housing. This is evidenced by the fact that the total registered housing demand in the Western Cape increased by 83,2 per cent between 2015 and 2024. We recognise that there are still significant challenges in regard to accessing affordable housing for many low-income households. Rising construction costs, increasing demand, and limited housing supply have all aggravated the situation.

The rise in construction mafias targeting Government infrastructure projects is also a major cause for concern. These extortionists and their criminality are delaying housing projects, driving up construction prices, jeopardising the safety of workers and communities, and delaying access to dignified housing for our residents. As the Western Cape grows, so too must the availability of affordable housing.

During the 2023/2024 financial period, the Western Cape Government has delivered 3 315 houses and 693 serviced sites. Through initiatives such as the Affordable Housing Programme, the Western Cape Department of Infrastructure is focussing on accelerating the disbursement of the Finance Linked Individual Subsidy or FLISP to aid low to middle-income households in accessing dignified housing.

While the portion, hon Speaker, of informal dwellings in the province has decreased from 18,1 per cent in 2013 to 11,8 per cent in 2022, the Department remains committed to upgrading existing informal settlements to improve living conditions, provide residents with access to essential services and improving infrastructure for water, sanitation, and electricity. The Department of Infrastructure is taking critical steps towards meeting the housing needs of our growing population. We therefore recognise the urgent need to overcome the challenges in housing in order to build a resilient and inclusive housing sector for all our communities.

Looking forward, thus, towards our achievements in basic services: in 2022, 96,4 per cent of households in the Western Cape have access to electricity; 91,6 per cent have access to a flush toilet; 84,5 per cent have access to piped water inside the dwelling; and 90 per cent have their refuse removed at least once a week.

Hon Speaker, crime poses significant challenges to economic development and social stability, deterring investment and exacerbating inequality. In the

Western Cape, while there has been an increase in the murder rate, there have been notable improvements in other crime categories over the past decade, including significant reductions in residential burglaries at -44,2 per cent, driving under the influence at -31,7 per cent, and drug-related crime at -21,6 per cent.

The effectiveness of targeted interventions, such as LEAP in crime hotspots, demonstrated the potential of localised, data-driven approaches to improving public safety. Notably in the LEAP hotspots, robbery at residential areas saw a decrease of 29,3 per cent reduction; driving under the influence of alcohol or drugs a reduction of 29,3 per cent; and sexual offences revealed a reduction of 4 per cent.

To build on LEAP's successes and to address its challenges, continued focus should be on enhancing community engagement, promoting inter-departmental collaboration, and maintaining a commitment to data-driven decision-making. By integrating successful LEAP strategies into broader safety initiatives and fostering partnerships between law enforcement, social services, education, and health and wellness departments, the Government can work towards a more holistic approach to crime reduction.

A significant step in this direction is the recent Memorandum of Understanding between the Western Cape Government, the South African Police Service, and the City of Cape Town, entered into on 30 August 2024. This agreement aims to bolster safety measures, with a special focus on

integrating resources and expertise from multiple sectors. Additionally, the MoU emphasises the sharing of data, physical resources, and skills to improve law enforcement and policing effectiveness. The agreement also includes offering City facilities, buildings, and land for use by SAPS and the Provincial Government as needed. A key aspect of the cooperation is the establishment of a programme dedicated to addressing sexual offences, Gender-Based Violence, and Femicide.

Honourable Speaker, I would like to thank our Head of Department, Ms Julinda Gantana. I would like to also, under her leadership, thank the Provincial Treasury, the Provincial Government Budget Office, our Provincial Treasury PERO coordinator, our Chapter Authors, our Advisors, Quality Controllers, our Technical Editors, the special contributions from the Bureau of Economic Research and the Western Cape Government Departments, as well as my Ministry staff for your hard work and contributions to the PERO. It is truly a world-class document.

Honourable Speaker, the Western Cape stands at a pivotal moment. Our economy is growing, but we still face unemployment, inequality, and structural economic constraints. Optimism alone, hon Speaker, will not be enough to overcome this mountain. It will require hard work and the will to succeed. It will require honesty, a laser focus on evidence-based decision-making and targeted interventions, and policies promoting inclusive growth and innovation.

The PERO, hon Speaker, has answered two key questions for our Province today: have we made progress? Yes. Can we do better? Yes. What the tale of 'The Little Engine That Could' has taught us over the years is that if you believe you can, if you roll up your sleeves and you put in the work, you can overcome adversity. But we must believe that we can.

Honourable Speaker, we can, and we will. I hereby table the Western Cape Provincial Economic Review and Outlook. I thank you. [Applause.]

The SPEAKER: Thank you very much, hon Minister Baartman, the hon Minister of Finance. Hon members, the Provincial Economic Review and Outlook will now be referred to the relevant committee for consideration. Before we adjourn, I would like to remind the hon members that the Budget Committee meeting would commence 10 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 15:13.