
MONDAY, 30 SEPTEMBER 2019

PROCEEDINGS OF THE WESTERN CAPE PROVINCIAL PARLIAMENT

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

The House met at 14:15.

The Speaker took the Chair and read the prayer.

BUSINESS OF THE HOUSE

The SPEAKER: You may all take a seat. Welcome back, hon members. We are not in the business of meeting of Mondays, but it seems that Parliament is in overdrive.

Welcome, hon Premier and hon members. Today's proceedings, the Minister of Finance and Economic Opportunities is going to be talking to us about the Provincial Economic Review and Outlook and the Municipal Economic Review and Outlook and that is PERO and MERO. I recognise the hon Minister of Finance, Minister Maynier.

HON MEMBERS: Hear-hear!

**PROVINCIAL ECONOMIC REVIEW AND OUTLOOK AND
MUNICIPAL ECONOMIC REVIEW AND OUTLOOK**

The MINISTER OF FINANCE: Hon Speaker, hon Premier and Cabinet colleagues; hon Leader of the Opposition, hon members of the Western Cape Provincial Parliament.

I would like to begin by thanking you for the opportunity to introduce the 2019 Provincial Review and Economic Outlook, together with the 2019 Municipal Review and Economic Outlook, today in the Western Cape Provincial Parliament.

The Provincial Review and Economic Outlook and its rather more thick-set “twin”, the Municipal Review and Economic Outlook, are world-class research publications produced by Provincial Treasury. The “twins” contain forecasts of future trends, analysis of past trends, and serve as a “one stop research shop” to support policy, planning and budgeting processes at provincial and municipal level in the Western Cape.

For the geeks among us, and I count myself as one, the twins are an unputdownable read even on a weekend. To illustrate my point, I was so immersed in the Provincial Review and Outlook, I clean forgot about the Springboks’ World Cup rugby game this weekend. [Laughter.]

†'n AGBARE LID: Skande!

[An HON MEMBER: Disgrace!]

The MINISTER OF FINANCE: Hon Speaker, the Provincial Review and Economic Outlook and the Municipal Review and Economic Outlook are filled with fascinating numbers about the Western Cape.

To whet your appetite: there are 801 hectares planted with guavas; there are 780 hectares planted with pomegranates and there are 143 hectares planted with prickly pears in the Western Cape.

The Provincial Review and Economic Outlook and the Municipal Review and Economic Outlook are also filled with fascinating facts about the Western Cape.

To whet your appetite: our top export market is Namibia; our top import market is Saudi Arabia; our fastest growing export market is China and our fastest growing import market is Ghana. We export blueberries; we export blackberries and we export raspberries. We export more blueberries than blackberries, but blackberry exports are growing faster than blueberry exports. [Interjections.]

An HON MEMBER: Oh my word!

The MINISTER OF FINANCE: We export locust beans; we export seaweed;

we export algae and we export molluscs; and most fascinating of all, we export what is referred to as “other aquatic invertebrates”, which intriguingly does not include molluscs.

Now, hon Speaker, on a more serious note, the Provincial Review and Economic Outlook and the Municipal Review and Economic Outlook tell a story that is not always what we want to hear, but which we must hear and which we must confront in the Western Cape.

On the economic outlook, we expect a slow recovery in economic growth in the Western Cape. We expect global economic growth to slow down to 3,2% in 2019 and recover to 3,5% in 2020. We expect national economic growth to slow down to just 0,2% in 2019 and recover to 1,1% in 2020, and we expect provincial economic growth to recover to 0,7% in 2019 and then to accelerate to 1,2% in 2020, which means that the provincial economy is expected to recover from the drought and the contraction in output from the agriculture, forestry and fisheries sector and that the provincial economy is expected to grow at a faster rate than the national economy in South Africa, which is good news.

