

Department of  
Economic Development  
and Tourism

FIVE-YEAR STRATEGIC PLAN  
2015–2020

# FOREWORD

Creating opportunities for jobs and growth is our number one priority.

Over the past five years the Western Cape economy has grown, with over 200 000 jobs created and the lowest expanded unemployment rate in the country. The Western Cape Government is committed to maintaining this momentum and has prioritised the creation of opportunities for job and economic growth in the province.

Hence, towards the end of the previous planning period, the Department initiated Project Khulisa, one of five "game changers" identified by the Western Cape Cabinet for priority focus in its 2014-2019 term of office. International best practice shows that countries that have adopted the game-changer approach have made a significant impact on economic opportunities.

Project Khulisa, which will inform our strategic planning for the next five years, began with the commissioning of a deep-dive study into our economy that revealed the economic sectors that were growing the fastest and that had the ability to drive job creation.

A series of targeted, game-changing interventions will be implemented over the next five years in three of these high-potential sectors:

- Tourism
- Agri-processing
- Oil and Gas.

Project Khulisa will be pursued in consultation with all stakeholders. To that end, it is led by a steering committee comprising the Western Cape Government and the City of Cape Town.

As part of Project Khulisa, we undertook a rigorous investigation, consulting industries about the blockages and the challenges they face, and engaging stakeholders in the design of the interventions required to unlock growth.

The interventions we have put forward for further investigation are the outcome of this rigorous process. We will now work on developing action plans for the interventions we will prioritise, and then move swiftly to implementation.

While the Western Cape Government will focus on practical projects in the above three sectors, we will continue to support the entire economy of the province.

In line with our strategic goal, we aim to create an enabling environment so that all businesses can grow the economy and create jobs. As elucidated in this plan, we will achieve this by, among others, ramping up our red tape reduction initiative and by giving support to SMMEs. We will also continue our work on key catalytic projects, on building the skills required by our economy by ensuring a fair economic environment for businesses and consumers alike.

Going forward we are working, better together, to deliver meaningful growth and real jobs. In endorsing the Strategic Plan for the period 2015–2020, I take this opportunity to express thanks to all staff in the Department, under the leadership of the Director-General, who contributed to the development of this Strategic Plan.



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Alan Winde  
Minister of Economic Opportunities

# OFFICIAL SIGN-OFF

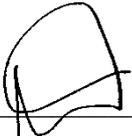
It is hereby certified that this Strategic Plan:

- Was developed by the management of the Department of Economic Development and Tourism under the guidance of Minister Alan Winde.
- Takes into account all the relevant policies, legislation and other mandates for which the Department of Economic Development and Tourism is responsible.
- Accurately reflects the strategic outcome-oriented goals and objectives which the Department of Economic Development and Tourism will endeavour to achieve over the period 2015–2020.

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Alan Winde

Executive Authority

# LIST OF ACRONYMS

AOPI	Audit of Performance Information
ASGISA	Accelerate and Shared Growth Initiative of SA
BBBEE	Broad-Based Black Economic Empowerment
BEE	Black Economic Empowerment
BPO	Business Process Outsourcing
CRDP	Comprehensive Rural Development Programme
DAFF	Department of Agriculture, Forestry and Fisheries
DBSA	Development Bank of Southern Africa
DCOG	Department of Cooperative Governance
DFID	Department for International Development (UK)
DoTP	Department of The Premier
DPE	Department of Public Enterprises
DST	Department of Science and Technology
DTI	Department of Trade and Industry
EDP	Western Cape Economic Development Partnership NPC
EPWP	Expanded Public Works Programme
FEDHASA	Federated Hospitality Association of Southern Africa
FET	Further Education Training
GDP	Gross Domestic Product
GIS	Geographic Information System
GVA	Gross Value Added
HoD	Head of Department
HRD	Human Resource Development
HRDSSA II	Human Resource Development Strategy for South Africa
ICT	Information Communication Technology
IDP	Integrated Development Plan
IMS	Integrated Manufacturing Strategy
IT	Information Technology
JPI	Joint Planning Initiatives
LED	Local Economic Development
LTO	Local Tourism Organisation
MEC	Member of Executive Council
MEDS	Micro-Economic Development Strategy
MINMEC	National Minister and Members of Executive Councils (intergovernmental forum of Ministers)
MIPTECH	Interprovincial Tourism Technical Committee of Provincial and National
MPAT	Management Performance Assessment Tool

NTSS	National Tourism Sector Strategy
NSDS III	National Skills Development Strategy
Ntsika	Ntsika Enterprise Promotion Agency
NAMAC	National Coordinating Office for Manufacturing Advisory Centres
OECD	Organisation for Economic Cooperation and Development
PFMA	Public Finance Management Act, 1999 (Act 1 of 1999)
PPP	Public-Private Partnership
PSO	Provincial Strategic Objective
PT	Provincial Treasury
QLFS	Quarterly Labour Force Survey
RSEP	Regional Socio-Economic Project
RTO	Regional Tourism Organisation
SAOGA	South African Oil & Gas Alliance
SARB	South African Reserve Bank
SAT	South African Tourism
SATSA	Southern African Tourism Services Association
SEDA	Small Enterprise Development Agency
SETA	Sector Education and Training Authority
SITA	State Information Technology Agency
SME	Small and Medium Enterprises
SMME	Small Medium and Micro Enterprises
SOC	State-Owned Enterprise
TBCSA	Tourism Business Council
TNPA	Transnet National Port Authority
TOMSA	Tourism Marketing South Africa
TVET	Technical and Vocational Education and Training
UNWTO	United Nations World Tourism Organisation
VPUU	Violence Prevention through Urban Upgrade

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# **PART A: Strategic Overview**

## **1. Vision**

The Department's vision is 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.

## **2. Mission**

To achieve the vision statement as noted above, the Department of Economic Development and Tourism will provide qualitative leadership to the Western Cape economy through the Department's understanding of the economy, its ability to identify economic opportunities and potential, and its contribution to government economic priorities.

The Department will also act as a catalyst for the transformation of the economy and respond to the challenges and opportunities of its economic citizens, in order to support the government's goal of creation of opportunities for business and citizens to grow the economy and employment.

Lastly, it will contribute to the provision of a predictable, competitive, equitable and responsible environment for investment, enterprise and trade.

## **3. Values**

The core values of the Department are:

- Competence
- Accountability
- Integrity
- Responsiveness
- Care

## **4. Legislative and other mandates**

The Department works within the context of national and provincial acts and policies, the more significant of which described below.

## 4.1 Constitutional mandates

### **Constitution of the Republic of South Africa, 1996**

The following areas relevant to economic development are concurrent national and provincial legislative competences, according to Schedule 4 and 5 of the Constitution of South Africa, 1996:

- Industrial Promotion;
- Tourism;
- Trade.

Schedule 4A of the Constitution lists tourism as a functional area of concurrent national and provincial competence. Section 4B of the Constitution identifies local tourism as a local government functional area to the extent set out in sections 155(6)(a) and 7 of the Constitution.

### **The Constitution of the Western Cape, 1998**

The Western Cape Constitution states that the Western Cape Government must adopt and implement policies to actively promote and maintain the welfare of the people of the Western Cape, including the creation of job opportunities and the promotion of a market-oriented economy (Chapter 10:81).

## 4.2 Legislative mandates

### **Public Finance Management Act, 1999 (Act 1 of 1999 as amended by Act 29 of 1999)**

The Act regulates financial management in the Department to ensure that all revenue, expenditure, assets and liabilities are managed efficiently and effectively and provides the responsibilities and authority to persons entrusted with financial management in the Department.

### **Western Cape Investment and Trade Promotion Agency Law, 1996 (Act 3 of 1996)**

The Law establishes the Western Cape Investment and Trade Promotion Agency (Wesgro).

### **Liquor Act, 2003 (Act 59 of 2003)**

The Liquor Act, Act 59 of 2003, came into effect on 13 August 2004 and replaced the Liquor Act, Act 27 of 1989, for national functions while retaining it as transitional measure for provincial functions. It introduces a three-tier system into the liquor industry and regulates the manufacturing and distribution tiers. It provides for the devolution of functions relating to the distribution tier to the Provincial Minister and it requires the Provincial Liquor Licensing Authority

to provide the Minister with statistical information relating to the retail and micro-manufacturing tier.

### **Businesses Act, 1991 (Act 71 of 1991)**

The Businesses Act, 1991, is assigned national legislation that provides for the regulation of informal trading by municipalities, subject to monitoring of the relevant bylaws by the Provincial Minister. It further provides that the Provincial Minister may act as an appeal authority in instances where municipalities refuse applications by certain types of businesses for licences to trade.

### **Broad-Based Black Economic Empowerment Act, 2003 (Act 53 of 2003)**

The BBBEE Act, 2003, establishes a legislative framework for the promotion of black economic empowerment, empowers the Minister to issue codes of good practice and to publish transformation charters, establishes the Black Economic Empowerment Advisory Council, and provides for matters connected therewith.

The BBBEE Amendment Act, Act 46 of 2013, introduces a number of changes, of which the following are deemed to be the most significant:

- The establishment of a BBBEE Commission that provides an oversight and advocacy role.
- The definition of 'fronting practices' and the criminalisation of such practices.
- A requirement that all organs of State report on compliance with BBBEE regulations in their annual reports.

The amendments to the BBBEE Codes of Good Practice will come into effect on 1 April 2015.

### **Consumer Protection Act, 2008 (Act 68 Of 2008)**

The CPA promotes a fair, accessible and sustainable marketplace for consumer products and services and for that purpose establishes national norms and standards relating to consumer protection, provides for improved standards of consumer information, prohibits certain unfair marketing and business practices, promotes responsible consumer behaviour, promotes a consistent legislative and enforcement framework relating to consumer transactions and agreements, and establishes the National Consumer Commission.

### **Small Business Amendment Bill, 2004**

The Bill amended the National Small Business Act, 1996, and repeals all provisions pertaining to the Ntsika Enterprise Promotion Agency (Ntsika), provides for the establishment of the Small Enterprise Development Agency (SEDA), and makes provision for the incorporation of Ntsika, NAMAC and any other designated institution into SEDA.

### **Municipal Systems Act, 2000 (Act 32 of 2000)**

The Act provides core principles, mechanisms and processes to enable municipalities to move progressively towards social and economic upliftment of communities and to ensure access to essential and affordable services.

### **Western Cape Consumer Affairs (Unfair Business Practices) Act, 2002 (Act 10 of 2002)**

The Act provides for the investigation, prohibition and control of unfair business practices and establishes an Office of the Consumer Protector and Consumer Affairs Tribunals.

### **National Tourism Second Amendment Act, 2000 (Act 70 of 2000)**

The Act amended the Tourism Act, 1993. Provisions in the Act include further training and registration of tourist guides, a code of conduct and ethics for tourist guides, procedures for lodging complaints and disciplinary measures.

### **Cooperatives Amendment Act, 2013 (Act 6 of 2013)**

The Act prescribes that the department responsible for economic development within the provincial government ensures coordination on planning, budgeting, provisioning of services and support to, and monitoring and evaluation of, cooperatives.

### **Membership of the Western Cape Economic Development Partnership Act, 2013 (Act 12 of 2013)**

The purpose of the Act is to regulate the relationship between the Western Cape Government and the Western Cape Economic Development Partnership NPC (EDP). The Act provides that the Western Cape Government may become a member of the EDP and establishes a formal relationship between the two parties. The Act puts forward conditions relating to the Western Cape Government's membership of the EDP and funding of the EDP through transfer payments. The Act does not regulate the governance and operations of the EDP as these are regulated by company law. The Act was passed by the Provincial Cabinet in December 2013.

## **4.3 Policy mandates**

### **4.3.1 National Development Plan (NDP)**

Among others, the NDP plans to achieve the following goals by 2030:

- Eliminate income poverty – reduce the proportion of households with a monthly income below R419 per person (in 2009 values) from 39 percent to zero.
- Reduce inequality – the Gini coefficient should fall from 0.69 to 0.6.

The key concepts of the NDP are:

- Uniting South Africans around a common programme.
- Citizens active in their own development.
- Faster and more inclusive economic growth.
- Building capabilities.
- A capable state.
- Leadership and responsibility throughout society.

### **4.3.2 Medium-Term Strategic Framework (MTSF)**

The MTSF 2014–2019 flows from the NDP, synthesises national government's strategic plans across all sectors and informs provincial policy development. The MTSF prioritises the following goals:

- Radical economic transformation, rapid economic growth and job creation.
- Rural development, land and agrarian reform and food security.
- Ensuring access to adequate human settlements and quality basic services.
- Improving the quality of and expanding access to education and training.
- Ensuring quality health care and social security for all citizens.
- Fighting corruption and crime.
- Contributing to a better Africa and a better world.
- Social cohesion and nation building.

These eight goals are elaborated in 14 outcomes with attendant targets and activities for the five-year strategic period.

