Western Cape Government
Economic Development and Tourism

Citizen's Report 2017/18
Economic Development and Tourism

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Message from the Minister of Economic Opportunities

Mr Alan Winde

During 2017/18, the Western Cape, despite trying conditions created by the drought and political uncertainty in the country, recorded numerous successes.

The province remained the leading creator of jobs in the country.

Wesgro has secured over R7 billion in investment and 64 trade deals valued at approximately R11.1 billion, since 2014. The Cape Investment Centre was launched, providing a one stop shop to help investors set up their businesses.

In Tourism, GVA grew by more than R2 billion or 11% - growth of more than five times the national average.

Some of our Project Khulisa projects have performed incredibly well. Since 2015, the Air Access Project, as a joint venture, has opened up 13 new routes and negotiated 14 expansions.

Wine exports to China and Angola doubled since the introduction of Khulisa.

The Saldanha Bay IDZ Licensing Company (Pty) Ltd (LiCo) was established and the Department developed a supplier portal, registering 1 800 SMMEs.

Support to SMMEs also included another successful Western Cape Funding Fair and the collaboration with stakeholders, including Pick n Pay, to develop township spaza shops into supermarkets.

The Department developed an Economic Water Security Workstream, aimed at supporting businesses through the drought crisis and developing long term resilience.

The Energy Security Game Changer promoted the uptake of solar PV in the province, which increased to 60MW.

I would like to thank the DEDAT team, under the leadership of HOD Solly Fourie, for their dedication to creating opportunities for growth and jobs.

Message from the Head of Department

Mr Solly Fourie

During the year under review, the activities of the Department spanned a wide range of economic interventions and the aim of supporting a demand-led, private sector-driven approach to economic development was again successfully delivered.

Every one of the seven programmes has significantly contributed to meeting the expectations of businesses and economic stakeholders, through the creation of an enabling economic environment supporting growth and jobs.

Despite a sluggish global economic performance, the Western Cape added 77 000 jobs year-on-year between Quarter Two (2017) and Quarter Two (2018). This translated to an unemployment rate of 20.7% as at the end of Quarter Two (2018). More importantly the region experienced the highest Labour Force Absorption and Labour Force Participation rates of 54.5% and 68.7% respectively. (Stats SA: Q2 2018 Labour Force Survey).

I acknowledge and appreciate the support, leadership, guidance and encouragement given by Minister Winde and his office staff. Thank you, also, to my hard-working and dedicated management team and DEDAT staff who have remained committed and focussed to ensure that we continue to progress in achieving our goals and objectives.

Finally, thank you to all our business partners and economic stakeholders who have engaged with DEDAT over the year and contributed to our vision to grow the economy.

Strategic Overview

Vision

A Western Cape that has a vibrant, innovative and sustainable economy, characterised by growth, employment and increasing equity and built on the full potential of all.

Provincial Strategic Plan 2014-2019

This plan sets out the Western Cape Government's vision, strategic priorities and action plan to create conditions for:

- economic growth
- providing better education
- achieving better health, safety and social outcomes for our citizens

The Department of Economic Development and Tourism is the leading department for the Provincial Strategic Goal 1 (PSG 1): *Create opportunities for growth and jobs.*

Highlights for 2017/18

- Through the Red Tape Reduction Unit's interventions, some R279.7 million was saved by businesses. The Office of the Consumer Protector also contributed to this saving.
- The dedicated approach by the Energy and Apprenticeship Game Changers made a significant contribution to the region being more competitive and responsive to the demands of investors.
- An amount of R182 million was leveraged from our collaborative efforts with stakeholders.
- Successful delivery on the Project Khulisa sectors (Tourism, Agri-processing and Oil & Gas services sectors), together with our continued support of other key sectors, indicates that sector support across a wide range of the economy has flourished.
- Our collaborative work and oversight role over Wesgro and the Saldanha Bay IDZ has seen growth in the number and size of investment landed.
- The region's successful visitor season can be attributed to the dedicated approach of the Tourism sector within Project Khulisa.
- The detailed achievements of the Department are reflected later in this report under the various Programmes.

Future plans of the Department

The Department is fully committed to fulfil its mandate to provide leadership for the continued establishment of an enabling environment for economic growth and expansion, leading to increased opportunities for prosperity of all citizens.

During the next year and the ensuing strategic period, the Department will seek to address:

