

**Western Cape Government
Provincial Treasury**

Provincial Economic Review and Outlook 2025

Speech

“Changing with Growth”

**Minister of Finance
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30 September 2025

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Speech by Deidré Baartman

Minister of Finance

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30 September 2025

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Honourable Speaker,

People of the Western Cape,

The Western Cape is not an island, and our progress is influenced by powerful global and national forces. The 2025 PERO begins its analysis here, and so must we. Therefore, change requires us to be honest about the environment in which we are growing.

The global economic picture is becoming tenuous. The world economy is navigating trade barriers, tighter financial conditions, and heightened policy uncertainty. These conditions weigh heavily on emerging markets, making it harder to attract the investment needed for growth.

Against this global backdrop, our national economy remains in slow motion. The PERO lays bare the stark reality:

- South Africa's cumulative GDP grew by a 7.0 per cent, continuing a decade-long trend of sluggish performance that is simply not enough to keep pace with a population that grew by 14.9 per cent or a labour force that expanded by 23.7 per cent over the same period.
- This weak performance is the result of deep structural challenges, from an unreliable electricity supply to failing logistics infrastructure and weak governance.

- The national economy is also undergoing a structural shift away from job-creating sectors like Manufacturing and Construction, towards a greater reliance on the Finance sector.

Honourable Speaker, this is the difficult national context in which the Western Cape must compete and grow.

GROWTH AND JOBS

The Western Cape Economy is Growing

Speaker, against this challenging backdrop, the Western Cape is performing relatively well.

Our economy grew by 0.5 per cent in 2024, matching the national average. Over the last decade, our economy has expanded by a cumulative 8.3 per cent, driven by our strong Finance and Community Services sectors, even as Agriculture, Construction and Trade contracted due to natural disasters and national sluggishness.

Business confidence remains cautiously optimistic, with our provincial index at 45 points, above the national government's BCI, but still below neutral.

Speaker, growth must be measured in real terms.

Inflation continues to hit the poorest hardest, straining household budgets and provincial resources. This, combined with the slow national economy, places immense pressure on our own provincial budget.

But for this government, the true measure of growth is found in people, not only percentages. The ultimate test of sustainable growth is whether it creates the jobs and opportunities that give people hope, dignity, and a real stake in our province's future.

It is to the critical issue of jobs that I now turn.

Jobs and Employment

A growing economy must work for our people. I am, therefore, exceptionally proud to stand here today and report on the remarkable resilience and dynamism of the Western Cape's labour market.

Between the first quarters of 2020 and 2025, a period of immense global and national turmoil and change, the Western Cape's economy created jobs at a rate that far outpaces the rest of the country.

- Of the 404 712 total net jobs created across South Africa in the last five years, an incredible 360 347 of them were created right here in the Western Cape.
- This means our province, with just 12 per cent of the country's population, accounted for 89 per cent of all net job growth.
- As a result, our official unemployment rate fell by 1.3 percentage points over this period to 19.6 per cent, bringing it below pre-pandemic levels and cementing its position as the lowest in the country.

Amidst national and international change, we continue to grow because the Western Cape people continue to exhibit resilience, opportunity, and hope.

Job creation was driven by the very sectors that make our economy unique. The Finance sector was the single largest contributor, creating 172 475 jobs. The substantial employment contribution of the Finance sector can be attributed to the sector's relative size of the provincial economy at 34.1 per cent combined with solid GDP growth of 8.5 per cent the past decade.

But the most remarkable story is found in the Construction sector. While the rest of South Africa suffered a net loss of 160 795 construction jobs, the Western Cape created 57 341 jobs in this very sector. This is a powerful indicator of the sustained investment and confidence in our provincial economy, which saw the value of completed buildings grow by nearly 34 per cent while it contracted nationally.

The Private Households sector also created tens of thousands of jobs, again standing in stark contrast to the severe job losses seen nationally in these sectors. And while not a formal category within the national statistics, our resurgent Tourism sector, with international arrivals steadily climbing back, has been a critical source of employment and opportunity across the province.