### **4.3.3 National Skills Development Strategy (NSDS III)**

The NSDS III is the overarching strategic guide for national skills development and provides direction to sector skills planning and implementation in the SETAs and other education and training stakeholders, and thus informs human resource development in the Province's strategic planning. It focuses on the following goals, each of which has attached outcomes and outputs that will be the basis for monitoring and evaluation of NSDS implementation and impact:

- Establishing a credible institutional mechanism for skills planning.
- Increasing access to occupationally-directed programmes.
- Promoting the growth of a public FET college system that is responsive to sector, local, regional and national skills needs and priorities.
- Addressing the low level of youth and adult language and numeracy skills to enable additional training.
- Encouraging better use of workplace-based skills development.
- Encouraging and supporting cooperatives, small enterprises, worker-initiated, NGO and community training initiatives.
- Increasing public sector capacity for improved service delivery and supporting the building of a developmental state.
- Building career and vocational guidance.

NSDS III is a subcomponent of the Human Resource Development Strategy, and will operate concurrently with the first five-year term of the country's second Human Resource Development Strategy for South Africa (HRDSSA II).

### **4.3.4 National Integrated Manufacturing Strategy (NIMS)**

The NIMS is a technologically advanced national approach implemented through the Department of Trade and Industry aimed at bringing together all role-players in the industry to develop a collective vision, with the purpose of ensuring sustainable development and growth and ensuring that technological resources are developed, focused and used proficiently.

**4.3.5 Advanced Manufacturing and Technological Strategy (AMTS)**

The AMTS is a technologically advanced provincial policy which concentrates on sector-based initiatives rather than the broad-based IMS. These initiatives are implemented through the Council for Scientific and Industrial Research (CSIR).

**4.3.6 Western Cape Tourism Development Framework (WCTD Framework)**

The WCTD Framework provides for the destination vision and strategy for tourism in the Western Cape and is the high-level sector strategy for tourism. The WCTD Framework ensures joint planning, budgeting and implementation between the three spheres of government in the first instance and all of their social partners in the second instance. The WCTD Framework has defined targets and outcomes that need to be achieved over a ten-year timeframe. It is a living and dynamic document, with research constantly being added to the evidence base and analyses being adjusted as circumstances change. There will be a major review on a five-year basis.

**4.3.7 Western Cape Infrastructure Framework**

The Western Cape Infrastructure Framework aligns the planning, delivery and management of infrastructure provided by all stakeholders (national government, provincial government, local government, parastatals and the private sector).

**4.3.8 Western Cape Green Economy Strategy Framework**

The aim of the framework is to position the Western Cape as the lowest carbon province in South Africa and the leading green economic hub of the African continent.

**4.3.9 OneCape 2040**

OneCape 2040 is a deliberate attempt to stimulate a transition towards a more inclusive and resilient economic future for the Western Cape region. It is a vision and strategy for society, rather than a plan of government, although all three spheres of government are essential for implementation. It does not replace any existing statutory plans required of either the province or municipalities. It is rather intended as a reference point and guide for all stakeholders to:

- Promote fresh thinking and critical engagement on the future.
- Provide a common agenda for private, public and civil society collaboration.
- Help align government actions and investment decisions.
- Facilitate the necessary changes we need to make to adapt to our (rapidly) changing local and global contexts.
- Address our development, sustainability, inclusion and competitiveness imperatives.

Transition	From	To
Knowledge transition (Educating Cape)	Unequal, variable quality education plus limited innovation capacity	High-quality education for all plus high innovation capacity
Economic access transition	Factor and efficiency-driven economy with high barriers to entry	Innovation-driven economy with low barriers to entry and high

Transition	From	To
(Working Cape)	and low productivity and entrepreneurship rates	productivity and entrepreneurship rates
Ecological transition (Green Cape)	Unsustainable, carbon-intensive resource use	Sustainable, low carbon resource use
Cultural transition (Connecting Cape)	Barriers to local and global connectivity (language, identity, distance, parochial and inward-looking attitudes)	High level of local connectivity and global market fluency
Settlement transition (Living Cape)	Unhealthy, low access, often alienated, low opportunity neighbourhoods	Healthy, accessible, liveable multi-opportunity communities
Institutional transition (Leading Cape)	Defensive, adversarial structures	Open, collaborative systems

#### 4.3.10 Provincial Strategic Plan (PSP)

The PSP is a five-year plan that sets out the Western Cape Government's strategies and plans. It sets five Strategic Goals:

Strategic Goal 1: Create opportunities for growth and jobs.

Strategic Goal 2: Improve education outcomes and opportunities for youth development.

Strategic Goal 3: Increase wellness, safety and tackle social ills.

Strategic Goal 4: Build a quality living environment, resilient to climate change.

Strategic Goal 5: Embed good governance and integrated service delivery through partnerships and spatial alignment.

The Department is tasked with leading Strategic Goal 1: Create opportunities for growth and jobs.

## 4.4 Public Entities and Partners

The Department is responsible for the Western Cape Tourism, Investment and Trade Promotion Agency (Wesgro), the Western Cape Liquor Authority and the partnership with the Western Cape Economic Development Partnership (EDP).

## **Wesgro**

Wesgro is the official marketing and trade agency of the Western Cape. Its mandate is to:

- Attract and facilitate foreign and domestic direct investment into the Western Cape.
- Grow exports of products and services of the Western Cape through the development of exporter capability, demand and market access.
- Market the Western Cape as a competitive business destination within the national and international arenas.
- Market and promote Cape Town and the Western Cape as tourist destinations.
- Manage, plan and direct the marketing activities of all sectors of the Province's tourism industry.

## **Western Cape Liquor Authority**

The Western Cape Liquor Authority regulates the retail sale and micro-manufacturing of liquor in the province. It will facilitate transformation of the liquor industry in the Western Cape by promoting the entry of new licence holders and aims to ensure the responsible use of liquor.

## **Western Cape Economic Development Partnership (EDP)**

The Economic Development Partnership (EDP) was established and launched to lead, coordinate and drive the economic growth, development and inclusion agenda for Cape Town and the Western Cape. It provides a new way of working together to redesign the regional economy and deliver different outcomes, to achieve greater levels of inclusive growth.

## **4.5 Relevant court rulings**

Not applicable.

## **4.6 Planned policy initiatives**

In keeping with the key objectives espoused in the National Development Plan and the vision of OneCape 2040 for a growing, resilient and inclusive economy in the Western Cape, the Department of Economic Development of Tourism's Strategic Plan 2015–2020 will seek to deliver Provincial Strategic Goal 1 of the Western Cape Provincial Strategic Plan: create opportunities for economic growth and jobs.

While the Department supports a 'whole of society' approach to economic interventions, the focus, as clarified through Project Khulisa, will be on the following labour-absorbing industries (with the emphasis on the first three over the five-year strategic planning period):

- Tourism;
- Agri-processing;
- Oil & Gas Servicing industry;
- Renewable Energy;
- Business Process Outsourcing industry.

Project Khulisa recognises that key enablers must be in place to support the sector drivers and as such the Department will also focus on:

- Red tape reduction and ease of doing business;
- Skills development;
- Broadband roll out;
- Addressing energy security.

These enablers are key to the creation of an enabling environment for businesses to grow and expand and thereby create new jobs.

## 5. Situational analysis

### 5.1 Performance environment

#### Global Economy

The global economy continues to recover from the 2008/09 financial crisis-induced recession. Reflecting the deep economic recovery in the USA, Quarter 3 GDP growth was the fastest in 11 years at 5 percent, with strong employment growth across both the services and manufacturing sectors. Quarter 3 job growth was the fastest in 15 years with the US economy recording the addition of more than 320 000 jobs. The US annual employment growth stands at 2.65 million new jobs and an unemployment rate of only 5.8 percent, a post-recession low point.

Energy costs saw a relentless decline in 2014. Brent Crude was trading at below \$60 per barrel by year end, representing a decline in the oil price of more than 50 percent since 2012. With new energy deposits such as shale gas being discovered and mined at a fairly rapid pace and OPEC appearing reluctant to cut oil production, energy prices are not expected to increase significantly over the foreseeable future.

Lower energy input prices are not only expected to support further global growth, but are likely to keep global interest rates low for longer as lower input prices are likely to diminish global central banks' concerns over upward pressure on inflation. Lower interest rates also lower the cost of capital, which in turn lowers investment and firm operational costs.

Growth prospects in the 18-country European Union (EU) euro zone however are less promising. The EU economies grew at a rate of 0.2 percent in 2014. Much of EU growth is supported by household consumption expenditure. Germany, the largest economy in the EU, fourth-largest globally and the second-largest exporter, was the primary driver of EU growth in recent years.

The German economy, of which one-third of national output is exports, has deep value chains across many countries in the EU. A slowing German economy has economic consequences across the economic zone. Because fiscal and monetary space is significantly limited in the economic zone, growth in EU is expected to be subdued over the foreseeable future. While unlikely that EU growth would be locally driven, global growth prospects outside the EU could see the EU economy expand quicker than expected, particularly because of the export-oriented German economy and the deep value chains it has within the EU.

The IMF growth outlook for 2014 shows that growth in emerging economies has slowed down, but remains relatively robust when compared to advanced economies. In China, in response to authorities' concerns about the slowing domestic economy, the People's Bank of China (PBOC) cut interest rates for the first time since July 2012. Notwithstanding these concerns, it is expected that the Chinese economy will demonstrate a healthy growth rate of 7 per cent per annum. Chinese authorities have further fiscal and monetary space to respond should the economy experience a more rapid slowdown.

Developing economies, led by China, continue to demonstrate robust growth, having averaged over 5 percent in recent years. Africa too has demonstrated robust growth. Much of African growth, however, has been supported by energy or mineral exports. Lower energy prices are likely to negatively impact countries that are very dependent on energy exports. Further risks to developing economies are volatile capital flows, which are sensitive to monetary policy exercised by the UK and the US central banks.

The US Federal Reserve Bank has been tapering open market operations (quantitative easing)<sup>1</sup> from mid-2013, which influenced sentiment in global financial markets in a way that led to the reduction in the relative attractiveness of exposure to emerging market assets, triggering portfolio adjustments (SARB, 2014). Thus, while the financial conditions in advanced economies have eased, financial conditions remained tighter in emerging market economies (IMF World Economic Outlook 2014).

It is clear that after starting the year on the back foot, global growth gained some momentum during the second half of 2014. The World Bank projects an acceleration of global GDP from 2.4 percent to 3.5 percent in 2016. Clear differences in growth exist among the major economic regions of the world, most notably the improved performance in the United States (US) and to a lesser extent the United Kingdom (UK), while the economic fortunes of the euro area and China remain uncertain. The outlook for 2015 is slightly more upbeat. However, a number of downside risks exist along with uncertainty regarding monetary policy normalisation<sup>2</sup> in the US and UK.

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<sup>1</sup> Quantitative easing is an unconventional monetary policy used to stimulate an economy when the standard policy of setting interest rates has lost effectiveness. To maintain liquidity in the US, the Federal Reserve aggressively purchased bonds from banks, which meant the printing of dollars and holding interest rates low.

<sup>2</sup> The normalisation of monetary policy means that central banks will revert to their traditional levers of providing or soaking up liquidity in repo markets for open market operations: relying on fractional reserve bank borrowing for increasing the money supply; giving them the lever of changing the reserve requirement; and, being able to modify the discount rate for bank borrowing as well as expectations for future discount rates so that they can modify the amount of borrowing at banks and finance costs for other purchases.

## National Economy

Despite the financial crisis and the global recession that followed, South Africa showed a positive economic growth rate in its aftermath, partly thanks to counter-cyclical fiscal policies and monetary space available to the Reserve Bank. Only in 2009 did the economy record negative growth, while in the following four years it grew on average by 2.8 percent per annum. South Africa's growth rate has been below that of other emerging and Sub-Saharan economies (IMF World Economic Outlook 2014).

It is salient to note that current domestic growth has been supported in the main by growth in consumer spending, which is being supported by consumer credit extensions. Consumer-led growth would have been more sustainable if it were supported by higher income underpinned by increases in productivity rather than by credit extensions. Notwithstanding growth in unsecured lending, a driver of consumer spending growth, indicators of financial soundness remain strong but increases in consumer debt extensions are not sustainable. The consumer debt to disposable income ratio stands at 73%, but has not been accelerating upwards. Interest rate increases, however, will exert pressure on households' ability to service debt. Because a significant component of growth has been supported by growth in consumer spending, GDP is at risk of stalling if the upward interest cycle is aggressive.

Increased productivity is key to sustainable growth. According to a 2013 World Bank report on South African competitiveness, South African unit labour costs have deteriorated by 34 percent since 2008 (which could explain why South African export volumes fared poorly in recent years). Addressing productivity is complex and will require difficult policy choices.

Fiscal space in South Africa has tightened after more than five years of fiscal loosening in response to the financial crisis. National Treasury has indicated appetite to address the widening budget deficits. Over the medium term, the budget deficit is expected to reach the target of 3 percent, which can be expected to temper the extent to which government contributes to growth.