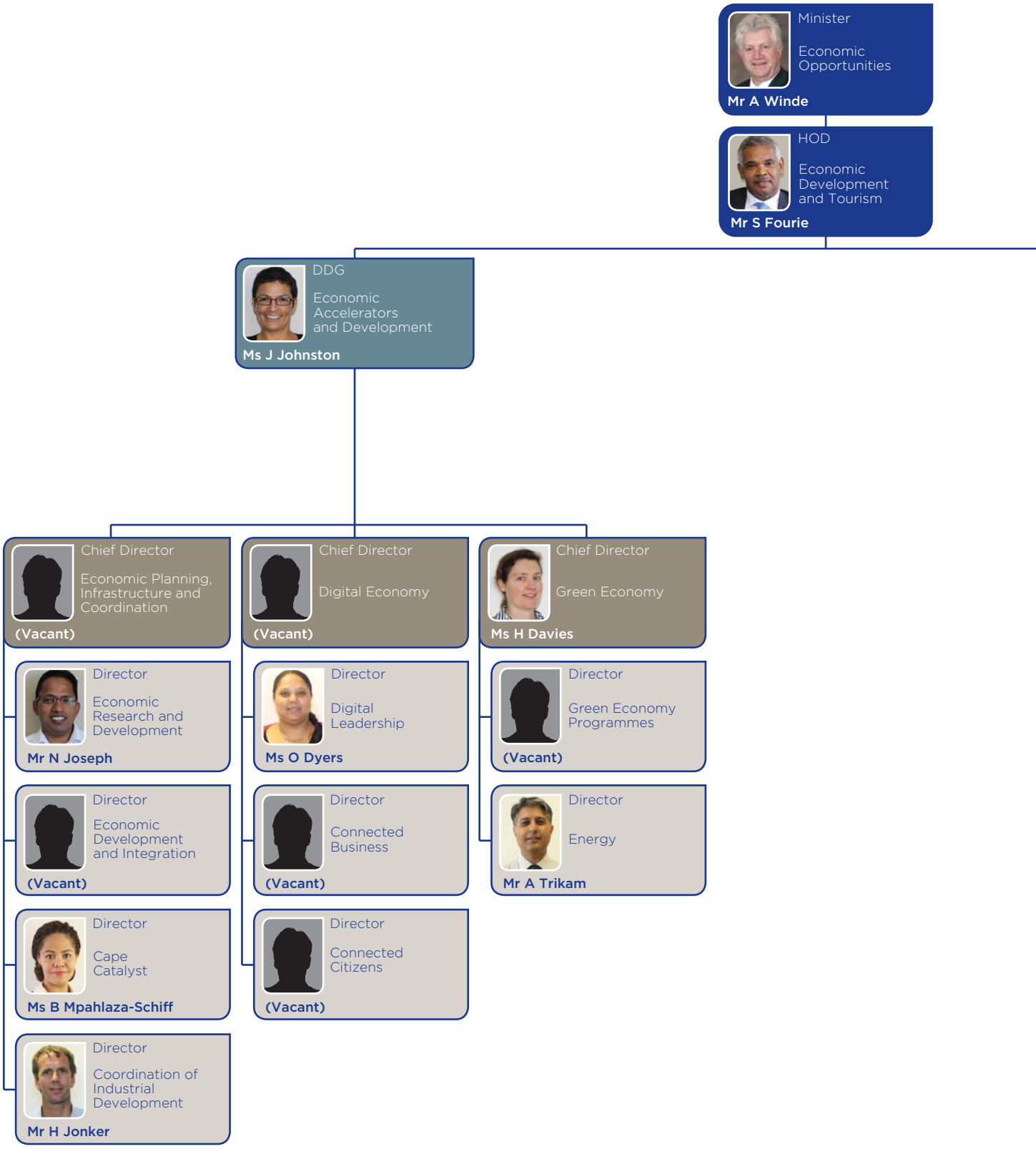
- The challenges of Youth Unemployment.
- The needs of Informal Economies.
- Digital Economy and the 4th Industrial Revolution.
- Spatial Economic Growth.
- Economic Advocacy and Behavioural Economics.

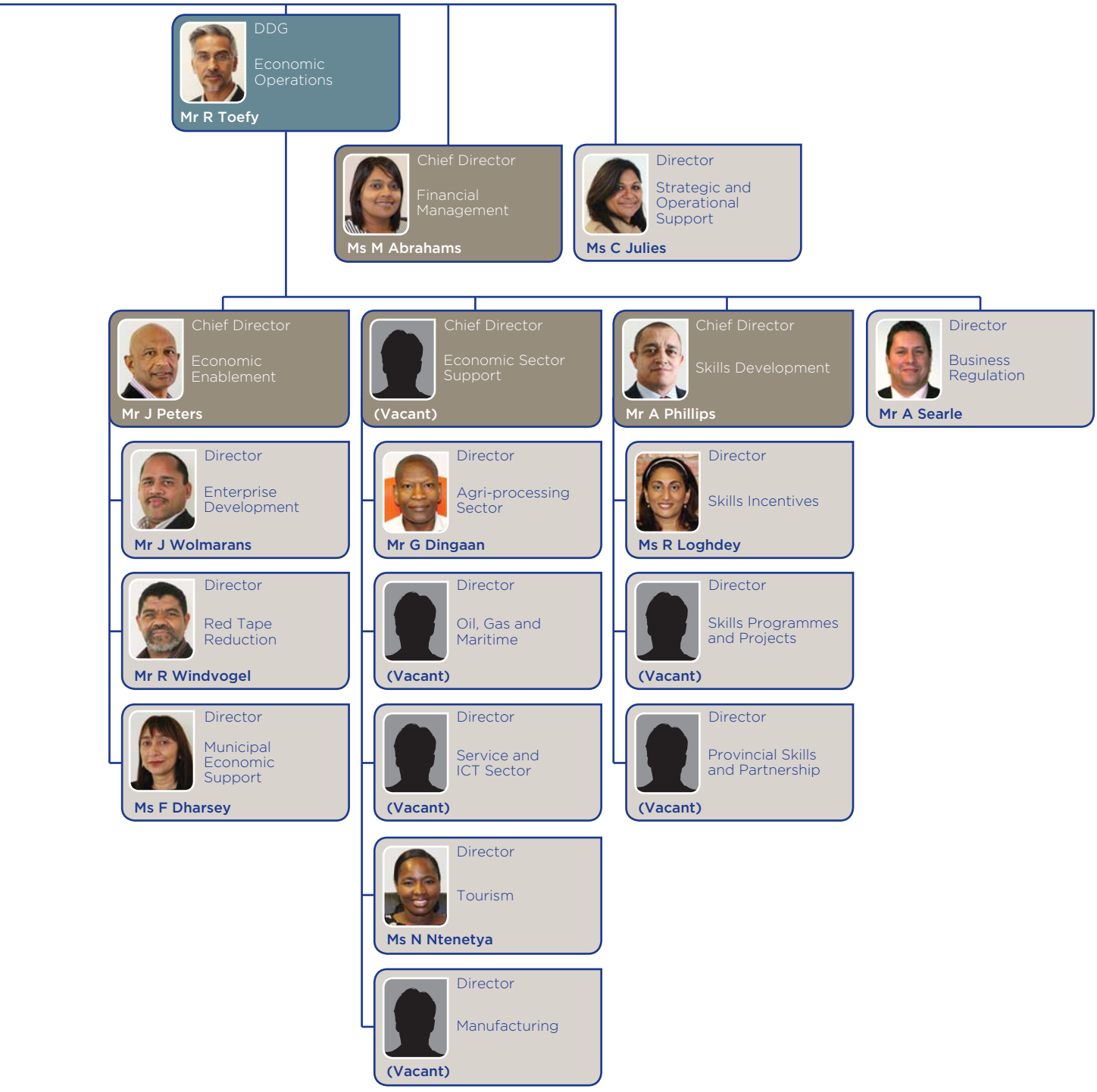
This is all in pursuit of creating an environment which supports opportunities for growth and jobs.