An Inclusive Recovery

Honourable Speaker, I am pleased to report that this has been an increasingly inclusive recovery. **Employment among previously disadvantaged populations surged by 13.4 per cent provincially, compared to 3.4 per cent nationally.**

Most encouragingly, we are turning the tide for our young people and for women.

- **Youth employment grew by 13.3 per cent in the Western Cape**, while nationally, it tragically declined by 3.8 per cent.
- **Employment for women grew by 16.7 per cent**, nearly seven times the national rate of 2.5 per cent.

However, unfortunately, those with less than secondary education saw a 9 per cent employment decline, highlighting the urgent need to ensure our residents have the right skills to compete in a modern, changing economy.

SMMEs and Impact of Growth for Jobs Strategy

Our Growth for Jobs (G4J) strategy supports small, medium, and micro enterprises (SMMEs), which employ 38.5 per cent of the formal workforce in the Western Cape, the highest share nationally. They are the heart of our economy.

Our G4J Strategy backs entrepreneurs. By cutting red tape, improving infrastructure, and investing in skills, we are making it easier for businesses to start, grow, and, most importantly, hire. The early results tracked through the **G4J** show that our efforts are bearing fruit, with the number of **SMMEs in the province growing from just over 330 000 in 4Q: 2023 to more than 404 000 in 2Q: 2025.**

This ecosystem underpins our labour market's resilience and job creation.

Which now brings me to our labour market.

Labour Market: Our People are Our Greatest Strength

Honourable Speaker, the story of jobs is about the people who make up our workforce, their skills, their confidence, and their resilience.

And what we see in our provincial labour market is a labour force that is growing and confident.

Between the 1st quarters of 2020 and 2025, our labour force, the **number of people either working or actively looking for work, grew by an impressive 12.5 per cent, adding 395 000 people.** This growth, which was nearly double the national rate, is a powerful vote of confidence in our economy. **More people are choosing to look for work here because they believe opportunity exists.**

This is supported by our Labour Force Participation Rate, which consistently trends higher than the national average.

Our economy is drawing people in and encouraging them to participate.

The Vital Role of the Informal Economy

Speaker, while informal employment accounts for a smaller share of our economy than the national average, at 21.3 per cent, our informal job market is growing at a remarkable pace.

Between the 1st quarters of 2020 and 2025, informal employment in the Western Cape grew by 19.5 per cent, nearly four times the national growth rate of 4.9 per cent. It remains a critical entry point into the economy, a safety net, and a driver of grassroots entrepreneurship. Its growth is a sign of a flexible and adaptive economy.

Skills for a Changing Economy

Finally, a labour market requires skills.

Our analysis of labour absorption shows that our economy is creating clear pathways from education and learning to employment.

A remarkable 80 per cent of the additional labour force from previously disadvantaged groups with a secondary education were absorbed into employment over the last five years. This group accounted for **nearly two-thirds of all new jobs created** in the province, a testament to the importance of aligning our skills with the needs of our economy.

The list of the most in-demand occupations in the Western Cape shows that the needs of our provincial economy is changing.

Our economy seeks more Software Developers, Engineers, Health Professionals, and Finance Managers. This is a modern, skills-based, future fit economy. The challenge, as highlighted in the report, is to ensure that more of our people have the skills needed to seize these opportunities.

Digital infrastructure: a changing world

Honourable Speaker,

To sustain this job creation, we must build the platforms for future growth. In the 21st century, no platform is more critical than our digital infrastructure. The PERO shows the Western Cape is leading this digital transformation, with investment in our Information and Communication assets growing by over 50 per cent since 2020.

This investment, seen in the rollout of vast fibre networks and the arrival of global data centres from Amazon and Microsoft, has positioned us as a top technology hub. Our 78 per cent 5G coverage, for example, far outpaces the national average.

This digital spine powers our economy. It fuels our job-creating Finance, BPO and Transport sectors, creating the high-demand tech jobs our labour market needs, and allows our SMMEs to compete globally. It also allows us to innovate in services, like using blended learning in our schools to prepare our children for an AI-driven world.

