

**Speech by Mireille Wenger,**

**Minister of Finance and Economic Opportunities,**

***Provincial Economic Review and Outlook***

***'With the right strategic choices, we will emerge from a cold winter into a hopeful spring'***

**21 September 2023 10:00**

Honourable Speaker

Honourable Acting Premier and Cabinet Ministers

Honourable Leader of the Opposition

Honourable Members

People of the Western Cape

## **1. PERO's importance, signalling the start of the WCG's annual budget process**

Today, I have the pleasure of sharing some of the key data trends revealed in the Provincial Economic Review and Outlook, or PERO.

Over the past few months, our colleagues in the Provincial Treasury, and our provincial departments, have compiled this comprehensive document, providing us with the critical evidence we need to tackle challenges and to guide us to the opportunities that we can nurture, to deliver a better future for our residents.

It gives us a clear picture of sectoral developments, key labour market dynamics and socio-economic development trends within the Province, contextualised within the broader national and global realities, as well as how these developments impact us in the Western Cape.

And this year, the PERO team have introduced impressive new data that further deepens our ability to respond to emerging trends.

For the first time, we have included Spatial Economic Activity Data, which leverages anonymised, administrative tax data to give granular insight into where firms and jobs are located.

The saying goes that decisions are only as good as the information on which they are based. This is why we place a premium on evidence-based decision making, so we can

make informed decisions, to achieve the best possible outcomes in terms of economic growth, education, healthcare, well-being, and safety for our people.

And so, Speaker, this publication is more than a labour of love, but a true example of civic service.

To begin, I would like to express my sincere appreciation and gratitude to all those involved in the production of the 2023 PERO, especially Ms. Shirley Robinson, Mr. Philippus Prinsloo, Ms Taryn van de Rheede, the chapter leaders, quality controllers and advisors, technical editors, and graphic designers, under the stewardship of Mr David Savage as our previous Head of Treasury, as well as our new Acting Head of Treasury, Ms. Julinda Gantana. Thank you.

The document that I table today also kicks-off this government's annual budget process. The information contained in the PERO will help inform our policy responses and budget choices which will be shared with the people's representatives in this House when I table the Medium-Term Budget Policy Statement later this year.

And so, with the tabling of this publication we are witnessing the embodiment of robust public policy formation in action.

## **2. The grass is greener where you water it**

Speaker,

It was Anne Bradstreet, that said:

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

As we mark the spring equinox tomorrow, and the September sun warms the vast stretches of yellow canola fields from the Swartland to the Overberg, I am reminded of the age-old saying that '*the grass is greener where you water it*'.

This sentiment simply and accurately describes the deliberate, yet often difficult choices we, as a government, must make.

The saying also illustrates that with deliberate action, guided by a clear, evidence-based strategy, we will emerge from winter to reap the benefits of our choices, and be rewarded with flourishing and vibrant harvests.

## **3. International economic context**

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

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

The International Monetary Fund's July 2023 projections anticipate that global growth will drop from 3.5 per cent in 2022 to 3.0 per cent in 2023 and 2024. Economic activity continues to be weighed down by central banks raising interest rates to combat inflation and ensure financial stability.

Even though the signs of lower inflation are there, especially in major economies, high interest rates strain economic activity, leading to stricter lending and a decrease in available credit.

In the United States of America, monetary policy has tightened in response to inflationary concerns and recent bank failures have led to a slowdown in credit creation, both affecting economic activity.

In 2022, the US economy had significant links to the Western Cape, accounting for 13.7 per cent of all arrivals at Cape International Airport and receiving 8.2 per cent of the region's total exports, again underpinning just how important the renewal of South Africa's participation in AGOA is. America is one of our top export markets and here in the Western Cape we deeply value the US' support for our growth opportunities.

Looking to another international economic leader and key export partner, China, which contributed 5.5 per cent to the Western Cape's exports.

Although China's economic growth is projected to rebound to 5.2 per cent in 2023, their recovery is expected to weaken due to lower exports, a slowdown in its manufacturing sector and underlying risks in the real estate sectors.

Overall, we are now seeing inflation starting to decrease, but is still high in many countries.