On economic sectors: we expect private services to drive economic growth in the Western Cape. We expect private services, which include wholesale and retail trade; catering and accommodation; transport, storage and communication; finance, insurance, real estate and business services; as well as community, social and personal services to be the biggest driver - not only

of economic growth but of course of fixed investment and employment in the Western Cape. And we expect agriculture and agri-processing to be the fastest growing sectors as they recover from the contraction caused by the drought in the Western Cape.

Overall, we expect the provincial economy to expand by an average of 1,6% over the next five years between 2019 and 2023.

On the labour market: we have a higher than average labour force participation rate of 66,5% in the Western Cape, which means that 66,5% of the working-age population are part of the labour force in the Western Cape. We have a total of 2,5 million people employed, compared to 2,2 million people five years ago in the Western Cape.

The fact is, employment increased by 283 000, or at an average annual growth rate of 2,4% per year, in the Western Cape, which is higher than the national average annual growth rate of 1,6% per year in the past five years between 2014 and 2019 in South Africa, but, in the end of course, too few people have jobs in the Western Cape.

Hon Speaker, we also have the lowest “narrow unemployment rate” at 19,5% in the Western Cape, compared to Gauteng, which has a narrow unemployment rate of 28,9%, and KwaZulu-Natal, which has a narrow unemployment rate of 25,1%.

We also have the lowest “expanded unemployment rate” at 22,7% in the Western Cape, compared to Gauteng, which has an expanded unemployment rate of 33,6%, and KwaZulu-Natal, which has an expanded unemployment rate of 42,4%, which means that unemployment has increased by 18 000 or at an average annual growth rate of 0,6% per year in the Western Cape, which is lower than the national annual growth rate of 4,1% per year in the five years between 2014 and 2019 in South Africa. But, in the end, there are too many people who do not have jobs in the Western Cape.

On development: we have a population of 6,8 million or 11,4% of the total population in South Africa. We have increasing income inequality, but an improving Human Development Index. The Human Development Index, which is a composite indicator of population development and which measures, *inter alia*, education, life expectancy and per-capita income, has improved steadily from 0,682 in 2009 to 0,730 in 2019, which could be the result and which is thought to be the result of more effective support to people, especially poor people, by this Government in the Western Cape.

Generally there has been an improvement in education outcomes with a 15,8% increase in the number of learners accessing education in the past six years here in the Western Cape. There has been an improvement in health outcomes, with consistent improvements in HIV testing and anti-retroviral therapy initiation rates, so that more people know their status and so that more people receive treatment in the Western Cape; and there has been an improvement in the provision of basic services, with households having the

highest rate of access to tap water in the country right here in the Western Cape.

However, although overall crime rates have decreased, the murder rate has increased significantly and the leading cause of premature death among males remains interpersonal violence in the Western Cape.

Hon Speaker, the Provincial Review and Economic Outlook and the Municipal Review and Economic Outlook 2019 tell us a story. It tells us a story of a slow recovery in economic growth, driven by private services in the Western Cape. It tells the story of a rebound in employment in the Western Cape and it tells the story of improved human development in the Western Cape.

The Provincial Review and Economic Outlook and the Municipal Review and Economic Outlook also tell us a story of new and of exciting opportunities in the economy in the Western Cape. Consider the strides made developing alternative crops, which are labour intensive and have export potential, and the strides made developing the halal export market in the Western Cape. But, hon Speaker, the fact is that although the provincial economy is expected to grow at an average of 1,6% over the next five years, this is slower than the average growth of 1,7% in the five years between 2008 and 2017, which included a meltdown in the global economy.

Hon Speaker, although the Provincial Business Confidence Index is higher than the National Business Confidence Index, the National Business Confidence Index has collapsed and is at a 20-year low; and although the provincial economy increased employment at a faster annual average growth rate than the national economy, there are still too many people who do not have jobs or who have given up looking for jobs, in the Western Cape.

The downside risks to the provincial economy are considerable and include slowing global economic growth as a result of trade wars and of political developments, such as a possible no-deal Brexit.

However, the fact remains that the biggest risk to the provincial economic outlook is not slowing global growth or trade wars or a no-deal Brexit; the fact is that the national economy and the provincial economy are linked and for that reason the biggest risk to the provincial economic outlook is National Government in South Africa.

