

**Western Cape Government
Provincial Treasury**

**Municipal Economic Review and
Outlook
2025/26**

Speech

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Speech by Deidré Baartman

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2025/26 Municipal Economic Review and Outlook

Western Cape Provincial Parliament

Cape Town

5 March 2026

“Building on the Basics for Growth”

Honourable Speaker and Deputy Speaker

Honourable Premier and Cabinet Ministers

Honourable Leader of the Opposition

Honourable Members

Special Guests from DF Akademie and Paarl Gimnasium

People of the Western Cape

1. INTRODUCTION

The 2024/25 Municipal Economic Review and Outlook (MERO) reflected a year defined by resilience. Municipalities were responding to rapid population growth and the strain this placed on infrastructure, services, and resources.

The 2025/26 MERO publication marks a shift in the story. Today, I wish to table these key insights.

While population growth remains a factor, the focus now turns to economic growth and the momentum building across municipalities. This growth is visible in expanding infrastructure, targeted social interventions, new economic opportunities, and innovative fiscal planning. Together, these developments point to a more confident outlook, with municipalities not only managing pressure, but actively planning for expansion and long-term progress, and essentially building on the basics for growth.

2. DATA AND EVIDENCE

Speaker, I want to stress that the data presented in today's 2025/26 MERO tabling covers the 2024/25 reporting period, giving us a clear and factual picture of what was happening across every district at a particular point in time. It is a data-led publication, built from trusted national, provincial and municipal sources. This includes population and employment data from StatsSA, municipal-level economic and sector data from Quantec, and formal-sector income insights from the SARS Spatial Tax Panel, compiled with National Treasury and the Human Sciences Research Council.

We strengthen this evidence base with official, administrative data from the Provincial Treasury and Western Cape Government departments, including Health and Wellness, Education, Infrastructure, Social Development and Local Government, while Wesgro provides tourism trends and the Municipal Perception Survey gives us on-the-ground community insights. Together, these datasets allow the MERO to deliver consistent, comparable, district-level evidence that municipalities rely on for planning and budgeting.

3. ECONOMIC DEVELOPMENTS

Global economic overview

During the period under review, the global economy was still moving through a slow and uneven recovery. High interest rates, weaker household spending and rising debt kept growth subdued across both advanced and emerging markets. Inflation eased but remained above target in major economies like the United States, the United Kingdom and parts of Europe, forcing central banks to move cautiously. At the same time, global logistics were disrupted by geopolitical tensions, including conflicts in Eastern Europe and the Middle East, and ongoing trade disputes that pushed up costs and delayed shipments along key routes.

Commodity markets remained volatile, with energy, metals and agricultural prices reacting to conflict, climate shocks and supply constraints. And although tourism and international travel strengthened, the medium-term global outlook stayed cautious. Higher borrowing costs, climate-related disruptions and a more fragmented geopolitical environment pointed to a world economy growing at a moderate and uneven pace. Countries that diversified their economies, strengthened supply chains and invested in energy resilience were best placed to navigate this uncertainty.

South African economic overview

On the home front, South Africa continued to face slow and uneven growth during the period under review. High interest rates, rising food and administered prices, and pressure on household budgets kept domestic demand weak. At the same time, freight, port and rail failures, combined with persistent electricity challenges, continued to choke exports and push up the cost of doing business. Investment remained muted, and fiscal space tightened as a growing share of the national budget was absorbed by debt-service costs. These pressures kept unemployment among the highest in the world, with labour-absorbing sectors

such as manufacturing, construction and agriculture struggling to generate new jobs.

Yet, despite these conditions, there were pockets of promise. The renewable-energy sector expanded as households and businesses invested in embedded generation, helped by the easing of load-shedding from late 2024. Growth in fintech, telecommunications, cloud services and business-process outsourcing strengthened the digital economy, while high-value agricultural exports continued to perform well in global markets. Tourism also experienced a recovery as international travel normalised and air connectivity improved. If structural reforms continue, logistics stabilise and energy reliability strengthen, these sectors can form a firmer foundation for gradual economic stabilisation.