While the Reserve Bank has some monetary room, the Monetary Policy Committee has demonstrated a willingness to increase interest rates in response not only to higher inflation, but also in response to secondary inflationary effects (SARB raised the Bank's policy rate over the course of 2014 from 5 percent to 5.75 percent, which was the first upward adjustment in the last five years). Expected lower energy prices, however, are likely to exert downward pressure on inflation and delay tightening of monetary policy.

When employment levels are considered, the economy performed significantly worse than what is suggested by GDP. The rate of unemployment at national level remained relatively high, where more than a quarter (25.2 percent) of the total labour force is unemployed, with the figure rising to 35.1 percent when taking into account the expanded unemployment rate (QLFS, 2014 Q1). Labour absorption levels have worsened to below 42 percent, which introduces concerning social cohesive risk. Average employment growth since 2010 is 0.7 percent per annum. Nominally, 6 percent more people are considered unemployed today than in 2010.

Labour unrest continues to pose risk to growth and international investment activities in South Africa. Electricity shortfalls and rolling blackouts pose significant risk to resource and manufacturing sectors, both labour-absorbing economic activities. Negative sentiment generated by electricity supply constraints in these sector groupings is likely to negatively influence further investment in key labour absorptive sectors.

The rand exchange rate continues to be buffeted by both domestic and international events. On the international front, favourable economic data from the US and UK spurred speculation on the commencement of policy normalisation (i.e. higher interest rates) in 2015, which has impacted negatively on the domestic currency. While a ZAR devaluation ought to bode well for exports, ZAR volatility makes it difficult for local firms to take advantage of a lower currency. The recent devaluation of nearly 20 percent in the ZAR realised very little increase in output volumes. The net effect of a currency devaluation has been a worsening current account due to deterioration in the terms of trade, which fuels upward pressure on inflation more than it stimulates increases in export volumes, particularly of manufactured exports. Hence the devaluation caused a worsening of the current account.

South Africa's underperformance in respect of growth over the past year and the intensification of industrial action and anxiety regarding electricity supplies, as well as the prospect of rising interest rates, saw credit ratings agencies Standard and Poor's and Moody's downgrade South Africa's credit rating, with both declaring their outlook as 'stable'. Fitch, which had earlier placed South African foreign bonds on a 'negative' outlook, left South Africa's credit rating unchanged at BBB, still two notches above the threshold which distinguishes between investment grade and 'junk' status. A downgrading by any of the three agencies of the credit rating on South African foreign-based government bonds to junk status would have run the risk of seeing substantial outflows from the bond market. This seems to have been averted through the agencies' acceptance of the government's commitment to limit the increase in the public debt to GDP ratio, by reducing budget deficits through constraints on the growth of public expenditure and an increase in taxation of meaningful proportions. The agencies also respect South Africa's institutions and financial markets. As a result they have seen fit to give the government the benefit of the doubt in terms of achieving deficit-reduction goals on the basis of no huge escalation of industrial action and electricity supply shortages.

The IMF World Economic Outlook 2014 projected that the economy will grow at a rate of 1.7 percent in 2014 (same as SARB) and 2.7 percent in 2015 (although a number of institutions continue to review the rate downwards – IHS Global Insight projects 1.3 percent in 2014 and 3.3 percent in 2015). The growth outlook will therefore continue to be sluggish in the absence of structural reforms.

### **Provincial Economy**

The global and national developments provide the context under which the provincial economic developments are located. The Western Cape economy continues to track national growth levels, recording positive growth since the contraction experienced in 2009. In line with the national economy, the provincial economy is susceptible to labour unrest and electricity shortages.

Over the years the Western Cape economy has evolved to become a services-dominated economy. The impact of the shift in the structure of the Western Cape economy towards becoming services dominated has mainly been that most people who lost their jobs in the primary and secondary sectors find it difficult to be accommodated in the tertiary services sectors.

The unemployment rate in the Western Cape of 23 percent, while below that of South Africa as a whole (25.2 percent), is nonetheless high, and contributes to socio-economic challenges. Unemployment is also concentrated among young people, thus threatening to create a 'lost generation' of citizens without skills, hope or work experience. The Western Cape Government is committed to making meaningful progress over the next five years in generating new jobs in the province.

Since 2005, the Western Cape's Gross Value Added (GVA) has grown at an average rate of 2.8 percent a year, while the number of formal jobs grew by only 0.5 percent a year. Economic growth has thus been slow, with key employment-intensive sectors such as agricultural production growing slower than the rest of the economy. In fact, in several sectors that have produced modest or even high growth, the number of formal jobs has contracted over the past five years.

These factors, combined with a rapid population growth rate of 1.98 percent a year (driven in part by high levels of in-migration from other provinces), have resulted in the Western Cape's overall unemployment rate increasing, from 17 percent in 2005 to 23 percent in 2013. As a result, the Western Cape is faced with major unemployment, particularly among young people: 300 000 people under the age of 35 are without jobs, and the province's youth unemployment rate stands at 36 percent.

Faced with these challenges, the Province has developed a strategy to unlock its great potential for accelerated, sustainable economic growth and job creation.

## **5.2 Organisational environment**

The Department's strategy has been developed within the context of and alignment to the National Development Plan (NDP), the Medium-Term Strategic Framework (MSTF) and the Western Cape Government's vision for the province as espoused in OneCape 2040. In order to rationalise and streamline the Province's strategic agenda for more effective delivery, the Provincial Strategic Plan (PSP) was developed in 2014.

Flowing from the Provincial Strategic Plan, the Department of Economic Development and Tourism has been mandated to take the lead role in driving the Western Cape Government's agenda for Provincial Strategic Goal 1 (PSG 1), namely to create opportunities for growth and jobs. This will be done under the direct leadership of the Minister of Economic Opportunities, and the agenda for PSG 1 will be delivered in collaboration with other departments, namely Agriculture, Transport and Public Works and Environmental Affairs.

In pursuing its objective to fulfil the aims of PSG 1, DEDAT will drive a seven-point strategic approach which is aimed at:

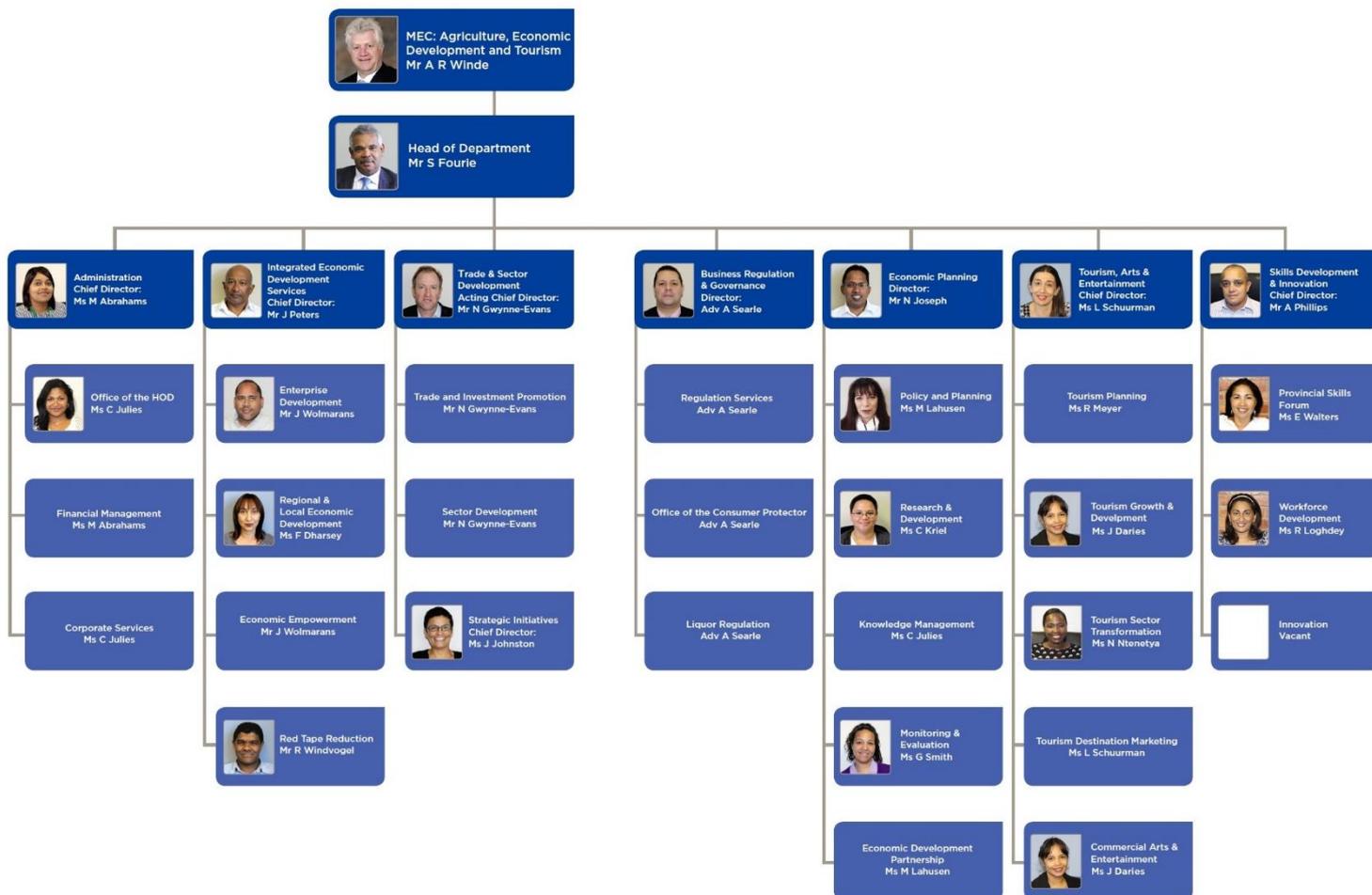
- Growing, attracting and retaining the skills required by our economy.
- Making it easier to do business by addressing red tape.
- Investing in high-quality, efficient and competitive infrastructure.
- Rebranding the region to increase internal and external investment.
- Opening new and existing markets for Western Cape firms and key sectors wanting to export.
- Ensuring our economic, social and environmental sustainability.
- Demonstrating leadership which promotes an improved regional economic eco-system (governance) and embraces innovation.

Given the broad and often transversal nature of the aforementioned strategies and, in giving impactful expression of these strategic priorities, the Department recognises that an internal structural alignment is required. The engagement of the economic role-players is critical to success in the delivery of PSG 1 and, in particular, the attainment of an understanding of the needs of firms to make them more competitive and, by extension, making the region more competitive to attract external investment.

As part of the broader modernisation of departments in the Province, DEDAT underwent an organisational redesign during 2013 and 2014, culminating in the approved structure being communicated to staff during 2014. The structure will be introduced in phases during 2015 and 2016, balancing the need for appropriate structure implementation with budgetary compliance. It is salient to highlight that the new approved structure was approved prior to the finalisation of PSG 1. It is likely that the new approved organogram will require further adjustments to better support PSG 1 and Project Khulisa recommendations.

The introduction of PSG 1 will also necessitate an appropriate skills matching exercise. Matching skills required to best support PSG 1 through the introduction of a new Departmental organogram will be prioritised during the five-year period.

The key attributes of the new structure will be to enhance economic leadership among economic stakeholders at senior levels, through the horizontal and vertical leadership roles the Department will exercise across the whole of the economy. Specific influence will be exerted within the key focus industries. The structure will also enable the Department to play a major role in ensuring that the economic enablers meet the expectations of industry and that an enabling environment is created in which business will expand. The current organisational structure depicted below will support the organisation during year one of this five-year strategy.



## 5.3 Description of the strategic planning process

Between 2001 and 2009 the **Micro-Economic Development Strategy (MEDS)** framed the Department of Economic Development and Tourism's economic sectoral and thematic strategies and realised the Provincial Growth and Development Strategy and the Department's overall goals. The MEDS was the Department's fulfilment of its mandate within the National Growth and Development Strategy, the ASGISA imperatives, the Apex Priorities and the iKapa Elihlumayo objectives and goals.

In 2009 the Provincial Government developed an overall Strategic Agenda consisting of 12 Strategic Objectives. Strategic Objective 1: *Increasing opportunities for growth and jobs* was developed and approved by Cabinet in August 2010.

The Department's primary role was (and still is) to support the creation of an enabling economic environment conducive to economic growth, economic development and economic inclusion.

**OneCape 2040** was designed to complement national planning while reflecting the specifics of the Western Cape region. Unlike the National Development Plan (NDP), OneCape 2040 is a statement of direction for the regional economy rather than an overall development plan with detailed recommendations. It does not seek to be comprehensive in scope but rather to identify areas of collaborative action to be prioritised.

### **5.3.1 Provincial Strategic Plan (PSP)**

The five-year Provincial Strategic Plan (PSP) was developed in 2014. It consists of five Strategic Goals:

Strategic Goal 1: Create opportunities for growth and jobs.

Strategic Goal 2: Improve education outcomes and opportunities for youth development.

Strategic Goal 3: Increase wellness, safety and tackle social ills.

Strategic Goal 4: Build a quality living environment, resilient to climate change.

Strategic Goal 5: Embed good governance and integrated service delivery through partnerships and spatial alignment.