#### **4. National economic snapshot**

And if we turn to the realities closer to home, annual headline inflation in South Africa increased slightly from 4.7 per cent in July to 4.8 per cent in August 2023, falling below the Reserve Bank's upper monetary policy target range.

While food inflation decreased from 10 per cent in July this year to 8 percent in August, cost-of-living pressures persist.

Regarding economic growth, between 2013 and 2022, the South African economy grew at an average growth rate of 1.0 per cent.

Over the same period, our national population grew at an average annual rate of 1.4 per cent.

The result of this disparity between population and economic growth, has been a decline in GDP per capita, making the daily lives of millions of South Africans that much harder.

The latest inflation data confirms this lived reality, showing significant cost of living increases, impacting the most vulnerable economic groups disproportionately.

In the 12 months leading to April 2023, lower-income households experienced an 11.3 per cent rise in living costs, while middle-income and higher-income households experienced a 7.8 per cent and 6.2 per cent increase, respectively, according to Statistics South Africa.

Last year, we had cause for some hope as we continued to recover from the ravages of the Covid-19 pandemic: South Africa's economy grew by 1.9 per cent, off a relatively strong recovery in 2021 of 4.7per cent.

But this year, those green shoots are absent, and we expect growth of just 0.5 per cent in 2023, before recovering to somewhat modest growth of 1.8 per cent in 2024.

The key economic factors that have led to this underwhelming national growth include the impact of Russia's illegal invasion of Ukraine; monetary policy tightening as a result of rapidly rising inflation; severe floods in April 2022; and the exacerbation of our national energy crisis, now into its 15<sup>th</sup> year. <sup>1</sup>

The harsh reality is that this level of economic growth is entirely insufficient to support the job creation that South Africa needs. This level of economic growth is plainly unable to support national government's debt, and, unable to afford the national wage bill. Now frontline services are in line for deep cuts, compromising their ability to provide dignity and care to our people, and especially the vulnerable who need it the most.

At the heart of these factors lies the undeniable truth that the national government consistently and continuously fails to grab the nettle and make the critical and tough choices that will undoubtedly set us all on a path of inclusive and steady economic growth.

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<sup>1</sup> if we count from when the nation was first hit with loadshedding.

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

The country's economic prospects are further constrained by limited fiscal space; rising debt levels; higher debt servicing costs; longstanding rigidities in the labour markets; the logistics crisis; and governance and corruption vulnerabilities.

These factors collectively dampen the outlook for future economic growth and social outcomes in South Africa.

## **5. Western Cape Economy**

Here in the Western Cape, over the past decade, the economy has cumulatively expanded by 11.1 per cent, or at an average annual growth rate of 1.1 per cent.

Over this period, the Agriculture sector (37.1%) grew at the fastest pace followed by the Finance (27.5%) and Government sectors (21.9 per cent).

The success of the Agriculture sector can largely be attributed to its increased access to international markets and phenomenal export growth. Our farmers and agricultural workers are so deserving of their success, despite immense headwinds that they battle daily.

Taking a broader view, the PERO shows that the Western Cape economy recovered from the 2020 recession by the first quarter of 2023.

By the first quarter of 2023 the Provincial GDP was estimated to be 0.3 per cent more than in the first quarter of 2020, while employment increased by 6.3 per cent during the same period, highlighting the robustness and resilience of the Western Cape job market.

Notwithstanding this resilience and in the context of inordinately challenging and binding national constraints to economic growth, businesses are rightly expressing negative sentiment in response.

The Provincial economy is expected to expand by 0.5 per cent in 2023 followed by a rebound of 2.1 per cent in 2024.

## **6. Tough choices – doing much more with far less**

Our duty is to ensure that the choices we make now will have not only an immediate impact on lives and livelihoods today but have a lasting positive impact on our children's futures, and the generations to come. The choices that we make are becoming increasingly difficult, as our fiscal environment becomes increasingly tough.

The Western Cape government has not shied away from the tough choices in the past and I am heartened to see the PERO reflecting the outcomes of the tough choices we've made to prune our work and ensure that our tools and resources are applied with the greatest care, respect, and for the benefit of the people of the Western Cape.