Provincial economic overview

At a sub-national level, the Western Cape remained one of South Africa's most resilient provincial economies. Our growth continues to be anchored by a strong and diverse service base, a recovering labour market, and ongoing investment in tourism, finance and renewable energy. In 2024, the Province contributed 14.3 per cent of national GDP, with finance, personal services and utilities leading our output. Employment has continued to strengthen since the pandemic, and the latest Quarterly Labour Force Survey confirms this momentum: in Quarter 4 of 2025, the Western Cape's unemployment rate fell to 18.1 per cent, supported by 93 000 additional jobs from Q3:25 to Q4:25. This shows, Speaker, that even in a difficult national climate, the Western Cape continues to move forward.

But like the rest of the country, we are not insulated from pressure.

For the period under review, Agriculture contracted by 8 per cent due to climate shocks, and sectors such as construction, trade and transport slowed under the weight of national inefficiencies, rising costs and logistics challenges at the Port of

Cape Town. Even with this strain, the Province's economic outlook points to a gradual but uneven recovery through 2026.

Growth was supported by rising passenger volumes at Cape Town International Airport, continued investment in renewable energy, and steady demand in services across districts. The Western Cape is also preparing for long-term industrial change through the Green Hydrogen Strategy, positioning Saldanha Bay as a future hub for production, storage and export. However, we remain vulnerable to national constraints – electricity pricing and reliability, freight and port performance, and broader macroeconomic conditions. Sustained progress will depend on strengthening infrastructure, improving logistics and unlocking private investment to support jobs and stabilise household incomes across the Province.

4. SECTORAL DEVELOPMENTS

Honourable Speaker,

While the Western Cape economy showed resilience in 2024, regional performance remained uneven. The structural divide between the Metro and the rest of the Province remains clear.

The Cape Metro continues to anchor the provincial economy with a GDP of R666.3 billion, contributing 72 per cent of output and supporting 1.6 million jobs.

Outside the Metro, district economies are far smaller:

- the Cape Winelands at R105 billion,
- the Garden Route at R70.8 billion,
- the West Coast at R47.1 billion,
- the Overberg at R32.1 billion, and
- the Central Karoo at R4.6 billion.

These figures show that while service-driven districts made low but positive gains, areas like the West Coast and Central Karoo experienced contractions. Even well-diversified regions such as the Cape Winelands are growing marginally, underscoring the need for sustained investment in infrastructure, logistics and service reliability to support more robust regional expansion.

The sectoral composition of GDP tells the same story. The Western Cape is overwhelmingly a tertiary-driven economy, with services making up between 66 to 75 per cent of output across districts during the period under review. Finance, trade, transport, public services and tourism continued to anchor activity in the Metro, Garden Route, Cape Winelands, Overberg and West Coast.

Manufacturing and construction remained present but subdued, while primary-sector activity played a defining role only in select rural districts. This structure explains why service-heavy regions show more stability, while agriculture-dependent areas face sharper swings. This shows that our growth path increasingly depends on strengthening service-linked sectors while supporting primary-sector recovery.

Tourism patterns re-inforce this point. In 2024, domestic visitors from within the Western Cape as well as Gauteng dominated every district, driven mostly by weekend travel and holiday trips. International visitors clustered primarily in Cape Town, Stellenbosch, Hermanus, Knysna and key West Coast towns, drawn by the Province's cultural, coastal and wine-tourism assets. Across all districts, the USA, UK, Germany and the Netherlands remain our most consistent long-haul markets. Tourism remains one of our most resilient sectors, with a strong footprint in the Garden Route, West Coast, Overberg and Cape Winelands.

In the West Coast and Overberg, over 70 per cent of visitors are leisure travellers, supporting accommodation, retail and personal services. The Garden Route's economy is 71.5 per cent tertiary-driven, with tourism among its strongest

contributors. Yet another anomaly emerges: some high-appeal tourism municipalities fail to convert their natural advantages into consistent growth because of seasonality, infrastructure strain and safety concerns. Despite this, tourism continues to stabilise district economies, supporting small businesses and absorbing labour even when other sectors come under pressure.

Agriculture, by contrast, shows both its enduring importance and its vulnerability. It accounts for 23.9 per cent of GDP in the West Coast and 11.3 per cent in the Overberg, anchoring their economies. Yet the period under review saw sharp contractions across multiple districts due to climate shocks, high input costs and export blockages linked to national logistics constraints.

