

**Western Cape Government  
Provincial Treasury**

**Municipal Economic Review and  
Outlook  
2022/23**

**Speech**

**Minister of Finance and Economic Opportunities  
Ms M Wenger**

24 November 2022

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**Speech by Mireille Wenger**  
**Minister of Finance and Economic Opportunities**  
**Western Cape Government**  
**Municipal Economic Review and Outlook 2022/23**  
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***'Governing for Growth in the Western Cape'***

Honourable Speaker and Deputy Speaker

Honourable Premier and Cabinet Ministers

Honourable Leader of the Opposition

Honourable Members of the Western Cape Provincial Parliament

Special guests

People of the Western Cape

**1. Introduction**

In September, I had the privilege of tabling the Provincial Economic Review and Outlook (PERO) here in the Provincial Parliament, which detailed the impact of international and national developments on the provincial economy and important data on various trends in the Province, with a specific focus on our key priorities of growth for jobs, safety, and wellbeing.,

Today, I have the honour to table its 'sister publication', the Municipal Economic Review and Outlook (MERO), which is an equally impressive and even deeper-dive research report.

Comprising 6 documents, covering over 1 000 pages, the MERO, is a veritable treasure trove of invaluable insights, providing new data and analyses for each of our five district municipalities, 24 local municipalities and the City of Cape Town.

## **2. Data-driven decision-making**

Making this information easily accessible has been an overarching goal in its compilation and design because it is the intention of this rich data to inform municipal planning and budgeting, through municipal integrated development plans, local economic development strategies, and the budget processes of municipalities. This will enable evidence-based decision making, as well as the implementation of the Joint District and Metro approach to socio-economic development across the Province.

Equally, this information is freely available to businesses, local communities, NGOs, and anyone else who will benefit from its valuable insights.

Together, the MERO and the PERO form the foundation on which we base critical decisions, strategies, as well as the next steps of our budget process, which I will speak to when I table the Medium Term Budget Policy Statement before you.

## **3. Governing for growth**

Speaker,

The MERO provides our citizens with a wealth of information for a better understanding of the various dynamics of the Province.

The data contained in the MERO also supports private sector development by providing succinct analysis on the investment potential, comparative advantage, and economic specialisation of each region.

The MERO continuously sources new data to expand the socio-economic intelligence available to its users. Innovations for the MERO this year, include an analysis of COVID-19 vaccinations, the number and average income of taxpayers, mobile location data for the

tourism profiles, new investment data, and housing market studies within the Garden Route and Cape Winelands districts, as well as public expenditure trends.

This data guides us in our quest to build a better future for residents, providing a spatial lens to strategic decisions and shining a light on new opportunities and challenges in each municipality.

It empowers us to identify what plans are working and where, so we can replicate them, to spread success across the Province.

It also allows us to measure the impact of the challenges we face and furnishes us with the evidence we need to formulate responses.

Ultimately, the MERO empowers us with the information that we, and our municipalities, need to ***govern for growth in the Western Cape.***

#### **4. Economic Context**

It shares with us, for example, that between 2011 and 2021, the Western Cape was one of only three provinces that increased its contribution to national Gross Domestic Product (GDP).

Additionally, between 2012 and 2021, the average estimated economic expansion of the Western Cape of 1.2 per cent was marginally higher than South Africa's growth rate over this time at 1 per cent.

The Cape Town Metro, with the largest population and an economy valued at R502.0 billion, made the largest economic contribution and was the most service orientated regional economy in the Western Cape in 2021.

The West Coast District is expected to have had the largest GDP expansion at 6.2 per cent in 2021, largely owing to significant growth in the agriculture (8.6 per cent) and manufacturing (8.7 per cent) sectors.

In the same year, the Cape Winelands District had the third-highest GDP growth rate in the Province, at 5.3 per cent, and accounted for the second-largest share of provincial GDP in 2021, with a contribution of 11.1 per cent.

In 2021, the Overberg's GDP is estimated to have grown by 5.5 per cent, with contributions from the trade, finance, and manufacturing sectors, all at 1.2 percentage points. In the same year, the Garden Route economy is expected to be the third-largest contributor to the Western Cape GDP, given the strength of its financial sector.

In 2020, the trade sector had the greatest share of employment in the Western Cape, contributing 22.7 per cent, closely followed by the finance and community services sectors, which contributed 20 per cent respectively.

However, we know that we must do much more to shrug off the low levels of economic growth which currently characterises our national economy, by enabling breakout economic growth, that creates jobs, and improves the lives of residents in all districts in the Western Cape. I will elaborate on this in my next address.

## **5. Trade**

Speaker,

As I am sure Minister Ivan Meyer will celebrate, the MERO also sets out how the agriculture, forestry, and fishing sector in the Western Cape expanded, with this sector in the Cape Metro increasing by 8.9 per cent, followed by the West Coast at 8.6 per cent. Overall, the expected growth in this sector was 8.3 per cent in 2021.

I was particularly impressed with the fascinating information included on overall trade for each of the district municipalities.

Especially that four out of five district municipalities, namely the Cape Winelands, Central Karoo, Overberg, and the West Coast, are net exporters, with the Central Karoo exporting goods to the value of R114.1 billion, almost three times as much as they import.

Going forward, governing for growth will mean that we need to build on this success and further enhance trade opportunities with international partners so we can share more proudly Western Cape goods and services with the world.