### **5.3.2 Strategic Priorities**

The Department is tasked with leading Provincial Strategic Goal 1: Create opportunities for growth and jobs (PSG 1). In defining PSG 1, the Department initiated Project Khulisa, which adopts a 'whole of society' philosophy that brings together the experience and expertise of business, academia and all spheres of government to surface opportunities and address obstruction to maximising jobs and growth.

Project Khulisa (*khulisa* means 'to grow' in isiXhosa) was initiated to accurately identify the parts of the Western Cape economy with the greatest potential for accelerated and sustained growth and job creation. It thus informs the development and focus of the Department's strategic plan.

The Steering Committee which drove the project comprised the Western Cape Government's Ministers of Finance and Economic Opportunities, Transport and Public Works, and Environmental Affairs and Planning, together with the Deputy Mayor and the Mayco member for Economic Development at the City of Cape Town. The leadership team consisted of all key decision-makers from departments represented in the steering committee.

Project Khulisa introduced a six-phased approach in expressing PSG 1:

1. The economic landscape is a complex one. Sector and other definitions are not easily defined, which leads to counting and other inaccuracies. Standard Industrial Classification codes are often out of date and at times offer very little insights for the purpose of economic stimulation. The first step in expressing PSG 1 was to agree on the definitions of a sector list and to understand the structure of the Western Cape economy.
2. Baseline data from a number of sources, including the IHS Global Insights and the Department's own intelligence, were developed and agreed upon. The baseline

identified economic employment contributions, and historical and potential growth for each sector.

- In past years the Department intervened across a wide breadth of the economy through well thought out interventions that held promise of economic impact. Because of limited resources, interventions could not be funded to the extent that would maximise economic impact. Through Project Khulisa a deliberate decision was made to prioritise economic interventions through intervention lenses within the context of limited resources. Phase 3 recognised that governments often attempt to do too much with too little resources, which often leads to sub-optimal outcomes because of a lack of focus and resource shortages.

Phase 3 set out clear criteria for sector opportunity selection. The selection criteria used two lenses: attractiveness and feasibility. Attractiveness of a sector is driven by the sector's current contribution to provincial value addition, jobs and growth rates. Sector feasibility is determined by the Western Cape Government's ability to influence critical policy levers; the availability of critical competitive factors such as talent availability and ease of talent development, available infrastructure, natural resources and financing; and the commitment and appetite of the private sector, which includes current planned business-backed projects.

In addition to economic growth, potential for creating large numbers of entry-level jobs and the impact on rural as well as urban areas were factored into the selection criteria. The selection process led to the exploration of six high-potential opportunities that could deliver meaningful jobs and growth within a three to five-year timeframe. The analysis is depicted in **Figure 1** below.

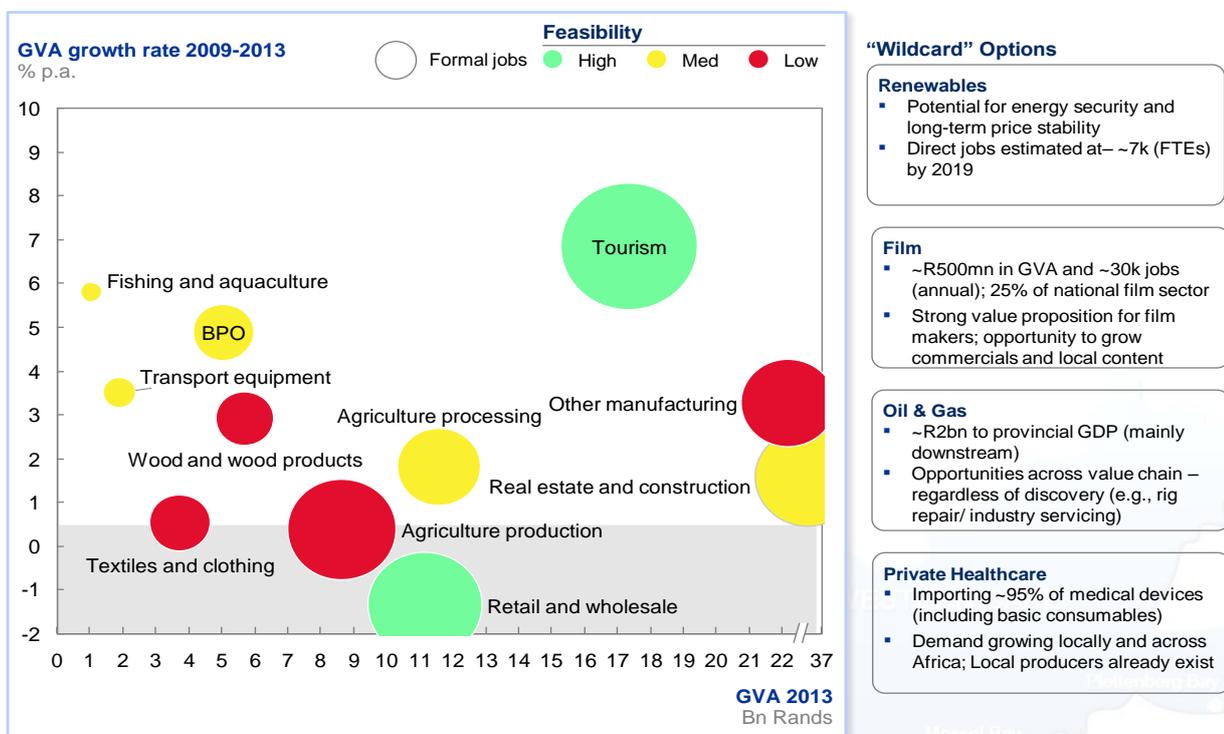


FIGURE 1: SELECTION ANALYSIS

Because of limited government resources and to achieve greater focus, only three of the six opportunities will be actioned in the first five years: tourism, agri-processing and oil & gas services.

4. Phase 4 developed very detailed understanding of the three selected sectors, which included an understanding of their local markets, international opportunities and challenges to growth. It is pertinent to note that deeper dives into the sectors are required to better define the details around economic interventions.
5. The penultimate phase was the development of the 'game-changer' opportunities based on specific overlapping challenges.
6. The final phase was the development of implementation roadmaps for each of the three selected sectors.

Outcomes of Project Khulisa were presented to and endorsed by the Provincial Cabinet. Project Khulisa therefore underpins and informs the Department's five-year strategic plan and its annual performance plans for the corresponding period.

## **6. Strategic Outcome-Oriented Goals of the Department**

Project Khulisa defines a multi-year horizon approach, which deliberately focuses on sectors that will maximise stated economic outcomes over a five-year period and also phases in additional sectors which maximise employment and growth opportunities across a 15-year horizon. The Department will transition emphasis on the identified three sectors and de-emphasise its focus on other sectors. A de-emphasis however does not imply a complete withdrawal from other sectors.

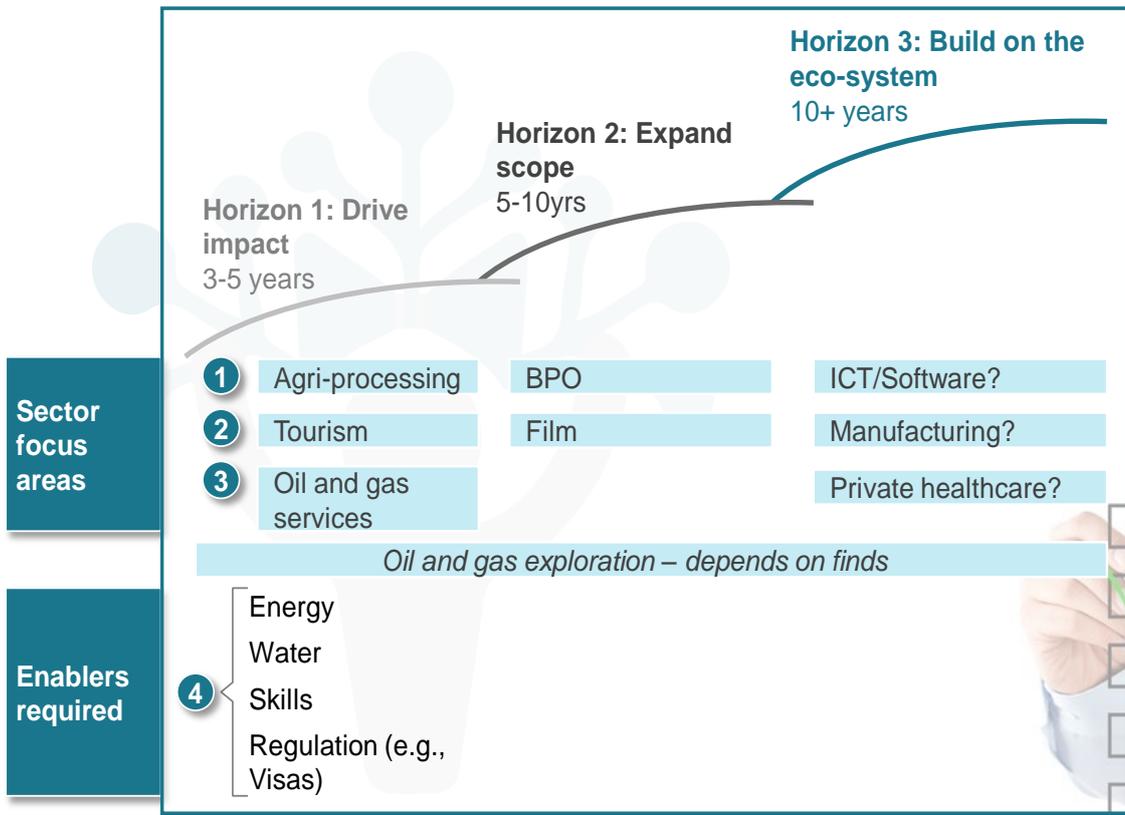


FIGURE 2: SECTOR HORIZONS

In unpacking the Department's strategic goals, the Department's five-year strategy uses a simple taxonomy to review current baselines, inform strategic imperatives, and articulate its strategic goals and outcomes. The taxonomy recognises three interventional domains:

- **Productive sectors** are specific and contribute to the region's competitive environment. The three key productive sectors that will be supported within the first three to five years are tourism, agri-processing and oil & gas. A further three sectors will be focused on from year five to year ten – business process outsourcing, renewables and film. Roadmaps and interventions for this second set of sectors will be defined within the next five years.
- **Enabling sectors** act as powerful catalysts to accelerate the growth of the whole economy. Furthermore, they play a crucial role in the stimulation of economy-wide competitiveness. Enabling sectors include electricity, water, ICT, logistics and financial services.
- **Social sectors** are the fundamental building blocks upon which the economy rests. They include education and health-related sectors. The Department's interest in social sectors underscores the 'whole of society' approach to economic development and recognises that social sectors and good governance at local government level are imperative for the creation of an environment that is conducive to economic growth. It is for this reason that the Department's goals extend beyond the objectives of PSG 1. It will play a supportive role to PSG 2: Improve education outcomes and opportunities for youth

development, PSG 4: Build a quality living environment, resilient to climate change, and PSG 5: Embedded good governance and integrated service delivery through partnerships and spatial alignment.

Intelligence and some interventions may be required in the enabling sectors to maximise growth in productive sectors. **Figure 3** synthesises the Department's focus over the next two horizons by illustrating the productive sectors and the relevant enablers that must be addressed through intervention.

		Severity of the challenges faced by the sectors						Description and examples
		BPO	Agri-processing	Tourism	Oil and gas	Renewables	Film	
Energy		Mild	Urgent	Mild	Urgent	Mild	Mild	<ul style="list-style-type: none"> <li>High cost and uncertain supply of electricity</li> <li>High cost and poor quality of coal</li> </ul>
		Not a current issue	Urgent	Mild	Urgent	Not a current issue	Not a current issue	
Water		Not a current issue	Urgent	Mild	Urgent	Not a current issue	Not a current issue	<ul style="list-style-type: none"> <li>High cost and scarcity of water</li> <li>Example in the oil &amp; gas industry: there is not enough water in Saldanha Bay for the IDZ</li> </ul>
		Not a current issue	Urgent	Not a current issue	Urgent	Not a current issue	Not a current issue	
Skills		Urgent	Mild	Not a current issue	Urgent	Mild	Mild	<ul style="list-style-type: none"> <li>High cost &amp; scarcity of labour at all levels</li> <li>Example in the film industry: good output of actors/directors but shortage of technicians</li> </ul>
		Urgent	Mild	Not a current issue	Urgent	Mild	Mild	
Bulk infrastructure		Not a current issue	Mild	Not a current issue	Urgent	Not a current issue	Not a current issue	<ul style="list-style-type: none"> <li>High pressure on current systems and need for significant addition (e.g., in Saldanha)</li> </ul>
		Not a current issue	Mild	Not a current issue	Urgent	Not a current issue	Not a current issue	
Lobbying national government	Facilitation	Urgent	Urgent	Not a current issue	Urgent	Mild	Mild	<ul style="list-style-type: none"> <li>WC industries struggling to mobilize national administration (e.g., mobilisation of DAFF to help lift the ban on raw ostrich meat)</li> <li>Change in national regulations (E.g., Visa issue in the film industry; B-BBEE compliance for DTI's BPS incentive in the BPO industry)</li> </ul>
	Legal change	Urgent	Not a current issue	Urgent	Urgent	Mild	Urgent	

**FIGURE 3: ENABLERS WITHIN PRODUCTIVE SECTORS**

The Department will undertake defined activities in each of the three Horizon 1 sectors, as discussed below:

### 1. Tourism

Tourism is one of the significant job-creating sectors in the province but has not achieved its growth and job creation potential. Challenges that will be addressed by the Department in the next five years include:

- Awareness. The Western Cape will develop a clear tourism brand and coordinate tourism marketing efforts within the province among SA Tourism, the City of Cape Town, other municipalities and Wesgro. The Department will identify key source markets that can grow relatively quickly.
- Accessibility. In improving accessibility to and within the province, the Department will agitate for simpler and easier visa processes, particularly for identified growth markets, and address issues regarding flights to the Western Cape. The Department will address issues regarding tourist logistics and impediments to tourists moving easily within the province.
- Attractiveness. It is recognised that the province's attractiveness is underdeveloped, particularly its unique cultural history and heritage. Over the next five years the Department will develop the province's attractiveness as a tourist destination.