In 2024, citrus, grapes, apples, pears and wine were the top agriculture exports across the districts. The Cape Winelands and Garden Route, typically strong in fruit, wine, dairy and mixed farming, recorded declines. At the same time, agro-processing continued to expand in the Cape Winelands, Overberg and West Coast even as primary production contracted, particularly products such as juices, canned fruit and processed foods.

The Netherlands, United Kingdom, and Germany feature as top destinations for Western Cape exports across multiple districts, especially for fruit, wine and agro-processing exports.

From the West Coast, the global community wanted our flat-rolled iron and steel, our unwrought zinc and frozen fish.

From the Overberg, our apples, pears and quinces, fruit and vegetable juice, and molluscs were in demand.

The Cape Metro's top exports were petroleum oils, citrus fruit, apples, pears and quinces.

The Central Karoo, boasted tractor, cheese and curd, and machinery for soil preparation exports.

The Garden Route exported seeds for sowing, prepared leather, and parts of birds.

And the Cape Winelands boasted with its citrus fruit, grapes and wine exports.

The SADC markets remained essential, absorbing fuel, processed foods and machinery. Strong export demand, new processing investments and the resilience of downstream value-chains kept the sector buoyant.

Speaker, it is well-known that a vine under pressure produces fruit of depth and character.

The divergence that we observe underscores a central truth about the Western Cape economy: when the basics of growth, such as water security, logistics efficiency and processing capacity, are protected, the Province remains able to recover, adapt and grow even under pressure.

5. DEMOGRAPHICS

Speaker, the 2025 MERO tells us that the Western Cape continues to experience rapid population growth, reaching 7.5 million people in 2024, with annual growth projected between 1.5 and 1.9 per cent into 2028. This growth is driven largely by continued in-migration into the Cape Metro, Cape Winelands, Garden Route and Overberg. These are areas where economic opportunities, better services and stronger education systems attract residents from across the country. Municipalities such as George, Mossel Bay, Stellenbosch and Drakenstein remain some of the fastest-growing nodes, reflecting expanding labour markets and rising household formation. By contrast, rural regions such as the Central Karoo show far slower growth at 0.4 per cent, as limited employment opportunities contribute to youth out-migration. Overall, the Province's demographic profile

remains youthful, with 22.8 per cent of residents aged 0 to 14, ensuring a growing working-age population over the medium term.

Teenage pregnancy rates remain a concerning and high phenomenon in several municipalities, with levels reaching 17.7 per cent in the Central Karoo, 15 per cent in the Garden Route, and 14.1 per cent in the Cape Winelands. This reflects the combined influence of socio-economic pressures, limited access to reproductive health education and intergenerational poverty.

Low birth-weight levels remain elevated in vulnerable rural areas, with rates as high as 36.6 per cent in Laingsburg and 31 per cent in Kannaland, pointing to ongoing nutritional challenges, food insecurity and gaps in antenatal care. These indicators highlight the deep link between social conditions and health outcomes, and the necessity of strengthening early childhood and maternal health services.

In terms of life-expectancy trends, Speaker, the people of the Western Cape continue to live longer lives. The share of older persons gradually rose in districts such as the Garden Route and Central Karoo, where residents aged 65 and older now account for up to 11.2 per cent of the population, signalling a population that is living longer despite pockets of vulnerability. This is supported by improvements in access to basic services such as water, sanitation and electricity exceeding 95 per cent coverage in nearly all districts, as well as declining rates of severe acute malnutrition in areas such as the Cape Winelands.

At the same time, challenges such as high poverty levels, declining immunisation rates and elevated maternal and neonatal mortality in specific municipalities continue to temper overall gains. Together, these trends reflect how municipalities are making progress in extending life and improving wellbeing, but where health outcomes remain closely tied to local economic conditions, social inequality and service delivery pressures.

6. POVERTY AND INEQUALITY

Honourable Speaker,

South Africa remains one of the most unequal countries in the world, with a national Gini coefficient of 0.67. In our Province, inequality is still stark, but we are beginning to see early, marginal improvements. The Cape Metro has eased to 0.614, while rural districts record lower levels – 0.556 in the Cape Winelands, 0.545 in the Garden Route, and 0.507 in the Central Karoo, where poverty rather than prosperity flattens the distribution. These shifts may be small, but they show that some progress is being made, even in an environment of national decline.