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

## **7. Despite challenges, the Western Cape is a provincial powerhouse**

Speaker,

### **7.1. Our map to a better tomorrow – G4J**

We are on a mission to make sure our collective tomorrow is better than today.

And our map to guide us on this mission, is our ambitious new economic action plan, 'Growth For Jobs' or G4J, which aims to enable a R1 trillion, jobs-rich, inclusive, resilient, thriving, and diverse provincial economy that is growing between 4 and 6 per cent in real terms, by 2035.

Ultimately, the solution to the challenges we face is to achieve the kind of break-out economic growth that will create many more jobs which will, in turn, help pull people out of poverty and give them the opportunities they need to succeed.

The entire G4J Strategy is underpinned by the principles partnership, of combining our efforts to achieve the best results, of innovation to ensure that we are constantly learning and employing the best methods to achieve our collective aims and of redress because we understand that the best way to address historic injustices is to pull more people into the economy.

G4J clearly sets out seven Priority Focus Areas, which brings in a whole-of-government approach, to achieve the horizontal enablement of the provincial economy, and enables a private-sector led growth path.

These Priority focus areas, each with their own goals and targets, include:

- Driving investment
- Stimulating domestic markets & exports
- Energy resilience and transition to net zero carbon
- Water security and resilience
- Technology and innovation
- Infrastructure and connected economy and
- Improved access to economic opportunities

At the very heart of G4J, is the understanding that it is the private sector, including the formal, informal, and township-based economies, and particularly, citizens, entrepreneurs and SMMEs, that drive our economy.

To put it simply: it is the private sector that creates jobs, and it is our job, as government, to make this as easy as possible.

It is centred on systemic solutions that address key binding constraints and an enabling environment for the private sector that accelerates our economic growth.

And so, while there is much more work to be done, we have seen some green shoots emerging.

## **7.2. In-Migration**

The data coming from the PERO confirms that millions of people are actively seeking out the Western Cape to base their families, businesses, and hopes.

We are anticipating that our provincial population will reach 10 million by 2040. That means that between 2023 and 2040, our population will grow by an additional 2.7 million people.

We have just learned that the Census data will be released in October, and which will provide additional information on our population dynamics.

## **7.3. Front line services**

With an ever-increasing population comes the increased pressure on provincial frontline services like education and health.

And while the Western Cape Government is taking up the fight to make sure our residents are not punished for the poor policy choices made at the national level, the stark reality is that, because of the fiscal crisis, we are going to have to do much more, with far far less, here at home.

The PERO includes critical data on the performance of our education and healthcare systems to inform the path forward.

### **7.3.1. Education**

Over the last 5 years, there has been a notable improvement in learner retention for both primary and high school cohorts. This positive trend suggests a decline in dropout rates and an increasing number of learners successfully completing their education.

We have also seen the devastating impact of the COVID-19 pandemic on systemic test results for Grades 3, 6, and 9, revealing sustained declines and highlighting the urgency and importance of targeted interventions.

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

By enabling increased time allocation for Mathematics and Reading each week for the grades most severely affected by the COVID-19 pandemic, the programme applies a variety of teaching, learning, and support methods to improve learning outcomes.

### **7.3.2. Health**

On the health front, PERO shows us that over the past decade, the Western Cape has seen encouraging growth in the number of public-employed doctors per 100,000 people, from 43.4 in 2013/14 to 45.9 in 2022/23, as we have been able to employ an additional 725 doctors at public healthcare facilities over the period, an expansion of 27.8 per cent.

However, over the same period, the growth in public-employed nurses has not kept up at the same pace.

The number of public employed nurses per 100 000 people declined markedly from 204.6 in 2013/14 to 191.4 in 2022/23.

Through deliberate, evidence-led innovations, our provincial Department of Health and Wellness has achieved some impactful outcomes. Despite the expanding population of the Province, there has been no corresponding rise in hospital visits or the number of hospital patient days.

Since 2020/21, the number of public healthcare facility visits, and the hospital patient day equivalent declined dramatically from levels reached in 2019/20.