But a digital economy needs reliable, affordable power to thrive. The greatest single threat to our digital and economic progress remains our country's energy crisis.

Energy: Powering Progress

South Africa's energy supply remains a threat. While 2024 and 2025 saw a significant reduction in loadshedding, largely due to Eskom's Generation Recovery Plan and improved operational performance, Stage 3 loadshedding briefly returned in March 2025, due to unexpected plant failures causing a generation shortfall. Eskom production fell 16.6 per cent from 2015 to 2024, while non-Eskom generation rose 50.8 per cent. IPPs contributed over 6 200 MW, and rooftop solar exceeded 5 000 MW.

Power is changing. Eskom is producing less electricity over time and residents and businesses are producing more, helping us **power our economy.**

Despite this progress, rising electricity costs threaten competitiveness, with Eskom prices rising **by 148.4 per cent over a decade compared to headline inflation of 53.2 per cent over the same period.**

National Energy Regulator of South Africa's (NERSA) proposed 12.74 per cent tariff increase risks energy poverty and job losses.

In the Western Cape, we are powering progress. Demand is projected to rise to 4 584 MW by 2026. Provincial power sources, including Eskom and IPPs, currently provide 5 290 MW.

Although **Eskom electricity distribution to the Province declined by 15.9 per cent of the past decade**, largely due to loadshedding and the uptake of Small Scale Embedded Generation, 2024 saw a notable recovery.

Our **Western Cape Energy Resilience Programme aims to enable 5 700 MW of non-Eskom generation by 2035.** Already, **819 MW** has been **added to the provincial grid in the 2024/25 financial year**, with **another 1 000 MW anticipated in 2025/26.**

Every MW added or saved, is another MW closer to a loadshedding-free Western Cape.

International Trade

Global Trade shapes growth, and the movement of goods and services are therefore key in helping our economy grow.

Our Port of Cape Town is the primary gateway for our world-class exports and is therefore a vital engine for provincial jobs and economic growth. However, our port is facing serious challenges, with declining container volumes, particularly for exports, and persistent operational inefficiencies that are increasing costs for our businesses. Addressing these port constraints is, therefore, a top priority for this government to unlock the full potential of our economy.

To fully appreciate the importance of an efficient port for the Western Cape, we must first look at the broader national trade picture.

South Africa

In 2024, the **Manufacturing sector** of South Africa made the largest contribution to total real exports at **50.5 per cent**, followed by the **Mining at 26.7 per cent** and **Agriculture sector at 8.1 per cent**.

The **Agriculture** sector's real export growth was an outlier over the past decade, **increasing significantly by 92.6 per cent**. In contrast, the **Manufacturing (4.2 per cent) and Mining sectors (7.8 per cent) expanded** only marginally over the same decade.

Growth must be powered by investment. National Gross Fixed Capital Formation, the money invested back into the economy for machinery, buildings, and infrastructure, has fallen from 15.8 per cent of gross national expenditure in 2015 to 11.7 per cent in 2024.

Between 2015 and 2024, South Africa retained a mostly positive nominal trade balance, reaching a peak in 2021. The substantial increase in South Africa's nominal trade balance in 2021 was primarily driven by a surge in export values, particularly from commodities such as platinum group metals, iron ore, and coal, fueled by a global commodity price boom in the aftermath of COVID-19 lockdowns, as demand rebounded strongly while supply chains remained constrained. The weaker Rand during parts of the year also enhanced the competitiveness of South African exports.

China remains South Africa's largest trading partner, accounting for 10.8 per cent of all exports and 21.6 per cent of all imports in 2024. In 2024, Germany surpassed the USA as South Africa's second-largest trading partner. This was largely due to a notable reduction in the share of imports from the USA from 8.6 per cent in 2023 to 6.5 per cent in 2024.

The R17.820 billion reduction in imports from the USA represents 17.8 per cent in South Africa's total reduction in imports and is mainly attributed to a reduction in machinery (37.7 per cent), vehicles aircraft and vessels (34.5 per cent) and equipment components (16.4 per cent).