Average incomes remain low, but here too the trend is inching in the right direction with average monthly incomes increasing marginally between 2020 and 2023 in various municipalities.

The Central Karoo's average monthly income sits at R17 838, the Cape Winelands at R27 980, and the Garden Route at R23 566, with most workers still earning between R3 200 and R12 800 a month. These figures underscore why families remain vulnerable, but also why any improvement, however modest, matters.

We are seeing early gains in the fight against hunger. Severe acute malnutrition is declining in districts like the Cape Winelands and Overberg, however, the Central Karoo continues to record higher levels of severe acute malnutrition at 2.7 per cent, and food poverty remains a pressing challenge: between 27 per cent and 43 per cent of households in several districts still struggle to afford basic nutritious meals.

This is precisely why we must keep building on the basics of growth – with care and dignity at the centre. Municipalities and the Western Cape Government are working deliberately to support the most vulnerable. Municipalities like Prince Albert extend indigent support in the form of full or significant rebates on rates,

sanitation and refuse removal, along with free basic electricity and water for low-income households, pensioners and people with disabilities.

Through nutrition programmes such as

- the Western Cape Department of Agriculture's food gardens,
- the Western Cape Department of Health and Wellness' Khulisa Care programme which tackles malnutrition and stunting,
- the Western Cape Department of Social Development's community feeding and nutrition programmes, and through
- the Western Cape Education Department's distribution of over half a million meals to learners every day,

we are strengthening household resilience where it matters most, aimed at addressing food poverty in our province.

These efforts speak to one goal: to ensure that growth is felt not only in spreadsheets, but in the lived dignity of every person who calls the Western Cape home.

7. EDUCATION

Honourable Speaker,

Before I turn to the education trends for the period under review, it gives me great pleasure to welcome our guests in the gallery today. We are joined by the Grade 11 Economics learners from DF Akademie, accompanied by Mr Wells, as well as the Grade 10, 11 and 12 Economics learners from Paarl Gimnasium, accompanied by Mr Jeffthas. It is a pleasure to have our future economists, entrepreneurs, business leaders, accountants, auditors, actuaries, revenue

specialists, commercial and public finance lawyers, and Finance and Economic Ministers with us today.

Across all six districts, our education system has shown remarkable resilience despite rapid population growth, rising demand and tough social conditions. Between 2021 and 2024, matric results strengthened in every single district.

In 2024, the Cape Metro achieved 86.4 per cent.

Rural district held firm:

- the West Coast 84.2 per cent,
- the Overberg 88.2 per cent, with Swellendam reaching an outstanding 95 per cent;
- 90.1 per cent in the Garden Route;
- 83.4 per cent in the Cape Winelands, and
- 82 per cent in the Central Karoo.

And this year, Speaker, the Western Cape Class of 2025 achieved a record-breaking 88.2 per cent pass rate – the highest in our Province's history. These results show that, even with inequality and varying local conditions, learners across the Western Cape continue to excel.

But strong pass rates do not tell the full story. Retention remains a challenge, shaped by the realities our young people face at home. The Cape Metro leads with 74.5 per cent retention, followed by 72.5 per cent in the Garden Route and 71.5 per cent in the Cape Winelands. On the lower end, retention sits at 67.1 per cent in the Overberg and 67.7 per cent in the Central Karoo. Many learners who do not reach matric are held back not by ability, but by teenage pregnancy, the need to care for family members, and the financial pressure to take on work. Even so, we are seeing early, meaningful improvement in places like the Garden Route

and Central Karoo, where support networks and early-warning systems are beginning to turn the tide. Despite these challenges, our retention rate has increased in every district.

Learner-teacher ratios tell the same story of pressure – and progress. Ratios climbed in high-growth areas such as 30.7:1 in Swartland, and 32.2:1 in Saldanha Bay, driven by rapid in-migration and new housing developments. Elsewhere, ratios sit at 27.7:1 in the Cape Winelands, 29.2:1 in the Garden Route and 30.5:1 in the West Coast, still high but stabilising. Despite these pressures, our schools continue to deliver strong results, reflecting the resilience, commitment and professionalism of teachers across every district.