The initial decline can be ascribed to COVID-19 lockdowns, which prevented the public from accessing healthcare facilities for non-urgent services.

But it has been the impressive innovation of the Department of Health and Wellness during the difficulties of the pandemic that has made all the difference here.

The community-oriented primary care, which took healthcare directly to residents' homes through outreach programmes and efficient medicine delivery, including home delivery of chronic medication and tele-healthcare, has reduced healthcare facility visits.

Consequently, the number of public healthcare facility visits is down by 11.2 per cent, and the hospital patient day equivalent (-0.7 per cent) has been reduced since 2019/20, largely due to the change in service delivery modality.

It must be noted that these figures are not indicative of the demand for healthcare services in the Province, which has of course increased.

The increase in service delivery demand is largely attributed to changing demographic dynamics and population growth in the Western Cape. Understanding life expectancy offers insights into health status, the disease burden of the population, and the impact of resource allocations. Across all provinces, females consistently exhibit higher life expectancy than males, with the Western Cape standing out for its longer male life expectancy compared to other provinces.

What we are seeing in the Western Cape particularly, is a noticeable trend of gradual ageing, with this province showing the highest increase in the share of elderly individuals, which is now 1.1 percentage points higher than in 2014.

These changing demographics have implications for the healthcare system as the projected growth of chronic diseases and complex medical conditions among the ageing population will place a substantial burden on the demand for adult primary care services and specialised medical fields.

This highlights the need to maintain public healthcare service delivery through continued investment, as well as the importance of ongoing innovations that can sustain and improve the standards of healthcare services so that we can continue to help those who need it the most.

#### **7.4. Wellbeing**

Looking to more general indicators of wellbeing, South Africa and the Western Cape have consistently improved on the Human Development Index (HDI) scores over the last decade, indicating progress in well-being, education, healthcare, and living standards.

HDI in the Western Cape has been improving in the context of a deteriorating Gini Coefficient, unprecedented in-migration, and slow economic growth.

The HDI improvement suggests that, on average, the Province is making progress in education and healthcare outcomes.

However, worsening income inequality, combined with slow economic growth, shows that the only way we are going to be able to lift more people out of poverty is by dramatically growing our economy, to create jobs.

Turning to mental health, we continue to see the impact of the immense stress and isolation caused by the Covid-19 global pandemic.

In the 2021/22 and 2022/23 financial years, the Western Cape experienced an unprecedented surge of psychiatric admissions in public health facilities, accounting for 45.9 per cent of admission growth over the past decade.

We also saw annual suicide numbers in the Western Cape increasing by 36.2 per cent, between 2013/14 and 2022/23, of which 82.3 per cent occurred since 2019/20, requiring key considerations for mental health care access in the Western Cape.

#### **7.5. Safety**

Speaker,

As Premier Winde so rightly says, nothing stops a bullet like a job, which is a further reason that we are on such a drive to dramatically increase economic growth so we can create many more jobs.

Crime trends in the Western Cape over the past decade, have seen significant improvements in certain crime categories on a per capita basis.

Driving under the influence of alcohol or drugs has decreased by 68.2 per cent, drug-related crime is down by 38.2 per cent, and sexual offences have notably declined by 28.6 per cent between 2012/13 and 2021/22.

However, there has been a concerning increase in murder of 34.2 per cent and robbery at residential premises up by 36.2 per cent, over the last ten years.

As a result of the inadequate police resource allocation to the Western Cape, this government launched a R1 billion Law Enforcement Advancement Plan (LEAP) during the fourth quarter of 2019/20, to help keep residents in key hotspot areas safe.

Following the implementation of LEAP, there has been a notable decrease in the average number of crimes reported in the 13 quarters of LEAP implementation compared to 13 quarters before LEAP implementation.

These figures reflect the positive impact of targeted interventions and underscore the importance of strategic measures in curbing crime in these critical areas.

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

## **8. The seeds of hope**

Between 2012 and 2022, the Western Cape experienced a notable cumulative real export growth of 42.4 per cent.