The MINISTER OF AGRICULTURE, ECONOMIC DEVELOPMENT AND TOURISM: Absolutely!

The MINISTER OF FINANCE: We have an equivocation, prevarication and dithering, combined with summits, dialogues and conferences, rather than decisive leadership on the economy in South Africa. Just last week President Cyril Ramaphosa appointed yet another talk-shop in the form of a President's Economic Advisory Council, to advise him on how to kick-start the economy

in South Africa. We have destructive wasp-in-the-jar-like infighting inside the governing party over economic policy in South Africa. Last month the Minister of Finance... [Interjection.]

The LEADER OF THE OFFICIAL OPPOSITION: Where is the MEC going? [Interjections.]

The MINISTER OF FINANCE: Tito Mboweni released a paper entitled Economic Transformation, Inclusive Growth [Interjection.]

The DEPUTY CHIEF WHIP (DA): When is Marius coming back?

The MINISTER OF FINANCE: ...and Competitiveness towards an Economic Strategy for South Africa, which not surprisingly, was rubbished as incoherent, confused and unreliable by COSATU. [Interjections.] We have stagnant national economic growth, with the economy forecast to grow at an average... [Interjections.]

The SPEAKER: Order hon members, order!

The MINISTER OF FINANCE: ...of about 1,3% over the medium term in South Africa. We have collapsed in business confidence, which as I have said is at an all-time 20-year low in South Africa. Who can blame business for losing confidence when you have the Minister of Mineral Resources and Energy, Gwede Mantashe, peddling a fake mineral called “hazenile”, which

he thought had been discovered in the Congo Caves; not the Cango Caves, here in the Western Cape. [Laughter.] [Interjections.]

Ms R WINDVOGEL: Take responsibility, take responsibility! [Interjections.]

The MINISTER OF FINANCE: Hon Speaker, we have declining per capita incomes, as the population growth rate exceeds the economic growth rate, which means that the poor are getting poorer in South Africa. [Interjections.] We have staggering levels of unemployment... [Interjection.]

The SPEAKER: Order, Order hon members!!

The MINISTER OF FINANCE: ...with nearly 10 million... [Interjections.]

The SPEAKER: You may proceed, Minister.

The MINISTER OF FINANCE: Thank you. Hon Speaker, as I was saying we have staggering levels of unemployment, with nearly 10 million people who do not have jobs or have given up looking for jobs. We have eye-watering national debt levels, with national debt that will now exceed an estimated R3,4 trillion or 59% of GDP in 2021/22 in South Africa.

We have zombie National Departments, like the Department of Home Affairs, who seem determined to keep foreign investors and highly skilled immigrants out of South Africa.

An HON MEMBER: Shocking.

The MINISTER OF FINANCE: We have zombie state-owned enterprises, like the Passenger Rail Agency, South African Airways, Transnet Freight Rail and the Transnet Port Authority, delivering shocking services at uncompetitive prices and consuming billions of rands in bailouts.

We have massive fiscal risks including most importantly Eskom, which has a debt mountain of about R440 billion, costing a staggering R67 billion per year in debt-service costs, which could “blow up” the national balance sheet at any time in South Africa. We only have to turn to page 60 of the Provincial Economic Review and Outlook to understand just what a ball and chain Eskom is on the Western Cape. The cost of load-shedding to business is estimated to be R75 million per stage per day in the Western Cape, and, hon Speaker, we have sovereign credit rating agencies, like Moody’s Investor Services, circling us like sharks, ready to downgrade our sovereign credit rating to “junk status” in South Africa.

We all, hon Speaker, remember the sense of renewal, of revitalisation, of progress following President Cyril Ramaphosa’s first State of the Nation Address on 16 February 2018 and we all remember the announcement of a “new path” of economic growth, of employment and of transformation in South Africa. However, that sense of renewal, of revitalisation and of progress, along with the “new path” of economic growth, of employment and of transformation, is over in South Africa.