- Seasonality. It is recognised that a sustainable tourism industry has to address counter-seasonality. Therefore, to supplement peak tourism times, the Department will grow winter tourism through further niche development.

## 2. Agri-Processing

Agri-processing is a large GVA and employment contributor, directly contributing more than R12 billion in GVA and 79 000 jobs to the regional economy. More importantly, it absorbs low-skilled employment in rural areas, which experience the highest levels of unemployment. Within a high growth scenario, GVA could increase to R26 billion and could add a further 100 000 formal direct jobs.

The following areas, in partnership with the Provincial Department of Agriculture, will be actioned over the next five years:

- Market Access. Significant barriers to market access are experienced by the local industry. The split of responsibilities between the DTI, DAFF, other national bodies and the Western Cape Government complicates matters in addressing market access. Market access will be improved in the next five years by strengthening the promotion of and support for Western Cape agri-products.
- Access to energy and water. The Western Cape is a relatively water scarce province. The lack of suitable water infrastructure hinders the development of the agricultural sector. In partnership with the Department of Agriculture, the Department will develop an approach to addressing rural water scarcity. While electricity supply is very much a national problem, the Department will explore potential responses to energy problems experienced by the industry.
- Logistics and infrastructure. The sector is held back by poor, expensive and slow logistical infrastructure, which includes rail, port and road infrastructure. Inter-governmental and provincial inter-departmental approaches will be developed to address logistical issues experienced by the sector. Furthermore, the Department will explore the feasibility of developing specialised agri-processing parks that would provide improved infrastructure, research and skills development facilities and other shared services.

## 3. Oil & Gas

The Western Cape oil & gas sector provides 35 000 direct formal jobs, mainly in a servicing capacity. It is estimated that the sector could add a further 60 000 jobs within the next five years. The key impediments to growth in the sector are supply-side constraints such as infrastructure and skills shortages.

- Infrastructure. Industry growth is impeded by insufficient infrastructure suitable for rig repair. The Western Cape Government recognises that the development of infrastructure that will support the growth of the sector is beyond its responsibility and mandate. The Department will however monitor plans to expand rig repair infrastructure in Saldanha by the TNPA and agitate for further infrastructure improvements required to support sector growth. It will support the industry by agitating for other support infrastructure within the

envelope of the provincial mandate such as road and water projects required for sector growth.

- Skills. The lack of suitably qualified and experienced skilled workers is a significant drag on industry growth. The Department will facilitate the development of suitable skills programmes accompanied by apprenticeship support to ensure the availability of a qualified workforce.

#### 4. Activities beyond Khulisa

While the Department focus will be on supporting priority sectors as defined in Project Khulisa, the Department will maintain intelligence and response capability in other critical sectors in the economy. Furthermore, while Project Khulisa focused on sectoral activities, the Department is responsible for economic activities beyond that of only sector intervention, which includes but is not limited to assisting in municipality maturity levels, liquor licensing and consumer protection.

## 7. Strategic goal of the Department

Strategic Goal	Create opportunities for growth and jobs
Goal Statement	To facilitate the acceleration of economic growth through increased jobs and increased GVA of R25 billion by 2020.
Justification	<p>Policies and strategies that encourage strong, sustained, job-creating economic growth are the absolute prerequisites for achieving the Western Cape Government's overriding goals of combating poverty and promoting opportunities for all.</p> <p>Our approach to realising this is based on the tenet that provincial governments do not grow the economy or create jobs. Businesses grow the economy and create jobs. What this means is that growth of the kind that we want depends, to a great extent, on how well businesses perform.</p> <p>However, strong global forces like trade liberalisation, the introduction of barriers to our exports by rich countries and the information revolution have made the environment in which businesses have to operate increasingly difficult, especially for the small and medium-sized businesses that dominate our economy. This is exacerbated by the fact that the governments of our strong competitors have put in place measures to support their businesses to overcome these problems.</p>
Links	This goal is directly linked to the NDP, MTSF, OneCape 2040 and the Western Cape Government's Provincial Strategic Plan (PSG 1).

# PART B: Strategic Objectives

## Programme 1: Administration

### Strategic objectives

#### Purpose

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

#### Programme structure

- Sub-programme 1.1: Office of the Head of Department
- Sub-programme 1.2: Financial Management
- Sub-programme 1.3: Corporate Services

#### Context and background

##### Main functions of this Programme:

- To manage and direct the Departmental transversal administrative programmes that give leadership to the Department.
- To provide a strategic support function to the Department.
- To effectively maintain an oversight function of the whole Department's mandate and function.
- To provide an effective financial management function.
- To ensure implementation of the PFMA and related financial regulations and policies.
- To provide planning and budgeting support to the Department.

The Programme's mandate is derived directly from chapters 10 and 13 of the Constitution of the Republic of South Africa (Act 108 of 1996), which compel all spheres of government to ensure that the principles of a high standard of ethics is promoted and maintained, efficient economic use of resources is promoted, the State is encouraged to be development orientated, and to ensure transparency and accountability.

To give effect to the above-mentioned principles, the Public Finance Management Act, 1999 (Act 1 of 1999) (PFMA) and Public Service Act, 1994, were promulgated.

The PFMA, 1999, aims to:

- Modernise systems of financial management in the public sector.
- Enable public sector managers to manage, holding managers more accountable.
- Ensure timely provision of information.
- Eliminate waste and corruption in the use of public assets.

## Provincial Strategic Goal One (PSG 1) – Project Khulisa

Programme 1 supports both Provincial Strategic Goal 1 (PSG 1): Create opportunities for growth and jobs and PSG 5: Embed good governance and integrated service delivery through partnerships and spatial alignment.

The Department of Economic Development and Tourism utilises structural governance systems to institutionalise good governance and thereby effect improved service delivery. It has an established Governance Committee supported by the Internal Control business unit. The Committee is mandated by a charter which articulates the guiding principles of the King III Report and the sound governance practices endorsed by the PFMA and additional provincial and national legislation. This governance structure allows for the execution of PSG 5 which then contributes to the delivery of PSG 1.

### Sub-programme 1.2: Financial Management

Strategic priority: Institutional strengthening and governance

Strategic Objective	To achieve and maintain the highest level of financial governance.
Objective statement	The identification and implementation of strategic interventions to assist the Department to attain and maintain the highest level of financial governance through the efficient, economical and effective use of Departmental resources to deliver on strategic objectives and the attainment of an unqualified audit opinion.
Baseline	Unqualified audit opinion.
Justification	To contribute towards the strategic direction of the province through the achievement of the highest level of financial governance.
Links	Evidence-based financial management policies and strategies developed to contribute to the unqualified audit opinion.

### Strategy

Public financial management concerns the effective management of the collection and expenditure of funds by governments. As societal needs will inevitably be greater than the resources available to government, all public resources must be used as efficiently and effectively as possible. Efficient public corporate management is central to creating a relationship of mutual trust and shared consensus between government and citizens, and is at the core of the development of this strategy.

The achievement and management of the highest level of financial governance is a long-term inclusive strategy that relies on compliance, a performance culture, stakeholder support and service delivery. It embodies but is not limited to the provision of quality information, efficient allocation of resources, financial management competence, sound legislative structures and ultimately the modernisation of public sector finance for the benefit of the citizenry.

As one of the most valued indicators of good financial governance, the achievement of the objective of an unqualified audit opinion compels the effective and efficient management of all processes.

The Financial Management directorate believes that the achievement of the highest level of financial governance requires the convergence of the efforts of all and the transversal cooperation of those that the function supports.

## **Outcomes**

The expected outcomes of this strategy are:

- Migration from the rule-driven approach to a more performance-based outcomes approach, i.e. what is to be achieved, while not forfeiting compliance.
- Greater efficiencies in the unit, cost-effectiveness and economical utilisation of financial resources, reliability of information.
- More cohesion between units (no silos) and greater cohesion with line units – working together for a common purpose.

## **Focus Areas**

The focus areas over the next five years are:

- Promotion of excellent client support services.
- Ensuring a financial legislative and policy framework in which efficient and effective processes may be implemented in the Department.
- Ensuring that the Department is suitably capacitated to meet its financial management and governance standards.

### **Focus Area 1: Promoting excellent client support services**

The achievement and management of the highest level of financial governance cannot be the sole responsibility of the Financial Management unit. Rather, the strategy is reliant on the cooperation of the delivery programmes. Line units must not only understand the importance and value of good financial governance, but live it. The Financial Management unit must fortify relations with all clients and role-players in the organisation's governance environment to enable them to shift into a higher gear of risk and financial governance practices.

In order to render an excellent client support service, the Financial Management directorate will seek to achieve optimal financial management intelligence and a better understanding of projects and programmes implemented by the delivery programmes, to effectively assist project managers with planning and costing practices, the reduction of red tape that impacts on the delivery of projects, indicator development and reporting against financial and performance information.

**Focus Area 2: Ensuring a financial legislative and policy framework in which efficient and effective processes may be implemented in the Department**

Compliance with financial norms and standards is of critical importance to the achievement of overall governance standards required of a public organisation. In this regard the Department has developed a financial manual where all prescripts have been integrated and condensed. Annual reviews and efficiency evaluations of the policy document is paramount to ensure that the manual remains a user-friendly reference document that is practically implementable in the Department and provides a sound financial legislative structure.

**Focus Area 3: Ensuring the Department is suitably capacitated to meet its financial management and governance standards**

The Financial Management unit will ensure that a structured training and up-skilling programme is implemented to capacitate all staff. Training programmes must train staff in terms of financial management and programmatic skills as well as competencies for this strategy to be successful. Financial Management staff must have a good understanding of all projects and programmes in the Department to enable a better support function. Also, due to the extremely competitive financial management environment where expertise and skills are in short supply, the Financial Management unit must ensure cross-training of staff that will enable the preservation of intellectual capacity, competence and credibility of the workforce.

## Resource considerations

**TABLE 1.1: NOMINAL EXPENDITURE ON PROGRAMME 1: ADMINISTRATION**

Programme 1: Administration	Audited 2011/12 R'000	Audited 2012/13 R'000	Audited 2013/14 R'000	2014/15 (Main) R'000	2014/15 (Adjusted appropriation) R'000	2015/16 (Indicative) R'000	2016/17 (Indicative) R'000
Sub-Programme 1.1: Office of the HoD	2 259	3 486	2 405	3 080	2 292	3 080	2 146
Sub-Programme 1.2: Financial Management	17 097	20 122	23 288	26 182	24 449	24 856	25 349
Sub-Programme 1.3: Corporate Services	1 409	1 602	7 556	10 839	8 605	12 789	12 543
Total Programme	20 765	25 210	33 249	40 101	35 346	40 725	40 038

**TABLE 1.2: NOMINAL PAYMENTS AND ESTIMATES PER ECONOMIC CLASSIFICATION ON PROGRAMME 1: ADMINISTRATION**

Programme 1: Administration	Audited 2011/12 R'000	Audited 2012/13 R'000	Audited 2013/14 R'000	2014/15 (Main) R'000	2014/15 (Adjusted appropriation) R'000	2015/16 (Indicative) R'000	2016/17 (Indicative) R'000
Current payments	19 952	23 749	30 388	39 431	32 873	40 041	39 327
Transfers and subsidies to:	44	14	22	-	23	-	-
Payments for capital assets	737	1 447	2 825	670	2 450	684	711
Payments for financial assets	32	-	14	-	-	-	-
Total economic classification	20 765	25 210	33 249	40 101	35 346	40 725	40 038

Table 1.3: Staff Establishment for Programme 1: Administration

Programme 1: Administration	Number of Posts on Establishment	Number of Posts filled	Number of Vacant Posts	Vacancy Rate (%)	Number of Posts Filled additional to the Establishment
Total Programme	70	46	24	34.3%	9

## Risk management

Strategic Objective	Risk	Mitigating strategy
To achieve and maintain the highest level of financial governance.	Inability to achieve an unqualified audit opinion due to material misstatements or material non-compliance in high-risk areas such as Transfer Payments, Human Resource Management, Audit on predetermined objectives and Supply Chain Management as a result of	<ol style="list-style-type: none"> <li>1. An approved departmental financial manual and delegations of authority updated and maintained annually.</li> <li>2. Internal Control audits on transfer payments, predetermined objectives, financial statements, reconciliations, Supply Chain Management.</li> <li>3. Transaction checklists.</li> <li>4. Financial Management task team for transfer payments and Supply Chain Management transactions.</li> </ol>

Strategic Objective	Risk	Mitigating strategy
	an ineffective or inadequate control environment.	<ol style="list-style-type: none"> <li>5. Financial Management training to line functions to ensure competency.</li> <li>6. Training for Financial Management staff to ensure competency.</li> <li>7. Standard operating procedures updated annually and as required.</li> <li>8. Establishment of a departmental Governance Committee to ensure sound governance structures.</li> <li>9. Programme monitoring and evaluation frameworks.</li> <li>10. Auditor-General action plan to monitor and manage all auditable and high-risk areas to ensure an unqualified audit opinion.</li> </ol>

# Programme 2: Integrated Economic Development Services (IEDS)

## Strategic Objectives

### Purpose

To contribute to an enabling business environment for businesses in the Western Cape to develop, thrive and absorb labour, through ongoing improvement of the ease of doing business.