Western Cape

The Western Cape has developed a strong international trade footprint. Its strategic coastal location, competitive agricultural sector, manufacturing diversity, and logistical advantages have positioned the Province as one of the South Africa's key export hubs.

Between 2015 and 2024, **nominal exports from the Western Cape increased on average by 6.6 per cent per annum.**

The **Netherlands, United States, and United Kingdom** emerged as the **top three export destinations in 2024.**

Exports to the Netherlands increased by 3.2 percentage points to 9.8 per cent of total exports, reflecting its role as a logistics hub for European markets. The **United States grew its share by 4.0 percentage points to 8.7 per cent,** supported by the AGOA, while the **United Kingdom's share rose by 0.9 percentage points to 8.2 per cent.** In contrast, exports to **Namibia and Botswana declined by 3.2 and 3.0 percentage points respectively,** reflecting persistent challenges in intra-African trade such as non-tariff barriers and weak cross-border infrastructure.

On **imports, China** remained the largest source of imports for the Western Cape, accounting for **19.3 per cent in 2024, up from 11.5 per cent in 2015.** **Oman experienced the most significant growth, increasing its share by 8.2 percentage points to 9.2 per cent,** likely linked to energy imports. **The United Arab Emirates also expanded its share to 6.8 per cent.** Import shares from **Saudi Arabia, Angola, and Nigeria fell sharply,** with Saudi Arabia dropping from 20.5 per cent in 2015 to 3.5 per cent in 2024.

While **Mining** only represented 5.9 per cent of the Western Cape's exports in 2024, the **sector recorded the highest average annual growth rate (14.6 per cent) between 2015 and 2024.** It is mainly attributed to export growth contribution by other metallic minerals (3.2 percentage points), chrome (2.5 percentage points) and manganese ore (1.2 percentage points) to China as well as chrome exports to Mozambique (1.9 per centage points) and United Arab Emirates (1.1 per centage points).

The **Agriculture sector was the leading contributor to our growth (3.3. percentage points),** growing at an average rate of 11.2 per cent over the decade. The significant growth of exports in the Agriculture sector was mainly a result of growth contributions to total agricultural exports from the Netherlands (2.8 percentage points), United Kingdom (1.7 percentage points), and United Arab Emirates (0.8 per centage points). The Netherlands was also the largest export destination in 2024, accounting for 22.5 per cent of all exports of the Agriculture sector from the Western Cape.

Impact of US tariffs

South Africa

However, in 2025, South Africa's exports came under pressure as the U.S. imposed steep new imports tariffs.

A general 10 per cent tariff in April 2025 quickly escalated to a targeted 30.0 per cent surcharge on South African goods by August 2025, hitting key exports like citrus and vehicle components hard. With the African Growth and Opportunity (AGOA) under threat and trade costs rising, South Africa faces mounting challenges in protecting access to the U.S. market.

In 2024, South Africa's exports for the U.S. were 7.7 per cent of total exports. Products such as motor vehicles (12.7 per cent) and clementines (10.6 per cent) were relatively more reliant on the U.S. markets as an export destination. The Manufacturing sector, with a share of 8.6 per cent of total exports, was also relatively more exposed to U.S. markets.

Speaker, while the impact of tariffs mostly fall outside of the PERO's period of review, many of our residents are facing uncertainty in their businesses and their jobs due to the impact of tariffs.

A comparison of exports in the 2nd Quarter of 2025 with the same period in 2024 for selected products benefiting from AGOA reveals that motor vehicle exports to the U.S. were the most adversely impacted, declining by 54.9 per cent. This significant decrease is attributed to the 10 per cent increase in import tariffs imposed by the U.S.

Western Cape

Closer to home in the Western Cape, the Agriculture sector was less exposed with only 4.8 per cent of all agriculture products exported to the U.S. However, products which benefited from AGOA such as citrus fruit, fresh or dried (7.2 per cent) such as **oranges (9.3 per cent) and mandarins (8.6 per cent), are more exposed to U.S. import tariffs.**

Western Cape exports by the **manufacturing sector are the most vulnerable to U.S. import tariff increases with 11.8 per cent** of all manufacturing goods destined for the U.S. market in 2024.