The veneer of President Cyril Ramaphosa as the “master negotiator”, who plays the long game and who has everything under control, has been shattered in South Africa. When faced with tough decisions, President Cyril Ramaphosa is inclined to negotiate, to prevaricate, to equivocate, to call summits, to call conferences and to call dialogues in South Africa.

The fact is that rather than clear and decisive leadership, there is a sense of paralysis, because, in the end, President Cyril Ramaphosa will not decide, because he is too scared to divide the ANC-SACP-COSATU alliance in South Africa. [Interjections.] That is the fact, which of course, hon Speaker, has resulted in a descent into economic madness, with National Government considering reckless economic policy proposals, including land expropriation without compensation, state-owned banks, prescribed assets and the nationalisation of the Reserve Bank in South Africa.

Mr A LILI: One more thing, you are coming now... [Inaudible.]

The MINISTER OF FINANCE: Hon Speaker, we have worked hard to create an enabling environment for the private sector and for the markets, to drive economic growth and job creation in the Western Cape. We cannot and we will not sit back and allow National Government to become a ball and chain holding back the economy in the Western Cape. The fact is that Premier Alan Winde has set out a bold vision and is implementing that bold vision, right here in the Western Cape. [Interjections.]

The LEADER OF THE OFFICIAL OPPOSITION: [Inaudible.] to change the ownership back to...

The MINISTER OF FINANCE: The Premier has announced the most comprehensive and expensive safety plan in the history of the Western Cape. The safety plan includes both a law enforcement component and a violence prevention component with 3 000 new law enforcement officers doing visible policing; 150 investigators working up dockets for prosecution... [Interjection.]

Mr D SMITH: They have no powers.

The MINISTER OF FINANCE: ...and providing support to 10 000 children and their caregivers... [Interjections.]

The SPEAKER: Order hon members!

The MINISTER OF FINANCE: ...during the first 1 000 days of the child's life in the Western Cape. That is leadership. The Premier has announced the establishment of an "Economic War Room" to promote economic growth in the Western Cape. The Economic War Room Pilot Project has commenced, with teams from the Province, from the City and from the private sector working together on eliminating obstacles to economic growth in the construction, manufacturing and business services sector in the Western Cape. That is leadership, which, of course, does not include many of this

Government's existing programmes to drive economic growth and job creation, including red-tape reduction, air access and investment and export promotion programmes in the Western Cape.

We will work hard to ensure that the provincial economy grows at a faster rate than the national economy; that the provincial business confidence is greater than national business confidence; and that provincial employment grows at a faster rate than the national economy in the Western Cape, and we will do it so that more people, especially young people, have jobs and live with dignity and with independence and with hope in the Western Cape.
[Interjections.]

The MINISTER OF COMMUNITY SAFETY: Hear-hear!

The MINISTER OF FINANCE: Hon Speaker, I hereby table the Provincial Review and Economic Outlook 2019 and the Municipal Review and Economic Outlook 2019 for consideration and deliberation by the Western Cape Provincial Parliament. I can assure hon members that the Provincial Review and Economic Outlook and the Municipal Review and Economic Outlook are world-class research publications that will assist them in their duties in the Western Cape Provincial Parliament.

Finally, I would like to thank everybody who made contributions and who worked so hard to produce the Provincial Review and Economic Outlook and the Municipal Review and Economic Outlook here in the Western Cape.

Thank you, hon Speaker. [Applause.]

The SPEAKER: Thank you, hon Minister Maynier. Order hon members! I would like to inform the House that the Provincial Economic Review and Outlook and the Municipal Economic Review and Outlook will now be referred to the relevant committee for consideration, and upon adjournment now, as we adjourn the House, the members of the Budget Committee are requested to stay behind for a meeting of the Budget Committee.

Hon members, guests, we are now concluding the meeting. I would like the members to remain standing whilst the procession is in motion. Thank you very much.

The House is adjourned.

The House adjourned at 14:40.