Honourable Speaker,

This is precisely why the Western Cape Government continues to invest directly in the fundamentals of teaching and learning. Through the Back on Track programme, we are restoring essential literacy and numeracy foundations, strengthening subject mastery, and supporting learners in the grades most at risk of dropping out. And our Rapid School Build Programme is responding to population growth across the Metro, West Coast, Winelands and Garden Route – delivering new classrooms, new schools, and expanded infrastructure at an unprecedented speed.

Together, these interventions recognise that every child, whether in Saldanha Bay or Laingsburg, Khayelitsha or Bredasdorp, deserves a safe classroom, a qualified teacher, and a fair chance to succeed.

8. HEALTH

Honourable Speaker,

Across all six districts, our health indicators show the depth of the challenges our communities face, but also the early signs of progress. Neonatal mortality remains

a concern, as rural districts faced higher burdens, such as 11 per 1 000 in the Central Karoo, with peaks of 48.8 per 1 000 in Laingsburg. In the Overberg, areas like Cape Agulhas and Swellendam sit at around 12 per 1 000. These patterns reflect poverty and low maternal nutrition. Yet even here, Speaker, we are starting to see stabilisation where early-childhood and primary-care interventions have strengthened.

As mentioned earlier, teenage pregnancy was another pressure point in 2024/25 with clear regional patterns. Rates reach 17.7 per cent in the Central Karoo, 15 per cent in the Garden Route, and 14.1 per cent in the Cape Winelands, with hotspots such as Beaufort West at 18.6 per cent, Knysna at 21.1 per cent and Hessequa at 21.8 per cent.

These figures reflect socio-economic pressures, gaps in reproductive-health education, and barriers to accessing contraception for adolescents.

We are however seeing the first signs of improvement with several municipalities in the Overberg as well as Cape Town are beginning to record marginal declines in teenage pregnancy, demonstrating the impact of strengthened reproductive health programmes and targeted community outreach. Across our province, we have seen teenage pregnancy rates decline in 9 municipalities between 2022 and 2024.

Honourable Speaker,

These small gains show why it remains essential to focus on the basics: health facilities that are properly staffed, accessible, and equipped to deliver early-intervention services. That is why the Western Cape Government continues to make significant investments in expanding access to healthcare.

Last year, the Department of Health and Wellness initiated 45 health-infrastructure projects. The redevelopment of Tygerberg Hospital is underway and will become

one of the country's leading regional facilities. And in 2025, 63 new mobile clinics were deployed across the Province bringing immunisation, chronic medication, maternal care and other primary-health services directly into communities.

Through the Khulisa Care programme, launched in 2025, we are tackling malnutrition and stunting by supporting mothers and young children from pregnancy to age five. And while improvements may still be gradual, the direction is clear: with focused investment and early-intervention strategies, we are steadily shifting health outcomes across every district of the Western Cape.

9. SAFETY

Speaker, crime in South Africa affects each one of us, and the Western Cape is no exception. During the period under review, we began to see further signs of improvement in reported crime as we strengthened the basics of community safety.

The picture is mixed across districts with the West Coast recorded a 4.2 per cent drop in serious crime between 2023 and 2024, with reductions in murder in Bergrivier and Cederberg even as drug-related crime rose. In the Overberg, serious crime fell 7.4 per cent between 2019 and 2024, with burglary down in Overstrand and violent crime stabilising in Theewaterskloof for the period under review, despite persistent drug-related offences.

The Garden Route, Cape Winelands and Central Karoo show similar patterns: declines in some violent-crime categories, improvements in others, and ongoing pressure from drug-related and property crime. And in the Cape Metro, reported crime remains high but is starting to plateau, with residential burglary far lower than in rural districts thanks to stronger patrols, CCTV networks and community-based safety structures.

This is why the Western Cape Government continues to step up to get it done. Through the Department of Community Safety and Police Oversight, we have deployed LEAP officers into high-density violent hotspots across the Metro – and where LEAP is deployed, violent crime decreased.