The Western Cape's Agriculture sector accounts for more than half of South Africa's agricultural exports, and was the primary driver of this export growth, recording a remarkable 219 per cent growth,

From 2012 to 2022, the top ten fruit exports from the Western Cape exhibited notable cumulative growth, surpassing 100 per cent. Particularly noteworthy was the extraordinary surge in cranberries, bilberries (which are very similar to the better-known blueberry which our provincial growers produce in abundance), and other berry-type fruits, which experienced a substantial growth rate of 1 300.8 per cent.

Notably, mandarins, emerged as a significant fruit export, constituting 3.4 per cent of the total commodity exports in 2022.

The challenges that confront the fruit industry in particular include a surge in farming input costs and transport expenses alongside very large shipping price increases.

This sub-sector has been hit by freight rate increases in excess of 500 per cent for a standard 12-meter container between 2020 and 2022<sup>2</sup>. Coupled with daily port and rail constraints, it is increasingly difficult for many growers to continue commercial viability under these conditions.

Sticking with exports, the tourism and hospitality sector has the potential to expand significantly and is a key opportunity area for the Western Cape.

By 2022, arrivals at Cape Town International Airport surpassed pre-pandemic levels, highlighting the region's enduring appeal to international tourists. Within the same year, domestic tourism in the Western Cape also saw a substantial boost as more and more people enjoyed the world-class beauty and variety that a break in the Western Cape can offer.

Since September 2022, Cape Town Air Access powered by Wesgro, the province's trade, tourism, and investment promotion agency, has added seven new airlines to the Cape Town International Airport schedule and seven new routes.

This has contributed to a 100 per cent and above passenger recovery from January 2023 onwards, when compared to 2019 levels.

The airport was served by 21 airlines flying to 27 destinations globally, with 199 flights per week during the 2022/23 summer season. The airport also continues to connect the province to the country at large.

George airport has also contributed significantly to provincial growth, and we look forward to enabling more passengers, business, and cargo to connect to and from our province.

In other good news, our reputation as a Tech hub is growing, and our careful cultivation of this province as the easiest place to do business in the country and indeed, the rest of the continent, is starting to bloom.

The latest Global Financial Centres Index shows that, thanks largely to its improved Fintech ratings, Cape Town in the Western Cape has toppled seven cities across the world to improve its rankings from position 62 in September 2021 to settle at number 54 globally in 2022.

The Western Cape is also Africa's leading digital hub with the Cape Town/Stellenbosch tech eco-system being the most productive on the continent. Cape Town is also fast establishing a reputation as the Cloud Computing hub of Africa, and several new data centres are currently being built.

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<sup>2</sup> Cargo Compass South Africa SA, 2022.

All of this adds up to show that our province is an increasingly attractive place to invest and grow. And growth means jobs.

This is not just sentiment, and the evidence-led PERO shows even more reason for hope: the greenfield investments received in 2022 was 25 per cent higher than the average over the last decade. In 2022, the Western Cape received R13.3 billion in greenfield investments that created 2 315 employment opportunities. This equates to 0.7 per cent of the jobs created in the Province.

And adding to our drive to reduce our reliance on Eskom, renewable energy accounted for 10.9 per cent of Greenfield investments, or R11.6 billion, the 4th largest industry in terms of foreign direct investment.

I thank the businesses and investors that are placing their trust in the Western Cape, and I assure them today that we value that trust. We are doing our utmost to make the Western Cape the best and easiest place to establish, operate and expand a business – so that many more jobs can be created, and many more lives can be improved.

## **9. Binding constraints**

Now let me turn to some binding constraints, which much like weeds, strangle the growth of our economy.

### **9.1. Energy - from crisis to catastrophe**

The obvious culprit for this low growth is the severe electricity crisis. In fact, it is no longer a crisis, but an economic catastrophe.

We know that you reap what you sow. In 1998, Eskom, sounded the alarm, telling the National government that there must be investment in new infrastructure to secure future electricity supply.

That was *25 years ago*, a quarter of a century, and today we continue to be negatively impacted by the tragic consequences of that unheeded warning.