The Department will also continue to provide interventions which seek to reduce Red Tape and support the Ease of Doing Business across the whole of the economy.

Investment into Catalytic Economic Infrastructure will also focus strongly on the establishment of the Atlantis Special Economic Zone. This, along with the roll-out of the next phase of a Water resilient economy, will enable a response to the challenges of sustainability and climate change.

Organogram


Minister
Economic Opportunities
Mr A Winde
HOD
Economic Development and Tourism
Mr S Fourie
DDG
Economic Accelerators and Development
Ms J Johnston
Chief Director
Economic Planning, Infrastructure and Coordination
(Vacant)
Chief Director
Digital Economy
(Vacant)
Chief Director
Green Economy
Ms H Davies
Director
Economic Research and Development
Mr N Joseph
Director
Digital Leadership
Ms O Dyers
Director
Green Economy Programmes
(Vacant)
Director
Economic Development and Integration
(Vacant)
Director
Connected Business
(Vacant)
Director
Energy
Mr A Trikam
Director
Cape Catalyst
Ms B Mpahlaza-Schiff
Director
Connected Citizens
(Vacant)
Director
Coordination of Industrial Development
Mr H Jonker


DDG
Economic Operations
Mr R Toefy
Chief Director
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Ms M Abrahams
Director
Strategic and Operational Support
Ms C Julies
Chief Director
Economic Enablement
Mr J Peters
Chief Director
Economic Sector Support
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Chief Director
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Mr A Searle
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Enterprise Development
Mr J Wolmarans
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Agri-processing Sector
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Skills Incentives
Ms R Loghdey
Director
Red Tape Reduction
Mr R Windvogel
Director
Oil, Gas and Maritime
(Vacant)
Director
Skills Programmes and Projects
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Director
Municipal Economic Support
Ms F Dharsey
Director
Service and ICT Sector
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Director
Provincial Skills and Partnership
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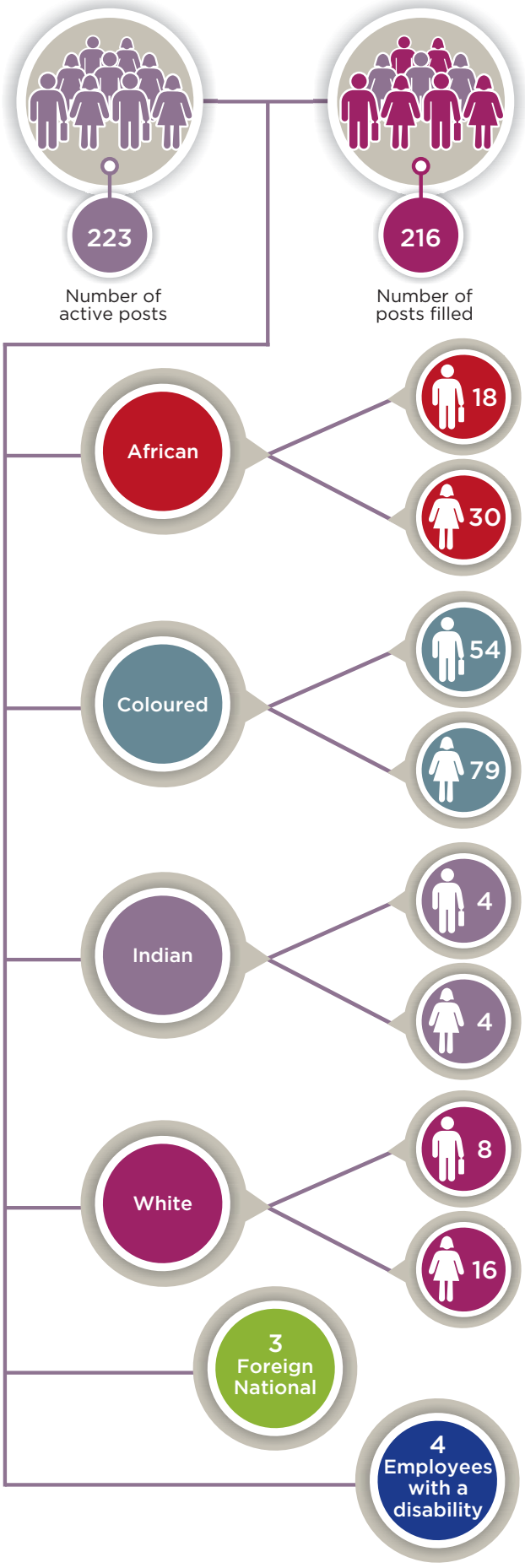
Director
Tourism
Ms N Ntenetya
Director
Manufacturing
(Vacant)