We've expanded our K9 Units in Mossel Bay, Overstrand and Swartland, and through the Law Enforcement Support Programme, peace officers have been deployed to rural municipalities including Laingsburg, Cederberg, Bergrivier, Hessequa, Oudtshoorn, Drakenstein, Stellenbosch, Matzikama and George.

But Speaker, the Province and our municipalities cannot do this alone. We need the support of the South African Police Service to fix chronic under-resourcing, corruption and the lack of boots on the ground in the Western Cape. While the Premier has cautiously welcomed SANDF support, it is temporary. It will not fix the institutional failings within SAPS.

While our government focuses on violence prevention programmes across departments, what we need is partnership, urgency and reform to tackle the drivers of crime before they take root, and to ensure that every resident in every district can live and work with greater confidence in the safety of their community.

10. INFRASTRUCTURE

Speaker, I want to turn our attention to infrastructure.

Across the Province infrastructure indicators show a system under immense pressure but also one that is steadily strengthening as we build on the basics of growth. Housing and access to essential services remain comparatively strong across districts, with most municipalities recording above 85 per cent access to formal housing and over 95 per cent access to piped water and electricity. The patterns however differ district by district. Fast-growing regions such as the Garden Route, Cape Winelands and the Cape Metro face rising demand for

housing and bulk services as in-migration surges, placing strain on wastewater networks and local roads. By contrast, rural districts like the Central Karoo face ageing infrastructure, long travel distances, and limited revenue pools, but still maintain high levels of water and sanitation access through targeted upgrades and maintenance programmes. These shifts illustrate a province where infrastructure is both expanding and adapting to population movement, economic growth corridors and rural-urban divergence.

Municipal Infrastructure Investment

Municipal infrastructure investment is one of the most direct levers for economic stimulation. **Across all districts, municipalities plan to invest R18.1 billion in infrastructure during 2025/26.**

The Cape Metro lead in capital investments in the 2025/26 financial year with a R12.6 billion capital budget focused on water, sanitation, electricity, and transport systems. Other major municipalities such as Drakenstein at R714.2 million and Stellenbosch at R642.5 million are driving substantial upgrades to water networks, wastewater systems, and urban infrastructure.

The Garden Route, supported by high-growth coastal towns, has one of the strongest district capex pipelines at R2.06 billion, with George's R907 million and Mossel Bay's R403 million being among the largest allocations outside the Metro.

The West Coast District plan to invest R938.8 million, anchored by Saldanha Bay at R361.5 million and Swartland at R293.8 million, targeting energy resilience, bulk water, fishing-linked infrastructure and industrial support. The Overberg District allocated R506.5 million focusing on coastal infrastructure and water systems.

Given the Central Karoo District's limited industrial base, its R127.8 million capex spend will be driven by short-duration projects like critical road, water and corridor upgrades essential for freight and tourism routes along the N1. And while the

Central Karoo's total capex spend was relatively smaller than the rest of the districts, it received the highest per capita spatial allocation in the 2025 Provincial Budget at R15 609 per capita – reflecting a deliberate focus by the Western Cape Government to invest in the region by building on the basics.

Provincial Infrastructure Investment

These investments are reinforced by a growing pipeline of public and private infrastructure commitments across the Province – evidence that building on the basics of growth is delivering results.

Between **2025/26 and 2027/28**, the Western Cape Government is investing more than **R24 billion in infrastructure** across our districts, with **R8.058 billion** invested in **2025/26** alone.

The provincial infrastructure investment over the 2025 MTEF included,

- R11.7 billion over the MTEF in the Cape Metro through 398 provincial infrastructure projects;
- R4.3 billion across 143 projects in the Cape Winelands;
- R2.9 billion spread over 100 projects in the West Coast District;
- R2.7 billion across 111 projects in the Garden Route;
- R2.2 billion across 92 projects in the Overberg; and
- R540.9 million across 25 projects in the Central Karoo District.

These investments are focussed on human settlements, transport, health, education, environmental affairs and development planning infrastructure; and we have published the detail per district, per department, per financial year as part of our MERO publication.