### Programme structure

- Sub-programme 2.1: Enterprise Development
- Sub-programme 2.2: Regional and Local Economic Development
- Sub-programme 2.3: Economic Empowerment
- Sub-programme 2.4: Red Tape Reduction
- Sub-programme 2.5: Management Integrated Economic Development Services

### Context and background

The Programme is informed and guided by the National Development Plan (NDP) of which the following action or priority areas are relevant to the work of Programme 2:

- Reducing the cost of regulatory compliance for small and medium-sized businesses.
- Increasing support for small business.
- A commitment to public and private procurement opportunities for small businesses.

Programme 2 also supports the Medium-Term Strategic Framework (MTSF), specifically its calls for ensuring that small businesses play a bigger role in growth and expansion of the economy, and increased engagement between business and government to better understand what is required to unlock private sector investment and build trust between government and business. The work of the Programme supports key areas of two MTSF priority areas, "*Radical Transformation*" and "*Improving service delivery*", namely:

- Competitiveness enhancement in productive sectors of the economy.
- Addressing spatial imbalances in the economy.
- Elimination of unnecessary regulatory burdens.
- Expanded opportunities for historically excluded and vulnerable groups, small businesses and cooperatives.
- The improvement of local government capacity to ensure effective and efficient service delivery.

## **Provincial Strategic Objective One (PSG 1) – Project Khulisa**

The Premier's State of the Province address in July 2014 listed eight focus areas for the next five years, of which the following specific areas are directly linked to Programme 2:

- Facilitating economic growth, investment and job creation.
- Violence prevention through urban upgrade (VPUU).
- Reducing red tape to make the province an easier place to do business.

Although, in terms of the Provincial Strategic Plan, the Programme's main focus will be on achieving PSG 1: Create opportunities for growth and jobs, the sub-programme Regional and Local Economic Development will also support PSG 5: Embed good governance and integrated service delivery through partnerships and spatial alignment.

The adoption of Project Khulisa as the primary driver of PSG 1 has meant that the Programme will need to take a far more focused approach to the identified priority productive sectors (tourism, agri-processing and oil & gas services) and enablers (e.g. engagement with national government regarding regulations, energy and water) over the next three to five years. Project Khulisa lays out clear paths and interventions to be followed to ensure accelerated, sustained growth and job creation, including specific actions to be taken. Of particular relevance to Programme 2 is the role that enterprise development needs to play in agri-processing and the key support to be provided through red tape reduction in agri-processing and tourism.

### **Ease of Doing Business**

The concept of 'ease of doing business' is inextricably linked to an enabling business environment<sup>3</sup>. For the next five years, Programme 2 will focus on improving the ease of doing business in the Western Cape<sup>4</sup>. This focus will be biased towards the three priority productive sectors of tourism, agri-processing and oil & gas services, as identified by Project Khulisa. Attention will also be paid to the relevant enablers, i.e. engaging national government (particularly on regulation), water and energy.

The strategic intent of Programme 2 will comprise of increasing the number of new business, growing the number of existing businesses and improving the business regulatory environment.

### **Sub-programme 2.1: Enterprise Development**

Strategic Priority: Provide support to entrepreneurs and small businesses that creates jobs and grows the economy.

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<sup>3</sup> 'Enabling environment' is a broad concept defined as comprising all factors external to firms, including the policy, legal and regulatory framework; external trade policy; governance and institutions; physical security; the social and cultural context of business; macroeconomic policies; access of firms to financial and business services; and the availability of physical and social infrastructure services. In short, the enabling environment comprises all those factors that inhibit or favour the growth and development of business and ultimately economic growth and labour absorption.

<sup>4</sup> 'ease of doing business' is defined as the extent to which regulations and legislation, systems and procedures, communication, and any other factors (e.g. access to finance) are conducive to the ability of new and existing businesses to grow and/or absorb labour.

Strategic Objective	To contribute to the sustainability and growth of small businesses.
Objective Statement	To expand 550 small businesses through financial and non-financial support measures by 2020.
Baseline	2013/2014 – 604 businesses expanded and/ or sustained.
Justification	The agri-processing sector has the highest employment multiplier in the economy (DAFF, 2012). This sector (and the other two sectors) has the greatest potential to spur growth and create jobs. In agri-processing this is particularly due to strong linkages both upstream (primary agriculture) and downstream (wholesale and retail, restaurants, etc.). The role of the SMME sector is critical in this regard.
Links	Links to National Development Plan, Medium-Term Strategic Framework, OneCape 2040, Project Khulisa, DAFF Draft Strategy on 'Support and Development of agro-processing Small, and Medium Enterprises in South Africa'.

## Strategy

The new rules governing international trade, the rise of trade agreements and global value chains and marketing networks has impacted on governments' ability to design and influence its own policies and strategies. The current and predicted future slowdown in the economic growth rate of the South African economy impacts significantly on small, medium and micro-enterprises (SMME) firms which are less resilient when compared to larger corporates.

Yet, globally, SMMEs play a critical role in absorbing labour, penetrating new markets and generally expanding economies in creative and innovative ways. Project Khulisa estimated that the agri-processing sector could potentially contribute 100 000 jobs by 2020 and SMMEs can make a significant contribution to achieving this target.

However the impact of SMMEs is currently limited by a number of factors, including limited participation by SMMEs in the agri-food value chains. Also, according to DAFF, investment patterns in agri-processing infrastructure is skewed towards metropolitan areas while rural areas largely remain producers of raw material with little or no value addition and processing activities taking place (i.e. no beneficiation).

In beginning to address these and other limitations on growth, Project Khulisa highlighted the following support measures with regard to SMMEs in the agri-processing sector:

- Access to finance (e.g. guarantee mechanisms);
- Access to local and export markets;

- Lower regulatory burdens;
- Dedicated training and advisory services.

Further, DAFF's draft national strategy – “*Support and Development of agro-processing Small, and Medium Enterprises in South Africa*”– recommends the following interventions to support and develop SMMEs in the agri-processing sector:

- Entrepreneurial support;
- Enterprise Development;
  - Access to Finance
  - Access to markets
  - Incubation
- Infrastructure investment to support SMME agri-processing.

The rig and refurbishment sub-sector of the oil & gas industry represents an immediate opportunity for the Western Cape across the value chain. Although the high traffic location and low cost make the Western Cape an attractive option for rig operators, significant constraints exist linked to insufficient infrastructure and local skills. Addressing the internal challenges in the provision of bulk services could represent an opportunity for SMME development and job creation. Given the potential that exists, it is critical that SMMEs be capacitated and strategically positioned (e.g. based on the bill of materials) to take up opportunities linked to the downstream activities (rig repair and refurbishment, supply and logistics). The provision of bulk services (roads, energy) to the industry also holds potential for SMMEs (e.g. activities linked to a supplier development programme).

## **Outcomes**

Enterprise Development is aligned to Outcome 4 of the MTSF of “decent employment through inclusive economic growth” and PSG 1 of “creating opportunities for growth and jobs”. The contribution of the Enterprise Development unit to agri-processing will also contribute to Outcome 7 of the MTSF – “vibrant, equitable and sustainable rural communities with food security for all”.

In making a significant contribution to the achievement of PSG 1, the following outcome needs to be pursued and achieved:

- A contribution towards job creation and the growth of businesses which translates into growth in gross domestic product.

## **Focus Areas**

### **Focus Area 1: Entrepreneurship**

In order to work towards the realisation of the stated outcome, the key focus areas identified for the next five years are:

- Enterprise eco-system – this will include targeted measures, including access to finance, access to local and export markets, and dedicated advisory/training services.
- Entrepreneurship Culture / Awareness.

## Premier's entrepreneurship recognition awards

It is imperative to develop a culture of entrepreneurship and entrepreneurial thinking in order to support the creation of jobs and opportunities by small businesses. The Premier's Entrepreneurship Recognition Awards (PERA), which aims to recognise and showcase entrepreneurial achievement in various areas and sectors, will be enhanced as follows:

- Awards will include the traditional and other additional categories and those that focus on, prioritise and acknowledge the achievements made in the identified Project Khulisa sectors (e.g. agri-processing and tourism).
- A pipeline of potential entrants will be drawn from four distinct projects:
  - High School Entrepreneurship Education – a partnership with all the key role-players involved in extra-curricular entrepreneurship programmes;
  - Business idea and incubation for tertiary students – a collaborative project involving the four provincial tertiary institutions, namely, UWC, UCT, US and CPU;
  - Emerging Business Support Programme – a capacity building intervention aimed at fast-tracking the growth of (the smaller) emerging small businesses, and
  - Investment readiness – capacitating businesses to package their product offerings to ensure they are able to access funding opportunities from funding institutions.

## Focus Area 2: Agri-processing

The focus will be on providing business support (financial and non-financial) to emerging farmers the sub-programme will undertake the following interventions:

- Access to finance – will comprise of two parts. All national funding available to businesses active in the sector will be extensively marketed and facilitated. A provincial fund (managed by the sub-programme) will provide funding for capital equipment and improving operational efficiencies (e.g. becoming compliant with regulatory requirements such as certification, and delivering on export requirements).
- Growth acceleration – this project will see the selection of high growth potential small businesses in a 6 to 8 month programme that will provide SMMEs with the opportunity to strengthen their business viability and sustainability through accessing services such as mentoring and coaching (training and advisory), developing business and finance knowledge, access finance opportunities and developing human capital to ensure that the core of the business is strengthened.
- Business Support Services. In collaboration with the Extension Support Services unit (providing technical support to farmers and agri-processing firms) of the Department of Agriculture, this programme will provide hands-on support including business advisory services, mentorship, information and networking, to agri-processing businesses in the five non-metro districts.

**Focus Area 3: Oil & rig repair**

The sector, although dominated by capital-intensive investment firms, depends on a network of smaller suppliers (contractors) to support the major firms. The sub-programme will strengthen the work already being done by Programme 3 and SAOGA regarding supplier development, by providing financial support (access to finance) to firms that have been identified through SAOGA's programme of benchmarking to implement capacity-improving recommendations (e.g. tooling, processes), and contributing to growth acceleration by providing focused support to high growth potential small businesses.

**Sub-programme 2.2: Regional and Local Economic Development**

Strategic Priority: Local economic development (LED): ensure our economic, social and environmental sustainability

Strategic Objective	To improve the business environment in non-metro areas through effective LED coordination that supports growth of the regional economy.
Objective Statement	To ensure that the LED Maturity Index Average increases by 6 percent annually, with the provision of municipal assessments and strategic capacity building support and, to maintain a Coordination Satisfaction Index of 70% among stakeholders.
Baseline	The baseline for the LED Maturity Index has been established to inform 2015. No baseline exists for increasing the level of business activity in non-urban areas by GDP- aligned PSG 1 target figures.
Justification	To deliver on PSG 1, actions that government and business can take to unlock potential must be prioritised. These include ensuring that a sound local business environment is created where sectors that deliver jobs will thrive, and where well-capacitated and well-functioning institutions operate to provide an environment conducive to business development, sustained growth and job creation. In a spatial context, a municipality plays a pivotal role in determining the economic trajectory of the region. Hence, municipal capacity to plan and execute local economic development underpins a region's ability to grow, become competitive and deliver jobs.
Links	National Development Plan, Medium-Term Strategic Framework, OneCape 2040, Local Government Strategic Agenda, Provincial Strategic Plan PSG 1, Project Khulisa.

**Strategy**

While provincial initiatives around poverty alleviation will be addressed by the social mandate of the WCG, supporting an enabling business environment created in poverty-stricken localities promotes the emergence of a more resilient and inclusive local economy once positive impact on social ills is demonstrated. Similarly, supporting an enabling business environment in growth potential rural towns by addressing constraints such as municipal red tape blockages has the ability to make a significant if modest improvement in jobs created.