Our Staff



Our Budget

In terms of financial expenditure over the past two financial years, the Department has managed to expend 98.51% or R399.303 million of its adjusted appropriation in the 2017/18 financial year, compared to the 97.58% or R559.386 million spent in the 2016/17 financial year.

Expenditure per Programme:

Programme Name	Final Appropriation	Actual Expenditure
	R'000	R'000
Administration	58 541	58 067
Integrated Economic Development Services	38 292	37 174
Trade and Sector Development	51 430	49 542
Business Regulation and Governance	11 069	10 600
Economic Planning	129 573	129 350
Tourism, Arts and Entertainment	54 030	53 397
Skills Development and Innovation	62 409	61 173
Total	**405 344**	**399 303**

Administration

PURPOSE

To provide strong, innovative leadership and to deliver clean, efficient, cost-effective, transparent and responsive corporate services to the Department.

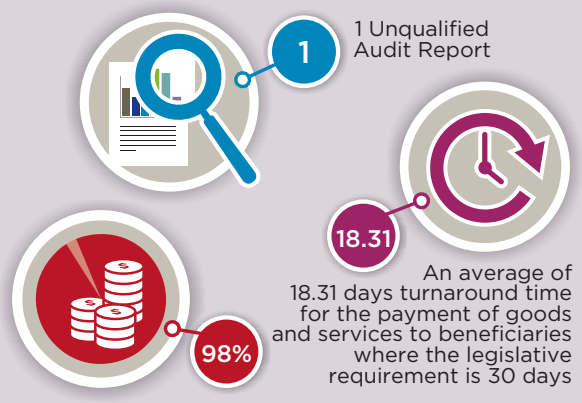
HIGHLIGHTS

- Financial Management structures a culture in which units are focussed on continuous improvement. Hereby, services can be delivered more efficiently.
- Various strategies and related processes were integrated to enhance Financial Management's support service of which the following were the main strategies:
  - Promoting excellent client services
  - Ensuring a legislative and policy framework in which efficient and effective processes may be implemented
  - Ensuring the Department is suitably capacitated to meet its financial and governance standards
- Departmental Communications played a central role in facilitating relationships and ensuring that communication campaigns were properly briefed and implemented.
- Enterprise Content Management is the key goal of the Knowledge Management unit. The MyContent system was used for record management. The unit presented Learning Networks that provided the opportunity for a shared understanding of relevant issues of the current environment.
- The Departmental Performance monitoring unit coordinated the quarterly performance information process. It conducted the validation of performance to ensure data integrity and compiled quarterly reports, aligned to regulations.

ACHIEVEMENTS

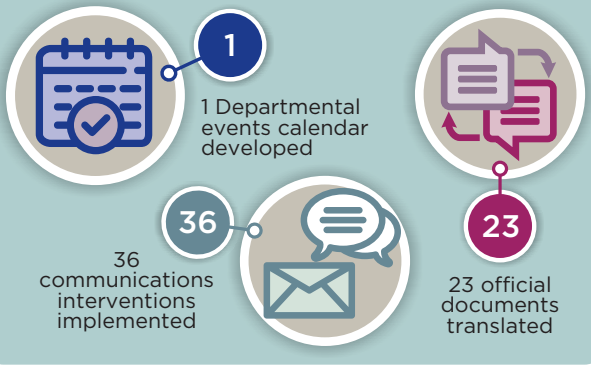
FINANCIAL MANAGEMENT

Some of the performance-driven achievements include:

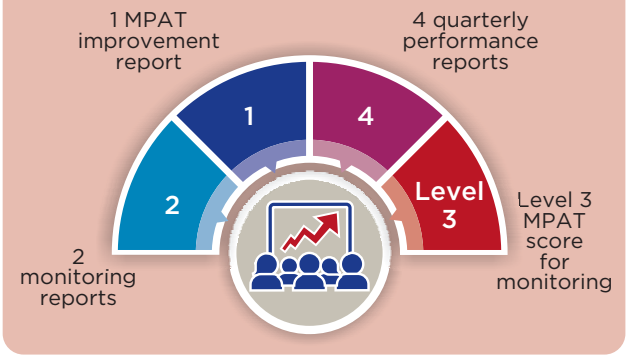


98% expenditure spend against its appropriate budget

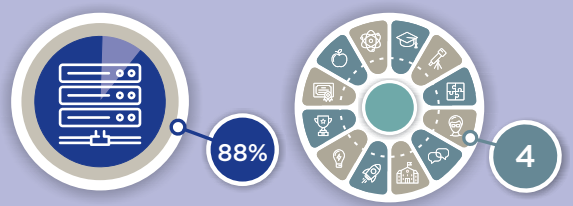
CORPORATE SERVICES



DEPARTMENTAL PERFORMANCE MONITORING



KNOWLEDGE MANAGEMENT



Integrated Economic Development Services

PURPOSE

To promote and support an enabling business environment for the creation of opportunities for growth and jobs.

HIGHLIGHTS

The Programme focused on the delivery towards "the ease of doing business" (EDB) where the following were prioritised:

- Regulations and legislation
- Systems and procedures
- Communication
- Any other factors (e.g. access to finance)

Attention was also paid to improving the business support eco-system, especially in the Project Khulisa sectors. The strategic intent then comprised:

- Increasing the number of new businesses
- Growing existing businesses
- Improving the business regulatory environment
- Directing attention to co-coordinating growth and development activities outside of the Cape Town metro area
- Building institutional capacity of stakeholders and institutions (e.g. municipalities) in the rural districts

Our programmes have ranged from supporting emerging SMMEs through basic business skills capacitation to established SMMEs in the Oil and Gas and Agri-processing sectors with hands-on assistance.

The Premier's Entrepreneurship Recognition Awards (PERA) 2017 recognised innovative entrepreneurs who have displayed excellence in various areas. This year, 227 businesses entered the competition.

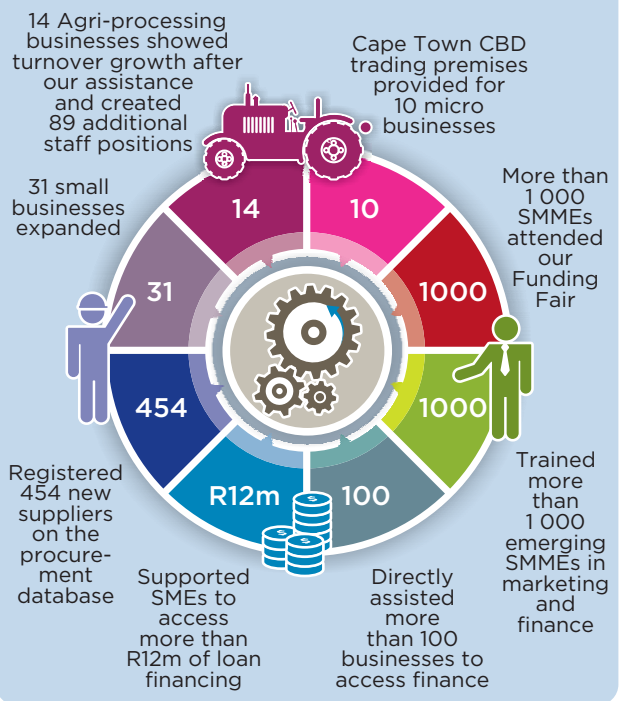
In partnership with Deloitte, the Department hosted the third Western Cape Funding Fair which attracted over 1 000 delegates and was supported by 20 funders.

More than 100 entrepreneurial businesses across the province were assisted through the Investment Readiness Programme to develop capability in acquiring business finance. For the period under review, businesses have obtained funding in excess of R8 million.

The Red Tape Reduction Unit continued to make it easier to do business across the province by resolving 89% of the cases referred for investigation.

ACHIEVEMENTS

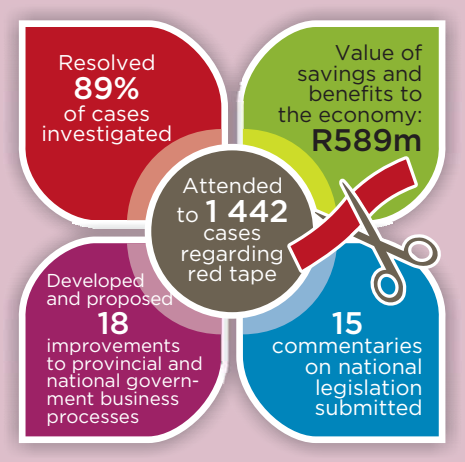
ENTERPRISE DEVELOPMENT



MUNICIPAL ECONOMIC SUPPORT

Across 20 municipalities we have developed and proposed 53 improvements to local government business processes and improved 4 municipal business-facing services in localities

RED TAPE REDUCTION



Trade and Sector Development

PURPOSE

To stimulate economic growth through industry development, trade and investment promotion.

HIGHLIGHTS

Notwithstanding a challenging economic environment and the worst drought in 100 years, by Q1 2018 the Western Cape created 123 000 jobs over the previous year. Confidence created in the Project Khulisa sector has had a contagion effect across the whole economy.