Export data from the three months post-tariffs offers some insight into how key sectors and commodity industries have been affected so far, although the full impact of the 30 per cent tariff hike introduced in August 2025 is yet to be determined.

A comparison between total exports and U.S. exports in the 2nd quarters of 2024 and 2025 from the Western Cape could provide an indication how sensitive certain sectors and commodities are to a tariff increase from the U.S.

Over the 2nd quarter of 2025 total Provincial exports to the U.S. declined by 14.3 per cent, although total exports were still 4.0 per cent more for the same quarter in the previous year. The three months of U.S. tariff increases therefore, shaved 1.2 percentage points from total export growth when the two periods are compared.

The **Manufacturing** sector was the worst affected with a **total export decrease of 3.7 per cent, largely a result of a 24.2 per cent decline in exports to the U.S., which contributed 3.3 percentage points to the quarterly decline.**

Motor vehicle exports from the Western Cape in the 2nd quarter of 2025 only represented a fraction (0.2 per cent) of South Africa's total motor vehicles to the U.S. and is therefore not a representative measure the industry's sensitivity to U.S. tariff increases.

In the 2nd quarter of 2025, the **Western Cape represented 81.2 per cent of all Agriculture exports to the U.S.** Compared to the same quarter in the previous year, exports of agriculture products to the U.S. increased by 25.4 per cent despite a 10 per cent US tariff import increase.

Agriculture exports from the Western Cape were not sensitive in the first three months of increased U.S. tariffs. However, these insights are subject to future developments.

SOCIAL SERVICES

A Growing Population, a Changing Population

Honourable Speaker, our population is growing, and it is growing faster than our economy. This is the reality we must confront with honesty and resolve. While growth brings opportunity, population growth brings new pressure on services, on infrastructure, and on households.

The Western Cape's demographic landscape is quickly evolving, driven primarily by increasing life expectancy, declining fertility rates, and significant in-migration.

The province's population stood at 7.628 million in 2025; this is 12.1 per cent of South Africa's total population.

The Western Cape has fast become a key economic hub, attracting significant in-migration. **For the 2016-2024 period, our province has grown with 1.162 million people, an 18 per cent increase.** Our population growth is the second highest in the country, second only to Gauteng.

While the population of our province is increasing, **the total fertility rate in the province has fallen to 1.79, below the international replacement level of 2.1**, hinting to future labour risks.

Coupled with this, our **elderly population (aged 60+) has grown from 9.7 per cent to 12.3 per cent since 2016**, we face an ageing demographic and thus increased pressure for specialised healthcare and social support.

Life expectancy has risen to 67.6 years for males and 72.2 years for females, reflecting improved healthcare but similarly increasing the potential pressure on future social services.

Honourable Speaker,

We still have a lot of work ahead of us regarding poverty. **Poverty affected 52.7 per cent of residents in 2024.** However, the **Gini coefficient shows a gradual decline in inequality** across most districts, but entrenched disparities, particularly in the Central Karoo, remain a concern.

Education and Learning

Education is the foundation of opportunity. It gives our children the chance to dream bigger, to build a better life, and to adapt to our changing world. In the Western Cape, we are committed to giving every child, in every classroom, the best possible start.

Our Class of 2024 reached a historic milestone with an **86.6 per cent National Senior Certificate pass rate**, this is a **5.1 percentage point increase** from the previous year, and the **highest in our history**. We also achieved **the highest Bachelor's pass rate nationally for Special Needs Education schools at 63.3 per cent.**

We lead the country in **Mathematics (78 per cent) and Physical Sciences (79.4 per cent)** results - reflecting our focus on the critical skills needed for the Fourth Industrial Revolution.

Learner retention rates have improved, with **primary school retention rising from 80 per cent in 2016 to 92 per cent in 2024**, and **high school retention climbing from 67 per cent to 71 per cent** - including the **highest Grade 10 to 12 retention rate in the country at 71.3 per cent.**

Systemic testing shows progress too, with **Grade 3 Mathematics pass rates improving by 11.6 percentage points** since 2021 and **Language results** now **above pre-pandemic levels**. However, outcomes in the senior phase, especially Grade 9 Language, require further intervention.