It will also require that Western Cape Ports, especially the Port of Cape Town, have sufficient capacity with high levels of investment in its infrastructure.

Which is why the Western Cape Government is working closely with stakeholders across the port logistics value chain, all levels of government and the private sector to unlock our Ports' full potential.

This remains a top strategic priority, and we will continue to govern for growth by advocating strongly for private sector participation at the Port of Cape Town, as is currently the case for the Port of Durban and Ngqura.

## **6. Tourism**

Speaker

One Port of Entry where we are certainly making progress in increasing connections is Cape Town International Airport, as a result of our successful Cape Town Air Access initiative.

On Thursday evening last week, Premier Alan Winde welcomed the United Airlines direct route from Washington DC to Cape Town, which will not only bring in visitors, but also goods in the belly of the aircraft – with a potential of 648 metric tonnes of cargo between November 2022 and March 2023.

This is very welcome news, given how hard the tourism and hospitality sector was hit during the COVID-19 pandemic.

And, with the new addition of detailed tourism data for each district, using mobile data to provide key insight into tourism trends in the Province, the MERO shows us that the green shoots of recovery were evident in the Western Cape in 2021.

What I found particularly heartening is the strong rebound in our domestic visitors, reflected by growth in bed nights. In 2021, the Central Karoo, the Cape Winelands and the Garden Route and the City of Cape Town experienced an increase of approximately 12 per cent compared to the previous year, and the West Coast by 13.5 per cent.

To ensure that we govern for growth by boosting these numbers further, we must remove barriers that stand in the way of our tourism and hospitality sector.

Which is why we will continue to lobby for the introduction of a Remote Working VISA, ensure that national VISA backlogs are addressed, and that the E-VISA system runs efficiently.

## **7. Wellbeing and Safety**

Speaker,

As was the case with this year's PERO, the MERO also provides data insights into our priorities of wellbeing and safety.

For example, it provides valuable information on access to formal housing, basic services, water, sanitation and solid waste removal across all districts.

Within the Western Cape, in 2021, the MERO tells us that 96.6 per cent of residents had access to electricity, 99.4 per cent had access to basic levels of water, 95.2 per cent to basic levels of sanitation, and 87 per cent to refuse removal at least once a week.

Overall, the Western Cape had the highest Human Development Index score in the country, at 0.71 out of a possible 1.0, which was also above the world average. This as we forecast population growth to increase in 2022, as it has over the last decade.

With that said, we do also take note of concerning trends identified in the MERO. The first I want to share with you today is the increase in teenage pregnancies, which increased across all districts, except for the Overberg District. The second, which is an ongoing focus of this government, is the year-on-year increase in multiple categories of crime, following the lifting of COVID-19 restrictions during 2020 and 2021.

These demonstrate the importance of our safety and wellbeing budget priorities in the Western Cape Government, and we will be leveraging this data to respond with targeted strategies in our communities.

## **8. Financial status of municipalities**

Speaker,

We are also concerned about the impact that deteriorating economic conditions, and the budget crunch nationally, will have on municipal budgets, especially capital budgets.

This is only worsened by the impact of load-shedding, which further erodes revenue streams for municipalities. Municipalities will need to strengthen their own revenue generating capacity to proactively seek alternative funding for infrastructure developments that will stimulate growth and improve service delivery at a local level.

I can give them mine and Minister Bredell's continued assurance that they will have the support of our Provincial Treasury and our Department of Local Government. We will support vulnerable municipalities to stabilise, and we will focus on assisting our local governments to leverage their services to enable growth in our Province.

## **9. Engagement with municipalities**

Speaker,

With over 1 000 pages of information, it is difficult to do these documents justice in the time available today. I certainly encourage members of this house to engage with the content so that we can come up, together, with innovative solutions to the challenges faced in our communities.

For our part, the Western Cape Government will be taking this information to every district, through the District Coordination Forums.

I am also pleased to announce that I will be establishing a Provincial Budget and Governance Forum with all finance mayco members across the Province, with the first

meeting taking place next month. The MERO will be unpacked in this forum so that we can land responses in municipal budget processes.

## **10. Conclusion**

Speaker,

In my travels across the Province, I have been blessed with meeting so many wonderful, strong, resilient, and innovative people.

I feel lucky to not only call this Province home, but also to have the honour of serving its citizens.

It is indeed a privilege to work with the legislature and my Western Cape Government colleagues to ensure that this beautiful and unique place reaches its full potential.

At the end of the day, the MERO empowers us with the data and evidence we need to do just this.

So that we govern for growth.

So that we enable opportunity.

And so that we deliver the safety and wellbeing that our communities need to thrive.

## **11. Tabling**

It is therefore my pleasure to table the 2022/23 Municipal Economic Review and Outlook for consideration and deliberation in the Western Cape Provincial Parliament.

I would like to thank the Local Government Budget Office within Provincial Treasury for their immense effort in putting this remarkable research report together and especially their commitment to making the information easily accessible, through creative design elements, layout and especially, the superb infographics.

I'd like to express my sincere gratitude to the entire "Team Finance", under the leadership of Head Official, David Savage, for the immeasurable contribution made to supporting municipalities with both the PERO and MERO so they can govern for growth.

And of course, to all our Mayors, Deputy Mayors and Mayco members, as well as municipal officials, who are on the frontline of service delivery in the Western Cape - thank you for all that you do for the people of the Western Cape.