- **Khulisa Oil and Gas focused on the following:**
  - The development of a suitable infrastructure to grow the industry and to attract foreign investment to the Saldanha Industrial Development Zone (IDZ)
  - Skills development to address the lack of local skills for the Oil and Gas industry
  - The development of a portal to assist with matchmaking opportunities between buyers and suppliers and capacitating SMMEs
  - The Ease of Doing Business lever addressed red tape challenges as they occurred
- **Khulisa Agri-processing focused on the following:**
  - Support to the Food Industry Cluster to maximise participation
  - Wine export promotion to Angola and China in partnership with the Department of Agriculture, Wesgro and WOSA
  - Wesgro provided market access support to Halal Agri-processing companies and promoted investment into Halal in the Western Cape
  - Commissioned research into Halal Certification and Standards and a Halal Forum established
- **Khulisa Tourism – please see page 13 (Tourism, Arts and Entertainment)**
- **Additional to the Project Khulisa sectors, the following sectors were supported:**
  - Business Process Outsourcing
  - Information Communication Technology (ICT)
  - Manufacturing
  - Clothing and Textiles, including CLOTEX and the Cape Town Fashion Council
  - Craft, including the Cape Craft and Design Institute (CCDI)
  - Metals, Engineering and Related Industries, including the Western Cape Tooling Initiative

ACHIEVEMENTS

TRADE AND INVESTMENT PROMOTION

Wesgro has sought to stimulate trade and investment within the identified Project Khulisa sectors. Project Khulisa Oil and Gas focused on the development of a suitable infrastructure to grow the industry and to attract foreign investment to the Saldanha Industrial Development Zone.

SECTOR DEVELOPMENT

Business Regulation

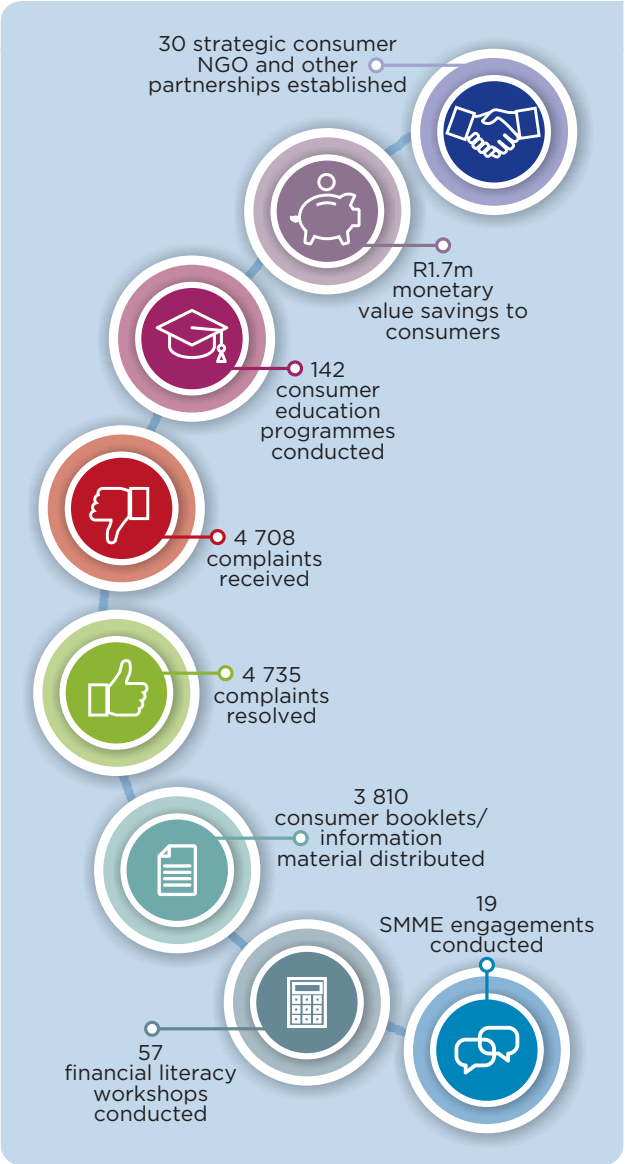
PURPOSE

To ensure an equitable, socially responsible business environment in the Western Cape – through general interventions within the trading environment and through specific interventions mandated by national/provincial legislation and policies as well as the Constitution.

HIGHLIGHTS

- This Programme executed regulatory mandates that are imposed by the Constitution of the Republic of South Africa, 1996 (Act 108 of 1996) as well as the provisions of provincial and national legislation, such as the Consumer Protection Act, 2008 (Act 68 of 2008) and the Western Cape Consumer Affairs (Unfair Business Practices) Act, 2002 (Act 10 of 2002).
- The Office of the Consumer Protector fulfilled its role as Alternative Dispute Resolution Agency in the arena of consumer protection and contributed towards creating an empowered citizenry.
- The Consumer Education and Awareness unit developed and maintained key partnerships with strategic stakeholders and enhanced the level of awareness on consumer protection rights and financial literacy.
- A performance indicator was set that relates to the financial saving that accrues to a consumer due to the OCP's inquiry and/or investigation into a disputed consumer complaint.
- The Programme also performed its support role as far as the evaluation of appeals submitted in terms of the Business Act, 1993, is concerned.