Speaker, this means that **Western Cape municipalities and the Western Cape Government jointly invested more than R26.1 billion in the 2025/26 financial year alone.**

Private Sector Infrastructure Investment

Our districts have further done well in **attracting private sector investment, attracting a total of R96.64 billion in private sector investment by 2024, fuelled by the finance and agriculture sectors.**

In the Cape Winelands alone, private fixed investment totals R16.5 billion, while the Garden Route records R10.5 billion and the Central Karoo R882 million, much of it directed towards agro-processing, logistics, manufacturing and housing developments that depend on reliable infrastructure networks.

This pattern of investment across the Western Cape demonstrates our collective focus on building reliable infrastructure, efficient logistics, functioning water and sanitation systems, and energy resilience. These foundational elements determine whether districts can unlock private investment, scale agro-processing, grow tourism, support small business development, and sustain job creation.

11. ALTERNATIVE AND BLENDED FINANCE

Speaker, it is clear that the Western Cape's municipalities are under immense pressure but they are also making real, measurable progress. As was true in the 2024/25 MERO, it remains true in the 2025/26 MERO: population growth in the Western Cape is outpacing progress in every other indicator. And yet, despite this surge in demand, municipalities are adapting, finding new ways to stretch their budgets, unlock partnerships, and keep delivering the essentials.

Increasingly, our municipalities are 'Financing the Fix'. Alternative and blended finance options are becoming an essential tool for unlocking the investment needed to maintain and grow the infrastructure and programmes that support

our communities. Municipalities across the Province are beginning to make gradual progress in using ABF instruments such as public-private partnerships, co-funded projects, community-based grants, and catalytic financing structures, to supplement traditional revenue streams. These approaches assist in closing funding gaps in areas such as water security, road rehabilitation, energy resilience and wastewater upgrades, ensuring that even smaller municipalities can keep pace with rising service demands.

While the progress is modest, it signals a shift toward a more agile, opportunity-driven financing environment – one where municipalities are not waiting for perfect conditions, but are instead building on the basics of growth by leveraging every available rand to keep essential infrastructure working.

Municipal budgets must become more responsive and better aligned with long-term infrastructure needs. Through blended finance, municipalities will increasingly be able to stretch their capital budgets further, match provincial allocations with private-sector contributions, and secure funding for projects that would otherwise remain out of reach. These partnerships are helping municipalities to invest earlier, plan more effectively, and deliver the infrastructure that underpins economic growth and job creation.

For 2024/25 borrowing, to finance large scale infrastructure projects, by municipalities rose to R6.43 billion. This represented a 96.9 per cent increase from 2023/24.

We need to accelerate our human settlement upgrades, build safer roads, build more reliable water systems, and invest in our energy interventions.

This is how we build on the basics for growth: step by step, job by job, town by town, and ensuring that progress, even if small, is consistent and firmly in the right direction.

12. CONCLUSION

Honorable Speaker, in conclusion, the 2025 MERO indicates that despite immense pressure, the Western Cape's municipalities continue to move forward; adapting, innovating and building on the basics for growth.

We see progress in services, more responsive budgets, expanding infrastructure pipelines, improving social indicators, and local economies that are proving more resilient than the national environment around them.

We also see the work that lies ahead. Strengthening logistics, unlocking investment, supporting vulnerable households, and building local growth engines that deliver jobs.

As we look to the year ahead, this government remains firmly committed to working with municipalities, the private sector and our residents to protect what is working, fix what is not, finance the fix, and keep building a Western Cape where every person has the opportunity to live, learn, work and thrive with dignity.

13. TABLING

Honourable Speaker,

I want to thank the team in Provincial Treasury, lead by our Head of Department, Ms Julinda Gantana, and particularly our Local Government Budget Office – Ashley Rasool, Keith Roman, Nobahle Silulwane, Kim Engel and Tembela Nabe – for their work on the 2025 MERO. Your hard work, late nights, passion and dedication are appreciated; and we want to thank you and your families for the sacrifices you make on a daily basis for our province.

To the team in my Ministerial Office - Marshallé Frederiks, Lenku Vince-Oosthuizen, Xanthia Lawson, Sandra Francisco, Edwina Herman, Igshaan Davids, and Gaynor

Lucas; thank you for your strategic and administrative support that enables us to focus on delivering growth within our province.

Speaker, dit is vir my 'n eer om hiermee die 2025 Munisipale Ekonomiese Oorsig en Vooruitsig amptelik ter tafel te lê.

Ek dank u.