These gains come with pressure. Over the past decade, **learner enrolment grew by 16.65 per cent**, while **public school infrastructure expanded by only 0.5 per cent**. As a result, the **learner-teacher ratio has increased from 30.7 in 2015 to 34.2 in 2024, and is projected to reach 36.7 by 2025**.

To respond to these pressures and despite the constrained fiscal envelope, the **Western Cape Department of Education's (WCED) Rapid School Build Programme has delivered 17 new schools since its inception in 2022**, creating scalable, community-responsive learning environments. **The Back on Track Programme continues to tackle post-COVID learning losses** to ensure no child in our province is left behind. Additionally, the WCED is **expanding blended and hybrid learning models**, particularly in higher grades, to ease physical classroom demand while enhancing digital literacy.

These measures, combined with continued investment in foundational literacy and numeracy, systemic testing, and targeted learner support continues to safeguard the gains the province has already achieved and build a more resilient, inclusive, and future-ready education system for the Province.

Health and Wellness

A healthy workforce is key for economy growth.

Our healthcare system faces similar pressures as our education system. The Western Cape Department of Health and Wellness (WCDHW), strives to deliver equitable, high-quality care despite growing pressures.

However, population growth has increased pressure on the Province's health system. **The doctor-to-population ratio has dropped to 41 per 100 000 and the nurse-to-population ratio to 170.1 per 100 000 in 2024/25, reflecting a 5.25 per cent decline in health workforce density since 2022/23**.

This trend, driven by population growth, an ageing workforce, and fiscal constraints, risks straining our public health system, where 74.3 per cent of residents rely on public healthcare.

Despite these challenges, the **WCDHW is innovating.**

The **Central Dispensing Unit has revolutionised chronic medication access, serving 11.5 per cent of healthcare delivery in 2024/25**, while **Home and Community-Based Care accounts for 32.8 per cent**, reducing pressure on facilities. **Our Antiretroviral therapy programme expanded by 11.8 per cent since 2020/21**, with rural districts like Cape Winelands and Garden Route leading growth, reflecting stronger outreach. However, the discontinuation of USAID funding this year threatens this progress, but as a government we will continue to actively seek solutions to sustain these gains.

Mental health is a growing priority in our health system and is a painful reminder of the pressures many of our residents experience. **Psychiatric admissions surged by 52.3 per cent from 2015/16 to 2022/23, with a slight decline in 2023/24 and 2024/25.** This was driven primarily by post-COVID stressors and socio-economic challenges. Although death by **suicide has gone up 43.4 per cent over the decade, it dropped 23.7 per cent to 673 cases in 2024/25**, highlighting the impact of targeted interventions, including expanded psychosocial support and NGO partnerships.

Honourable Speaker,

Maternal health shows progress, with a **declining maternal mortality ratio** – though rural disparities demand targeted investment. **Neonatal mortality remains a concern**, with **Central Karoo's rate peaking at 23.2 per 1 000 live births in 2022/23**, underscoring the need for increased rural healthcare access. Worryingly, **immunisation rates for children under the age of one dropped 15.6 percentage points**, requiring urgent action to restore trust as immunisation is a cornerstone of infant health, shielding newborns from deadly and avoidable diseases.

Social Services

Social services are the lifeline for our most vulnerable in addressing poverty, trauma, and exclusion to build cohesive communities. **Between 2020/21 and 2024/25, we saw a significant rise in referrals to our diversion programmes.** Our diversion programmes saw a **164.4 per cent increase in adult referrals and 32.9 per cent in children, with children achieving a 77.1 per cent completion rate.** The PERO shows us that adult programmes need strengthening to address complex issues like substance abuse. The ultimate goal of these programmes is to help break the cycle of re-offending through restorative justice and by creating pathways for healing and re-integration.