ACHIEVEMENTS



Economic Planning

PURPOSE

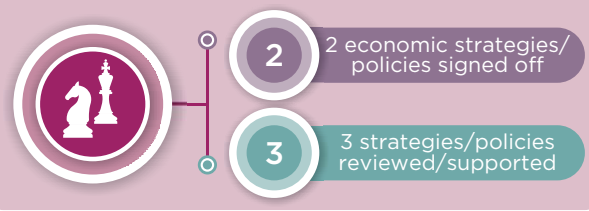
To provide support to the leadership of the Department in planning processes around which policies and strategies are developed, enhanced or applied to attain their attended objectives.

HIGHLIGHTS

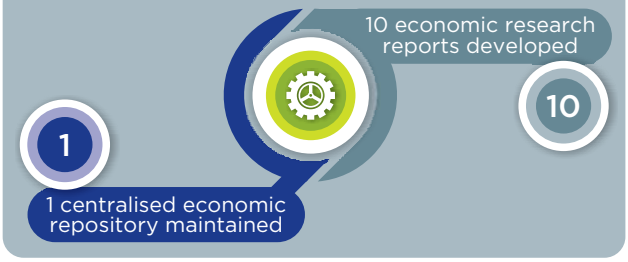
- The Programme developed research reports. It also reviewed key Department economic policies and strategies, aligned with the Department's objectives. This included inputs into the Innovation Strategic Framework and Digital Opportunities Implementation Framework.
- To improve the Western Cape's economic development system, the Economic Development Partnership facilitated strategic intergovernmental, societal and business partnerships.
- Enabling Growth and Infrastructure Initiatives supported four infrastructure projects, including the Saldanha Bay IDZ, Atlantis Special Economic Zone and the Cape Health Technology Park.
- The Design and Innovation interventions continued to improve the WCG's ability to innovate through collaborative platforms and forums, the Better Living Challenge and through gamification and digital content simulation.
- The Broadband for the Economy initiative supported nine projects to improve digital access, skills and usage of citizens and businesses. These projects include:
  - the ICAN Elsies River (440 persons completed free short courses offered by the Centre).
  - the Khayelitsha Barn focused on ICT and business-focused programmes.
  - the design-led planning for Ed-Tech and Safety-tech interventions.
  - the first I-CAN Play centre at the Khayelitsha Barn to improve digital competencies of citizens through gaming.
- The Green Economy sub-programme supported six projects in line with the Western Cape Green Economy Strategic Framework's vision of being a leading green economy hub and on low carbon economic growth.
- The Department played a major role in the implementation of projects under the Energy Security Game Changer. DEDAT lead in the Economic Water Security Workstream to address the immediate water crisis that emanated from the worst drought in 100 years and to strengthen long term water resilience.

ACHIEVEMENTS

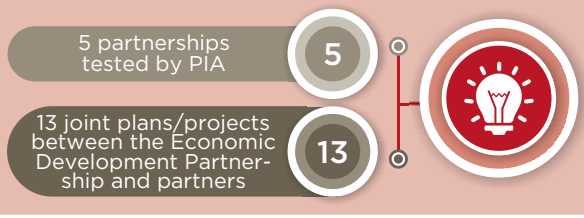
ECONOMIC POLICY AND PLANNING



RESEARCH AND DEVELOPMENT



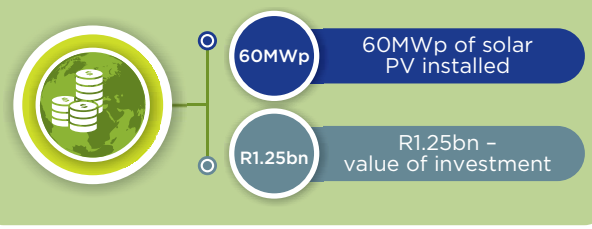
KNOWLEDGE MANAGEMENT



ENABLING GROWTH INFRASTRUCTURE AND INITIATIVES

BROADBAND FOR THE ECONOMY

GREEN ECONOMY



Tourism, Arts and Entertainment

PURPOSE

To facilitate the implementation of an integrated tourism strategy that will lead to sustained and increased growth and job creation in the tourism industry.

HIGHLIGHTS

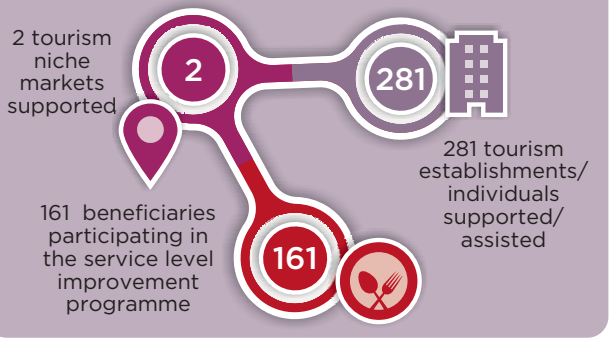
- Tourism directly contributes R17 billion in GVA and accounts for 204 000 formal jobs in the province.
- The Tourism Planning unit organised engagements around identified Khulisa Tourism engagements with regular project task team meetings, e.g. the Madiba Legacy task team, the air access task team and cycle tourism.
- The Tourism Growth and Development unit supported the following initiatives:
  - The cycle tourism market with a focus on the development of the Cycle 364 Route and the Cederberg Circuit Cycle Route.
  - Focusing on the Madiba legacy project.
  - Implementing the Journey to Service Excellence Programme in Saldanha and Langebaan, aiming at creating a culture of service excellence within the tourism value chain.
  - Implementing a CATSSETA customer service training programme.
  - Tourists in distress, pro-actively and reactively.
- The Tourism Sector Transformation unit provided up-skilling programmes to tourist guides in the Province, including the following:
  - Up-skilling of 59 students from Cape Town College in partnership with Metrorail
  - Registration of tourist guides
  - Utilising staff to implement the tourist guides inspection programme
  - Keeping a live database of all registered tourist guides in the Province
- The Tourism Destination Marketing programme ensured that priority focus was given to the initiatives identified by Project Khulisa Tourism. Wesgro entered into partnerships with various industry players to create awareness of the region and to encourage geographic spread.