In 2022, South Africa experienced the worst energy crisis on record, losing more than 150 full days to darkness, without the power the people of South Africa or the economy needed to simply operate. This is catastrophic.

Since load shedding was first introduced<sup>3</sup>, the Western Cape is estimated to have lost between R48.6 billion and R61.2 billion in real GDP.

Costing the provincial GDP R8.2 billion, in 2022 alone. This year we will experience another all-time record of being unable to access the energy needed for the most basic.

Any hope of expansion and real, meaningful growth in our economy has become victim to the same blackout.

The direct consequence of the electricity crisis is that almost one in ten<sup>4</sup> businesses in the Western Cape is at high risk of insolvency due to the ongoing power cuts, according to a survey by Sustainable Energy Africa and the Department of Economic Development and Tourism.

Our economy cannot afford to lose one more business and cannot afford to lose one more job.

## **9.2. Port of Cape Town**

Speaker,

While we certainly have many reasons to hope in the Western Cape, we cannot escape the fact that there are still too many binding constraints choking investment and economic growth, most notably, the logistics crisis.

The situation that has been allowed to take root at the Transnet owned and operated Port of Cape Town is one of the *biggest* of these constraints.

The Port of Cape Town was ranked 344th out of 348 ports on the Container Port Performance Index for 2022. It consistently languishes at the bottom of indices measuring efficiency and competitiveness, and at the top of those measuring the most congested ports globally.

Historically the Port of Cape Town has suffered a severe lack of investment in critical infrastructure as well as equipment.

As a key economic node responsible for processing more than half of South Africa's agricultural goods, it is imperative that the private sector is brought in as a partner, to help unlock its immense potential to contribute to economic growth in the province and the country.

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<sup>3</sup> Page 6 Cabinet Submission

<sup>4</sup> Page 6 Cabinet submission – “with about 9 per cent of the surveyed businesses at high risk of insolvency due to power cuts”

Research has also shown that an efficient Port of Cape Town, with sufficient capacity and investment in key infrastructure, has the potential to contribute, I share just four:

- an additional R6bn in exports,
- roughly 20 000 direct and indirect jobs,
- over R1.6 billion in additional taxes by 2026,
- and a contribution to the Western Cape Gross Domestic Product of 0.7 per cent, by 2026.

Put simply, when the port works, our economy works.

## **10. Getting young people into jobs**

And so, it's to job creation that we must always return.

As of the second quarter of 2023, South Africa faces a daunting unemployment rate of 32.6 per cent, ranking among the world's most severe.

While the Western Cape fares comparatively better with a rate of 20.9 per cent, there is much more work to be done to create more jobs for more people.

By the second quarter of 2023, the dividends of higher education were evident: unemployment rates for tertiary-educated individuals sat at 15.45 per cent nationally and at 7.8 per cent in the Western Cape, significantly lower than for those with only secondary or lesser qualifications.

The emerging trend is that while the City of Cape Town hosts almost three quarters (72.2 per cent) of jobs in the Western Cape, over the past five years the metro accounted for 35.8 per cent of employment growth, with significant employment growth taking place in other district municipalities, such as Cape Winelands, West Coast, and Overberg regions. Which shows that the Western Cape as a whole is working.

Going forward, with respect to the development of policies and interventions that consider spatial dynamics, the evidence points to the opportunity to support the non-metro/rural municipalities to drive job creation.

And this is a perfect example of the power of PERO and the data it contains to inform and guide a policy response to a pressing need.

One of the key focal areas of this year's PERO is youth unemployment.

The document includes a deep dive into the most devastating reality plaguing South Africa's hopes and growth prospects: far too many young people do not have jobs.

With national employment levels still 1.2 per cent below pre-pandemic levels by the first quarter of 2023, the data in PERO shows that young South Africans have undeniably borne the brunt of the country's significant economic contraction in recent years.

While not unique to the Western Cape, the relatively lower labour force participation among young people is largely attributed to the high number of young people actively attending formal education.

When those attending formal education are excluded from the working population, the youth labour force participation rate in the first quarter of 2023 rises to 80.9 per cent.

This is a useful difference, as it shows that in the Western Cape, even when our youth are not formally educated, they are active participants in our economy.