Child protection services also face mounting pressure. **Reported cases of abuse, neglect, or exploitation nearly doubled to 10 207 in 2023/24, with confirmed cases rising to 16.5 per cent of reports in 2024/25. This highlights improved detection but also rising vulnerability.** Statutory interventions, including foster care and re-unification services, have quadrupled, reflective of the Western Cape Department of Social Development's (DSD) proactive response.

Access to secure Child Youth Care Centres (CYCC)s are strained, with **turnover up to 3 880 and waiting lists growing 3.6 times since 2020/21, against a static 701 beds.** For our older persons, fiscal constraints combined with a 2.6 per cent rise in the ageing population, have sadly resulted in **decrease community-based care subsidies by 47.4 per cent and subsidised beds by 7.5 per cent to 5 311 beds.**

Our Families are Changing

Honourable Speaker, **our families are changing.**

The 2025 PERO data tells us how behind the Province's growth, there are also households that carry heavier burdens than most. In the Western Cape, **female-headed households now make up almost 40 per cent of all households, a share that has steadily risen over the past decade.** These households often face greater risks of poverty and food insecurity, as women continue to shoulder unequal responsibilities in caregiving and access fewer economic opportunities. Even more concerning are **child-headed households, which has fluctuated between 0.2 and 1 per cent of all households over the past decade.** The prevalence of these households remain a painful reminder of the tragic socio-economic realities that leave children in positions no child should ever have to bear.

The Western Cape Government is responding to these challenges with innovation. The **DSD is strengthening adult diversion through partnerships with NGOs for substance abuse therapy and vocational training.** For child protection, we're investing in early intervention, after-school programmes, and community-based alternatives to reduce CYCC reliance. And to support older persons, the **DSD is piloting sustainable community-care models to promote active ageing and reduce institutionalisation.** These efforts, aligned with the Risiha Model and family support initiatives, address crime's root causes, foster resilience and inclusion as our population grows.

Basic Services and Housing Opportunities

Honourable Speaker,

Access to basic services and housing is fundamental to a dignified life. **From 2004 to 2024, the Western Cape achieved near-universal electricity access at over 90 per cent, 95.2 per cent refuse removal, 91.8 per cent flush toilets, and 83.5 per cent piped water.** This delivery outpaces national averages by up to 31.5 per cent. But gaps still persist in rural areas and informal settlements where ageing infrastructure and insecure land tenure cause service disruptions.

Housing demand has surged by 14.6 per cent to 643 377 units by 2025, with Central Karoo's demand skyrocketing by 490.6 per cent. The Department of Infrastructure has, however, made progress over the past decade, with the delivery of 132 705 housing opportunities, including 74 272 houses and 58 666 serviced sites (excluding total subsidies).

Fiscal constraints, COVID-19 disruptions, and the construction mafia remain key challenges to this sector. **A 48 per cent rebound in serviced sites and 6 515 title deeds in 2024/25 signals recovery.**

A changing economy and changing population demands innovative, evidence-based solutions to navigate our evolving social challenges – it will require focusing on increasing momentum to achieve impact, and growing with change.

SAFETY

Honourable Speaker, as our Province grows, so too do the pressures that shape the daily lives of our residents.

Today, as we take stock of how the Western Cape is changing with growth, we must confront the realities of crime and violence in the Western Cape while, at the same time, acknowledging pockets of progress, and recognising the work we are doing, together, to reclaim our communities.

The Evolving Crime Landscape

The PERO paints a complex but instructive picture.

Across the Western Cape, crime remains uneven, with some categories showing improvement and others continuing to rise.

Between 2019 and 2024, crimes such as drug-related offences and driving under the influence have shown steady declines. Drug-related incidents, which once peaked at over 72 000, **fell by 11 per cent**, while cases of **driving under the influence dropped by 24.9 per cent**, signalling both effective enforcement and shifting social behaviours.

Yet **murder**, the most devastating of crimes, **continues to rise**. The report notes that, despite gains in certain areas, murder rates have sustained an upward trajectory, returning to pre-pandemic patterns as restrictions eased. This rise in violent crime remains a pressing concern - one that fractures families, unsettles neighbourhoods, and hinders the full promise of growth.