ACHIEVEMENTS

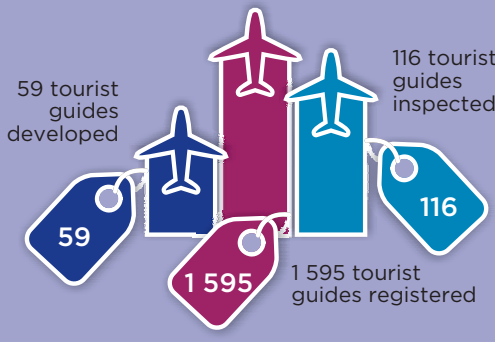
TOURISM PLANNING

1 stakeholder coordination strategy developed

TOURISM GROWTH AND DEVELOPMENT



TOURISM SECTOR TRANSFORMATION



TOURISM DESTINATION MARKETING

Skills Development and Innovation

PURPOSE

To facilitate the provisioning of Human Capital and Innovation skills in order to deliver on the economic Human Resource Development need of the Western Cape.

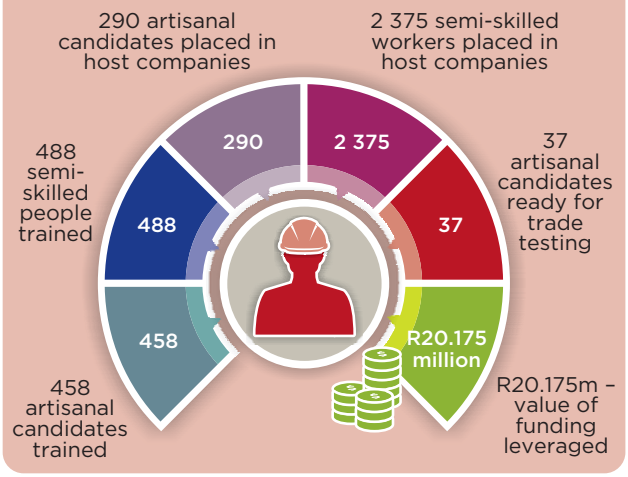
HIGHLIGHTS

- The Skills Development unit was responsible for driving the coordination, planning and delivery of skills development initiatives towards achieving the targets of the Apprenticeship Game Changer.
- The work included driving career awareness of the technical and vocational skills opportunities in the Western Cape as well as coordination of the efforts of stakeholders towards achieving work placement for 'graduates' from skills initiatives.
- The unit established strategic stakeholder forums such as the Premier's Council on Skills and various sectoral Technical Advisory Forums (TAFs).
- Supported collaborative skills interventions to identify the skills demand and to facilitate solutions.
- Funding and non-financial support were leveraged for skills development programmes across the three spheres of government and industry.
- The employability and work readiness of young people was improved by empowering them with 'softer' skills.
- The Programme facilitated the placement of unemployed youth with host companies across the Province's economic sectors and supported these placements with stipends.
- A number of placement opportunities were undertaken to increase the number of qualified artisans in the Western Cape and to enhance the quality of skills transfer in both TVET Colleges and the private sector.
- The Skills Incentives unit's highlights for 2017/18 include:
  - The substantial growth of the WC SETA Cluster.
  - The designing of a Work Readiness Programme to be funded by DEDAT and implemented during 2018/19.
  - Reaching an agreement DHET ensuring that we receive reliable quarterly data through which we can measure the implementation of Apprenticeships and Internships in the WC.

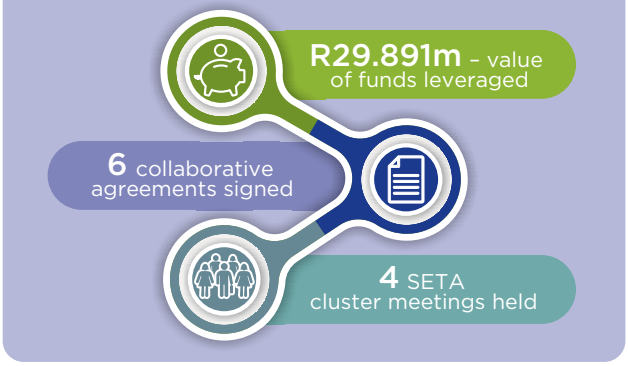
ACHIEVEMENTS

PROVINCIAL SKILLS AND PARTNERSHIP

SKILLS PROGRAMMES AND PROJECTS



SKILLS INCENTIVES



References

Please see the Department's Annual Report for detailed information on departmental achievements and financial statements.

The full Annual Report is available at:
https://www.westerncape.gov.za/dept/edat

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