Our challenge going forward will be to enable access to the skills needed to progress beyond entry-level roles.

In the second quarter of 2023, the unemployment rate among youth in the Western Cape was at 31.2 per cent, significantly higher than the total unemployment rate for the Province (20.9 per cent).

The challenges faced by the youth in finding employment remain pressing issues in South Africa and the Western Cape.

A significant mismatch between the skills and experience of young people and existing work opportunities highlights the importance of education and skills development<sup>5</sup>.

We know that the so-called 'recipe' for employment success includes qualifications and experience, and it is the latter that is so critical to get young people into jobs.

This is not something that government can tackle alone, however.

In our mission to make the Western Cape the best and easiest place to invest, we must work to ensure that we enable a better fit between academia, skills development, and the needs of the private sector.

Which is why our experiential learning programmes are critical and specifically aimed at providing young people with the experience required, while also ensuring businesses, big and small, have access to the skills they need to expand, generating more growth and, therefore, more jobs.

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<sup>5</sup> (De Lannoy, et al., 2020).

There is significant scope to upskill, educate, train, and inspire hope in our young people in the Western Cape so that they can make sustainable and productive contributions to the economy.

In South Africa, the youth now make up a significant portion of the working population, and as a group carry immense potential to drive the country's economic growth.

We are determined to enable and unleash the full potential of our young people because, when we get this right, nothing will hold them back from making a substantial impact on the national economy, and we want that impact to start with the youth of the Western Cape.

## **11. From review to outlook - looking ahead to where we are going**

Speaker,

I have set out in detail for this House and the public the key trends emerging across the Western Cape.

We know that our population is expanding, which will increase pressure on frontline services such as education, health, and wellbeing.

While we have seen some green shoots of spring, we face significant challenges and constraints, chief amongst them the electricity catastrophe, the inefficiencies at the Port of Cape Town and logistics in general, combined with stagnant economic growth and increases in the cost of living, impacting our most vulnerable residents.

To face up to these challenges, we are going to have to work harder, work smarter, and do a lot more with far less to protect frontline service delivery.

This will require us to innovate, to embrace data integration and to employ spatial strategies that build on key opportunities we have identified.

And finally, we cannot do this alone. We will need to work together enhance our strategic partnerships, and seek to leverage innovative financing.

As government, we will need to make the tough trade-offs that enables the private sector to not only sustain operations but to grow and expand, because frankly, our only way out of the challenges we face, is through break out economic growth that lifts more people out of poverty.

## **12. Conclusion**

Speaker,

In the iconic words of Lauren Hill, from her platinum debut album,

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

In closing, I'd like to dedicate this speech to all the young people of this incredible province.

It is for you that we will continue to push on, to drive forward and make the tough choices now.

We will do this so that we can emerge from a bitter winter by enabling the breakout economic growth we need, to truly usher in an abundant spring, full of possibility and opportunity.

And we will do this so that your tomorrow, is better than our today.

### **13. Tabling**

Speaker,

I herewith table the 2023 Provincial Economic Review and Outlook in the Western Cape Provincial Parliament.

Soon, I will have the pleasure of sharing with the Honourable Members another equally impressive, evidence-based approach to policy formation, in the form of the Municipal Economic Review and Outlook, which drills down even further to reveal more critical insights in our local municipalities.

Together, the PERO and the MERO form the evidence base that will help shape the upcoming MTBPS and main budget.

I therefore look forward to listening closely to your comments and suggestions in response to the reading of these publications.

I'd also like to share that we will be continuing with our 'Messages for Mireille' in the run up to the MTBPS, to invite residents to participate in the budget process.

As I come to the end of this address, I would like to recognise the former Head Official of the Treasury, Mr. David Savage, who we recently bid farewell to and whose passionate commitment to this province and her people will certainly not be forgotten.

I would also like to thank Premier Alan Winde, for his visionary leadership and for pushing us to do even better than before, in spite of the challenges we face, my Cabinet colleagues for their hard work, day in and day out, as well as my legislature colleagues, who hold us to account.

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

Thank you.

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