Each life lost to violence is not only a personal tragedy; it is a blow to the stability and confidence of the communities we serve.

The Deep Wound of Gang Violence

Nowhere do we see the far-reaching effects of crime more visibly than in the scourge of gang violence.

Gang-related killings remain one of the most severe safety crises in our Province. In 2024/25, there were 4 467 murders, of which **882 were gang-related. The Western Cape**, though home to less than 12 per cent of South Africa's population, **accounts for nearly 90 per cent of the country's gang-related murders.**

Our Province has between 90 and 130 active gangs, including notorious groups affiliated to prison networks, with total membership exceeding 100 000. Many of these gangs target children for recruitment, pulling them into a world of crime before they have the chance to build a life of dignity and opportunity.

These patterns of violence cannot be solved by policing or boots on the ground alone. They demand multi-sectoral action. It demands a whole-of-society approach that tackles not only crime, but violence prevention.

The Haunting Toll of Murder

Beyond gangs, murder itself casts the most profound and haunting shadow. The **murder per capita in the Western Cape increased by 30.2 per cent over the past decade, reaching 61 murders per 100 000 people in 2024.**

The burden is uneven: The Cape Metro remains the epicenter, with 73 murders per 100 000 people. The Garden Route saw the steepest growth in murder per capita, at 49.6 per cent. Rural districts such as the Central Karoo (29 per capita) and West Coast (30 per capita) record lower but still deeply concerning rates.

Each of these numbers represents a life lost, a family grieving, a community left fearful. The effects of violence ripple outward. It erodes trust, strains mental health, and disrupts economic stability.

No budget figure or economic indicator can fully measure the cost or impact of violence. It is felt in the empty seat at a dinner table, in the silence of a classroom, in the hesitance of a business to invest in a neighbourhood once full of promise.

Impact of LEAP Programme

Faced with these challenges, the Western Cape Government has acted decisively through integrated and evidence-based interventions that bring safety closer to the people. At the heart of this response stands the Law Enforcement Advancement Plan known as LEAP.

This partnership between the Western Cape Government and the City of Cape Town deploys over 700 trained officers across the highest-risk areas of our Province.

LEAP is more than visibility. It is a targeted, data-driven initiative, focused on crime hotspots identified through analysis and local knowledge. Its goal is simple yet profound: to save lives and restore confidence in the rule of law.

Speaker, we need to measure impact. Over 17 quarters of deployment, LEAP has driven measurable improvements across all major crime categories in the areas where it operates. The share of crime in the hotspot areas where LEAP officers were deployed, in comparison to the rest of the Western Cape, declined. **Murder decreased by 3.8 percentage points, Robbery at residential premises decreased by 3.5 percentage points, and Sexual offences decreased by 1.6 percentage points.**

In Nyanga, once ranked among the most violent precincts in the country, records a 9.4 percentage-point reduction in murders during the LEAP deployment period. This is not a coincidence; it is proof that evidence-led interventions work.

Our LEAP programme shows that when national, provincial and local partners work together, guided by data and driven by urgency, lives are saved.

The Western Cape is experiencing rapid population growth, driven by people seeking better opportunities and safer communities. But as more residents arrive, the pressure on infrastructure, services, and law enforcement grows.

Safety is therefore not only a moral duty; it is a strategic economic imperative. The Western Cape's ability to sustain growth depends on our ability to protect it.

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CONCLUDING REMARKS

Honourable Speaker, the Western Cape is changing with growth - economic growth as well as population growth. We are seeing increased GDP growth, increased job growth, reduction in the Gini Co-Efficient and an increase in the Human Development Index. But we are struggling to keep pace with the natural demands of 18 per cent population growth.

While challenges remain, our interventions are showing progress and the pathway forward will require increased momentum, scaling success, value-for-money, and measuring impact.

This impact needs to speak to increased job creation, greater safety, stronger communities and renewed trust.

Therefore, as our province's economy grows, as our population continue to outpace economic growth, we must leapfrog through innovation and for impact in order to provide dignity and hope for all of our people.

Thank you.