For the spatial impact to be felt across the province, sound coordination is needed between government and business to unlock potential. A more integrated approach to planning, budgeting and implementation across spheres of government has to be strengthened. To promote vertical and horizontal alignment, the Department will provide more leadership, coordination and integration in efforts to increase economic development activity in local areas.

The Department recognises that capacity at local government level must be improved as one of the mechanisms to increase local economic development (LED) activity and performance. Competent and functioning local stakeholders like municipalities are critical partners, enablers and recipients of economic initiatives aimed at stimulating local economic development. Municipalities need improved understanding of their local economies to support economic opportunity and improved competitiveness. The five districts, along with the metropole, have a substantial role to play in sustainable economic growth and development. Mature and capable municipalities will significantly improve the successful delivery of Project Khulisa and PSG 1.

The following are identified as key problem areas to be addressed:

- Inadequate and ineffective coordination of public (and private) sector economic development and growth efforts that result in fragmented and sub-optimal outcomes of stakeholder effort.
- A lack of local government level competency and/or capacity to participate in and even drive planning and implementation of LED in an integrated and sustainable manner.

## **Outcomes**

In pursuing the objectives of PSG 1, the following outcomes will need to be addressed through the sub-programme's engagement with local authorities and through its coordination economic growth and development with other role-players:

- Increasing the annual LED Maturity Index Average as measured by the Municipal LED Maturity Index.
- Increased levels of business activity in 'non-urban' areas in the Western Cape.

## **Focus Areas**

The Department will take a spatial perspective to the challenge of delivery. Over the next five years the Department will strategically expand its spatial footprint in the province by tackling the Khulisa Priorities aimed at building a regional economy where, along with growth and jobs, the impact sought includes greater inclusivity and resilience through increased levels of business activity in the non-urban economies in the Western Cape. This expansion will have three key focus areas: sound regional coordination of economic action, district-level economic intelligence and strengthening local government capacity.

## **Focus Area 1: Support for sound regional coordination**

Over the next five years the Department will drive and coordinate LED initiatives through the provision and coordination of sectorally-focused initiatives and interventions, that enable improved urban and rural localities to emerge and contribute to the regional economy.

Improved regional coordination can provide an essential link between national, provincial and local priorities and can ensure integrated regional growth and development. The proposed programme aims to put into practice a 'whole of government' approach, along with private sector commitment.

The Department will play a lead role in the regional coordination required to achieve Project Khulisa's objectives. This will be done to carefully monitor action required to support sustainable local economies.

Over the next five years, the Department will contribute to building constructive intergovernmental relations and improving service delivery, strengthening regional coordination by:

- Supporting coordination and ensuring support for priority sector initiatives (in agri-processing, tourism, and the oil & gas service sectors), along with investigating potential interventions that can be supported around enablers that are critical to realising economic growth and jobs. The sub-programme will use the sectoral focus to encourage urban and rural development plans and unlock solutions to optimise the key enablers.
- Driving well-coordinated district-level economic planning that will be used to inform the forward planning by the Department (aligned to integrated development planning (IDP) and LED strategies of localities) and inform municipal integrated development planning and delivery (aligned to PSG 1 and Project Khulisa). Supporting national and provincial imperatives where there is a need for the Department to participate in planning and implementation related to transversal programmes and projects (e.g. the Joint Planning Initiatives (JPI), the RSEP-VPUU, geographically-focused initiatives like the IDZ development and CRDP nodes). Support of these types of projects will foster cross-municipal and national partnerships. Improved service delivery can be achieved if these are well coordinated in terms of planning and synergy around resources.
- Utilising platforms to drive economic agendas and economic transversal work groups that are geared to local delivery. Our aim is to drive the provincial economic agenda of Project Khulisa and PSG 1, capitalising on networks, strengthening cooperative governance and supporting the development of mechanisms for improved Inter-Governmental Relations (IGR) that successfully delivers growth and jobs.
- Supporting the creation of a credible repository of local level data, information and intelligence. This would ensure that credible, updated profiles of local regions are created and maintained that would support the performance of trend analysis and provide a platform to alert the Department to regional distress situations and latent and emerging economic opportunity. Such a repository would inform both scenario planning and forward planning.

## **Focus Area 2: District-level intelligence**

The creation and maintenance of a credible repository of local-level data, information and intelligence will be supported by the sub-programme as a transversal project that aims to ensure that credible, updated profiles of local regions are created and maintained. This will support trend analysis and would assist the Department to identify regional distress situations and latent and emerging economic opportunities that would inform the Department's planning.

Ongoing sector and district intelligence will be provided by staff frequently interacting with relevant role-players and engaging in research. District-level economic intelligence will be crucial in tracking and monitoring the impact of Project Khulisa-related interventions in the sectors of agri-processing, tourism and oil and gas.

## **Focus Area 3: Strengthening local government capacity**

Since the inception of integrated development planning by local government the Department has accepted the need for sound capacity-building support at municipal level. Over time the type of support provided has changed from identifying, developing and supporting local economic projects with limited resources, toward RLED facilitation and access to RLED tools by the local economic role-players.

The capacity of municipalities has improved over time, as has their maturity to deal with their economic development responsibilities. Municipalities that display improved maturity tend to have adopted more sustainable practices, taken the time to build a sound basis for their growth and development plans, have (and continue to foster) better networks and partnerships both within their localities as well as beyond their borders, and have better capabilities to access and leverage resources and support programmes.

The Department has again re-evaluated its role in the provision of capacity support to local government over the next five years.

- It will support the professionalisation of the public service. The National Development Plan (NDP) suggests that national and provincial governments should view capacity building as a long-term process and promote local government as a career path through measures such as local government graduate programmes.
- The Department will continue to provide leadership around regional priorities and the related LED plans that can effectively shape and inform integrated development plans (IDPs). The Western Cape Provincial Delivery Plan utilises a 'whole of government' approach to strengthening the IDPs of municipalities around a more cohesive growth plan for the regional economy.
- The Department will continue to support municipalities through its LED Assessments that look at both assessment and measurement of municipal performance. It will utilise this mechanism to contribute to determining the spatial impact of PSG 1.

## **Sub-programme 2.4: Red Tape Reduction**

Strategic Priority: Red tape reduction: making it easier to do business by addressing red tape

Strategic Objective	To improve the business regulatory environment for entrepreneurs and businesses to develop and grow in the Western Cape.
Objective Statement	To support the overall Department objective statement of increasing GVA by increasing productivity through realising a saving of R500 million (by 2020) in the cost of doing business for businesses in the Western Cape.
Baseline	No current baseline exists.
Justification	<p>Modern governments, mindful of creating an environment that improves the competitiveness of domestic firms, focus on more than macroeconomic conditions. They also pay attention to the quality of laws, regulations and institutional arrangements that shape daily economic activity, as these have a direct effect on the business environment and climate within an economy. Research into red tape and its reduction shows that developing countries can improve their annual growth rates by creating a more enabling environment.</p> <p>Governments have started to shift their focus increasingly towards systematically analysing and influencing countries' business climates – of which the cost of doing business is a critical component. The improvement of the regulatory environment is now seen as the single most important element of an economic growth strategy.</p>
Links	National Development Plan, Medium-Term Strategic Framework, OneCape 2040, Provincial Strategic Plan, Project Khulisa.

## Strategy

Red tape is defined as:

- Non-essential procedures, forms, licences and regulations that add to the cost of dealing with government.
- Anything obsolete, redundant, wasteful or confusing that diminishes the competitiveness of the province, stands in the way of economic growth and job creation or wastes taxpayers' time and money.

Red tape within government has consistently been identified as one of the core elements which restrict business development and job growth. Unnecessary or complicated procedures and systems also create costs. There might be increased training, compliance, enforcement and performance monitoring costs for management and staff to implement the procedures and systems.

The cost of red tape within an organisation does not only relate to its own budget and resources, but also creates costs for stakeholders interacting with the organisation. In a provincial and municipal context, red tape increases the cost of doing business by the private sector directly through:

- Compliance costs – the time spent by businesses (owner/manager and staff) on understanding the rules and applying them, plus payments for professional advisors such as lawyers and consultants.
- Efficiency costs – includes costs of the effects of businesses choosing to constrain growth, innovation or diversification in order to avoid regulation (e.g. a business deciding to operate only below the VAT threshold), deterrence of foreign investment or foreign trade, the use of capital intensive production methods to minimise the impact of employment laws even when unemployment is high.

The creation and enhancement of an enabling environment for business is recognised as fundamental to supporting a competitive economy. The amount of red tape and bureaucracy faced by stakeholders when dealing with government is considered a key constraint to economic development and growth.

Red tape interferes with:

- The ability of business to compete in a global marketplace (and in the provincial context, with other provinces) as a result of unnecessary rules and delays and the associated costs.
- The rate of establishment of new businesses.
- The sustainability and/or growth of existing enterprises.

Project Khulisa identified burdensome regulations as a challenge in all the priority sectors in Horizon 1. For example, the strict and onerous visa regime negatively affects tourism and the oil & gas sector. The business environment remains unattractive because of the regulatory burden (e.g. red tape, permits, requirements, certifications), uncertainty and insufficient enforcement of rules and regulations on the domestic market (e.g. lack of monitoring/quality control on the imported products, competition from the informal market).

Project Khulisa identified seven initiatives that could support the Western Cape's tourism strategy one of which – engaging the national government on the issue of the onerous visa regulations that came into operation in May 2014 – falls within the ambit of the Red Tape Reduction Unit. The unit will also investigate the extent to which permits for tourism-related events and special event liquor licences present challenges for event organisers and/or local businesses.

The red tape issues in the agri-processing sector that have been identified for possible intervention over the five-year period include:

- The complex regulations and requirements with which food processors must comply.
- Inconsistencies between food safety regulations and labelling requirements for the local market and those of key export markets.
- The fact that the product liability provisions of the Consumer Protection Act have provided an opportunity for large retailers in South Africa to shift product liability down the supply chain to the suppliers of food products.
- The withdrawal of EUR-1 certificates.
- The cost and time taken to process documentation and fulfil procedures related to export activities.

The issue of visas for foreign nationals with the relevant scarce skills was identified as one area for intervention in the oil & gas services sector, which will entail engagement with the national government departments of Home Affairs and Labour. Other areas for potential intervention by the unit include delays in obtaining abnormal vehicle registrations and abnormal load permits, as well as permits for transportation of workers to and from off-shore rigs.

## **Outcome**

In making a significant contribution to the achievement of PSG 1, the following outcome needs to be pursued and achieved by 2020:

- Reducing the cost of red tape to the Western Cape economy (business and government) by R500 million.

## **Focus Areas**

The three focus areas where red tape occurs are:

- Legislation – regulatory reviews;
- Processes and procedures – business process improvement (in respect of business-facing services offered by provincial and local government); and
- Communication – Improving communication, awareness, transparency and stakeholder management.

### **Focus Area 1: Regulatory reviews and assessments**

Poor quality regulation increases compliance costs for business, leads to unnecessary complexity and uncertainty about regulatory obligations, and reduces the ability of government to achieve its objectives. In order to make it easier to do business in the Western Cape, the regulatory environment will be reviewed and areas of possible improvement identified.

### **Focus Area 2: Business-facing services and procedures – provincial and local government**

Typically, red tape in administrative systems is caused by factors such as poor management skills, lack of formal procedures, poor design of procedures, little oversight of the performance of procedures and staff simply not following procedures. Complicated forms, unnecessary steps or poor IT systems also create problems. Business Process Improvement (BPI) will be applied to streamline the delivery of business-facing services by government departments and municipalities in the province.

### **Focus Area 3: Communication, advocacy and awareness**

In South Africa, very little has been done to demonstrate commitment to improving the business environment, whether by making regulations less burdensome, or improving processes through application of technology or better communication. To establish a culture of continually improving the regulatory environment, the buy-in and support of politicians, government officials and business are critically important and will be pursued in Programme 2's communication strategy.

In order to address the challenges discussed above, the sub-programme will embark upon an awareness and advocacy programme comprising the following:

- Business Support Helpline - allowing businesses to register all red tape-related cases for investigation and resolution;
- Red Tape Challenge – affording provincial and local government officials the opportunity to enter suggestions for red tape reduction within their own environments, and
- Business engagement – both one-way (via media such as radio, newspapers) and two-way (through workshops and other face-to-face engagements).

## Resource considerations

In delivering on the outputs and outcomes for the five-year period, the resource requirements will need to be addressed by the refreshed organisational structure and the matching budgetary allocations for programmes (and projects) and staffing.

**TABLE 2.1: NOMINAL EXPENDITURE ON PROGRAMME 2: INTEGRATED ECONOMIC DEVELOPMENT SERVICES**

Programme 2: Integrated Economic Development Services	Audited 2011/12 R'000	Audited 2012/13 R'000	Audited 2013/14 R'000	2014/15 (Main) R'000	2014/15 (Adjusted appropriation) R'000	2015/16 (Indicative) R'000	2016/17 (Indicative) R'000
Sub-Programme 2.1: Enterprise Development	28 247	26 281	31 828	37 044	35 676	33 040	42 417
Sub-Programme 2.2: Regional and Local Economic Development	9 446	13 315	7 988	9 218	8 484	10 487	9 727
Sub-Programme 2.3: Economic Empowerment	5 989	5 505	3 697	4 196	3 946	3 355	3 476
Sub-Programme 2.4: Red Tape		4 357	4 682	7 540	6 941	10 702	8 678

Programme 2: Integrated Economic Development Services	Audited 2011/12 R'000	Audited 2012/13 R'000	Audited 2013/14 R'000	2014/15 (Main) R'000	2014/15 (Adjusted appropriation) R'000	2015/16 (Indicative) R'000	2016/17 (Indicative) R'000
Sub-Programme 2.5: Management Integrated Economic Development Services	8 100	1 848	1 812	2 326	2 077	2 522	4 145
Total Programme	51 782	51 306	50 007	60 324	57 124	60 106	68 443

**TABLE 2.2: NOMINAL PAYMENTS AND ESTIMATES PER ECONOMIC CLASSIFICATION ON PROGRAMME 2: INTEGRATED ECONOMIC DEVELOPMENT SERVICES**

Programme 2: Integrated Economic Development Services	Audited 2011/12 R'000	Audited 2012/13 R'000	Audited 2013/14 R'000	2014/15 (Main) R'000	2014/15 (Adjusted appropriation) R'000	2015/16 (Indicative) R'000	2016/17 (Indicative) R'000
Current payments	23 502	27 176	30 182	34 574	32 817	36 425	68 243
Transfers and subsidies to:	27 900	23 826	19 495	25 400	23 943	23 325	
Payments for capital assets	370	304	311	350	350	356	200
Payments for financial assets	10		19		14		
Total economic classification	51 782	51 306	50 007	60 324	57 124	60 106	68 443

**TABLE 2.3: STAFF ESTABLISHMENT FOR PROGRAMME 2: INTEGRATED ECONOMIC DEVELOPMENT SERVICES**

Programme 2: Integrated Economic Development Services	Number of Posts on Establishment	Number of Posts filled	Number of Vacant Posts	Vacancy Rate(%)	Number of Posts Filled additional to the Establishment
Total Programme	41	34	7	17.1%	3

## Risk management

Strategic Objective	Risk	Mitigating strategy
To contribute to the sustainability and expansion of small businesses.	Lack of cohesion between government departments which inhibits effective programme implementation to grow and expand businesses in the priority sectors.	Develop joint planning and implementation strategies with stakeholders and key role-players.
To improve the business environment in non-metro areas through effective LED coordination that supports growth of the regional economy.	Given the capacity and competency challenges at local government level, there is inadequate LED planning and execution by municipalities to positively impact on LED efforts and increase economic growth.	Consistent close working relations with municipalities will ensure identified gaps are understood and addressed through ongoing support by provincial departments.
To improve the business and regulatory environment for entrepreneurs and businesses to develop and grow in the Western Cape.	Limited awareness and understanding of the need among key role-players to reduce the cost of doing business resulting in limited buy-in and support of red tape reduction initiatives.	Regular engagement with stakeholders and ongoing efforts will ensure that the importance of the reduction of red tape and its benefits underpin economic development and growth initiatives.

# Programme 3: Trade and Sector Development

## Strategic Objectives

### Purpose

The purpose of this programme is to stimulate economic growth through sector development, trade and investment promotion.

### Programme structure

- Sub-programme 3.1: Trade and Investment Promotion
- Sub-programme 3.2: Sector Development
- Sub-programme 3.3: Strategic Initiatives
- Sub-programme 3.4: Management: Trade and Sector Development

### Context and Background

Sectoral programmes and trade & investment are seen at all levels of government as key mechanisms for the country to achieve employment and economic growth potential. A sectoral approach provides the strategic framework for the industry-facing components of the key strategic priorities identified in the PSP and Project Khulisa, through developing a deep understanding of the industry policies, implementation strategies and networks underpinning each sector.

The following areas of the PSP are influenced by the sector programme: making it easier to do business, boosting competitiveness, and promoting the Western Cape in national and international markets.

Building on the deep networks and sector development experience within the team, the Programme will focus on developing strategic capabilities in the priority production sectors identified in Project Khulisa over the next five years as well as key enabling sectors.

Concrete action plans will be developed in the short term for the agri-processing and oil & gas sectors. To this end, 'deep dive' processes will be held for each, which will assist in developing a more detailed road-map to guide government over the medium to longer term.

With regard to catalytic initiatives, the approach is to identify and develop economic projects which are transformative in nature, improving the enabling environment in which businesses and specific industries operate. The Strategic Initiatives sub-programme aims to overcome critical inhibitors to economic growth and/or capitalise on economic opportunities that arise due to market forces or technological advances. The key catalytic economic growth drivers are industry-orientated infrastructure developments, design and innovation, broadband and the green economy.

The following national and provincial policy directives underpin the Department's approach to strategic initiatives.

The National Development Plan (NDP) lists infrastructure, broadband, innovation and resource sustainability as key elements required to foster growth and job creation. The national government has developed a suite of strategies and policies to promote and develop each of these national priorities.

Within the Medium-Term Strategic Framework 2014–2019, the national government has developed 14 national outcomes to realize its NDP objectives, of which three are most relevant to the Programme: decent employment through inclusive growth – industry support, industry infrastructure and innovation (Outcome 4); an efficient, competitive and responsive economic infrastructure network – infrastructure (Outcome 6); and environmental assets and natural resources that are well protected and continually enhanced – Green Economy (Outcome 10).

The Strategic Initiatives sub-programme is responsible for driving the 'innovative', 'resource-efficient' and 'connected' aspects of the Western Cape Government's OneCape 2040 vision of 'a highly skilled, innovation-driven, resource-efficient, connected, high opportunity and collaborative society'.

Project Khulisa, which acts as a key informant of the strategic direction embraced by PSG 1, identified key sectors which could stimulate growth in the region and the objectives of Project Khulisa are embedded in the delivery of actions within this programme.

### **Sub-programme 3.1: Trade and Investment Promotion**

Strategic Priority: Trade and Investment Promotion

Strategic Objective	The stimulation, facilitation and increase of economic growth and opportunities through export and investment promotion.
Objective Statement	To facilitate employment, effective global participation and economic growth through attracting R8 billion and to facilitate 6 000 jobs by 2020.
Baseline	Annual baseline: Trade and Investment – R1,6 billion Number of jobs – 750 Number of exporters assisted – 400

Justification	<p>Direct investment brings into the economy additional technology, expertise and foreign exchange and, through activities previously not undertaken in the province, creates jobs, while exports by globally competitive companies ensure the sustainability (and growth) of jobs within exporting businesses and bring additional revenue into the country. This contributes towards achieving sustainable economic growth.</p> <p>Contributing towards the identified outputs and outcomes are interventions that: promote the image of the province as a quality destination in which to do business or consume services resulting in increased demand; facilitate and recruit inward investment; offer supply-side assistance to increasing businesses' capacity to take advantage of demand-side measures; open new markets and generate demand from business and consumers outside the Western Cape in order to create decent jobs and work opportunities within firms as a result of growth in demand.</p>
Links	The National Industrial Action Plan, the NDP and PSG 1.
Strategic partners	Wesgro, DTI, foreign economic representatives, foreign embassies, Chambers of Commerce, international investors.

## Strategy

Foreign direct investment (FDI) brings cutting-edge technologies and techniques that increase the competitiveness of a region, and directly create employment opportunities through boosting the capital stock. Trade promotion, on the other hand, is focused on boosting the capacity of local firms to export, or promoting the capabilities of a region to increase demand for local producers of goods or services.

## Outcomes

- Attracting R2 billion worth of investment per year.
- Providing intensive support to 200 exporters per year in the prioritised sectors.
- Facilitation of 1 200 jobs per year as a result of FDI.

## Focus Areas

- Trade and investment promotion;
- Export promotion;
- Drive Africa trade and investment expansion.

### Focus Area 1: Trade and Investment

Adopting international best practice in trade and investment promotion, Programme 3 will strengthen and deepen its investment recruitment by targeting specific sectors as defined by Project Khulisa. Wesgro, in close cooperation with the Trade and Sector Development unit, will develop investment profiles within each targeted sector.

The highly competitive environment for attracting foreign investment is acknowledged as is the fact that the provincial levers (such as tax incentives and land) to attract investors into the region are limited. As the Province cannot compete with other regions on this basis, it will seek to compete on the basis of service quality. This will entail a greater focus on cooperative relationships with regulatory officials and departments that have a role to play in the realisation of the investment projects, such as the departments of Labour, Home Affairs and the DTI.

### **Focus Area 2: Export Promotion**

Export promotion activities will encompass development (training and intelligence-sharing), promotion (actively assisting companies to market their products internationally), and facilitation (proactively pursuing opportunities arising from international markets). Export promotion activities will have a specific focus on activities in targeted and high growth markets as defined by Project Khulisa, particularly in the agri-processing sector.

Industry collaboration will be strengthened, leveraging off the strong networks of companies, particularly with respect to more sector-specific marketing activities. In line with DEDAT's shift to deeper and more impactful interventions, there will be greater emphasis on supporting existing exporters that have already built up some capacity for export and can be expanded substantially, rather than spreading efforts across a wide number of emerging exporters, many of whom may not succeed.

### **Focus Area 3: Drive Africa trade and investment expansion**

There is an opportunity to develop a catalytic programme in the export readiness and uptake of export opportunity for the Western Cape with respect to Africa. Programme 3 will begin to explore this investment opportunity in line with the Province's Africa Framework developed in 2013. It will leverage intelligence and relationships with the development of key partnerships both inside and outside the Western Cape, and drive the growth and competitiveness of Western Cape companies through outward investment.

The focus for the programme over the next five years will therefore be on strengthening Wesgro and its investment and trade promotion role in the province, particularly its capability to target key investments in a more proactive approach.

### **Sub-programme 3.2: Sector Development**

Strategic Priority: Sector Development

Strategic Objective	To develop and grow productive and employment-creating industries.
Objective statement	To develop and grow GVA of prioritised industries by R10 billion by 2020.
Baseline	GVA contribution of agri-processing and oil & gas: R25 billion.

Justification	<p>Economic growth in productive and employment-creating industries of the economy as defined through Project Khulisa speaks directly to the PSP. The development of these sectors will be achieved through a range of initiatives targeting existing businesses within the relevant sector, and potential entrepreneurs and employees entering the industry. The initiatives will increase global competitiveness of enterprises operating within the sectors, and facilitate opportunities for the growth of firms and employees within the affected firms. The expansion of firms will then contribute towards growth in the economy.</p> <p>The range of interventions offered to firms have a common purpose, namely to increase the number of sustainable jobs, to increase the expansion of firms, and to increase the number of new firms within the sector.</p>
Links	Links to the National Industrial Action Plan, the NDP and the PSP.
Strategic partners	DTI, DPE, DST, tertiary institutions, industry associations, SETAs, SOCs and DEDAT.

## Strategy

Industrial sector competitiveness encompasses all factors that impact on the external environment within which a firm operates as well as the internal efficiencies acting within a firm itself. Due to the nature of the external environment, it makes sense to tackle these issues systemically at the level of the sector, and to effect interventions to either address market failures or constraints holding back the growth of the sector, or to identify opportunities that are of interest to the sector as a whole.

Interventions that need to be effected to address firms' efficiencies and productivity are also better done at a sector level, where the lessons from benchmarking and upgrading programmes can be shared among firms.

The Department has built up an experienced team of professional economic development practitioners, who have developed a deep understanding of all aspects of the prioritised sectors in which they operate. Therefore, the Department understands the structure of the sector, the leading and lagging players, the critical constraints to growth, and the competitive position of each industry and the growth opportunities that exist.

This allows a holistic, private sector-led approach to economic development of the priority sectors, harnessing and focusing resources not only from the Department, but from the whole of government and the private sector.

The Department will continue its support for industry development through various interventions including clustering methodologies, partnerships and economic policy-making. This will include trade and investment support, unblocking the more systemic regulatory challenges in cooperation with the Red Tape unit, as well as infrastructural mega-projects through Cape Catalyst.

## Outcomes

- Created 100 000 direct employment opportunities in the priority sectors over the five-year period.
- Increased the number of exporters in each priority export sector by 50 percent.
- Reduced regulatory barriers.
- Improved firm level competitiveness.
- Leveraged funding of R250 million.
- Increased number of firms benefiting from national incentives.
- Developed and implemented three critical projects and programmes in each priority sector.

## Focus Areas

- Priority sector customised programmes (Horizon 1 sectors – see Fig. 2, Part A).
- Firm level competitiveness.

### Focus Area 1: Customised Sector Programmes

Customised Sector Programmes develop and implement high-impact sector strategies focused on the Khulisa priority sectors. The Department will focus on:

- Ensuring the development of comprehensive sector strategies by the sector units.
- Resolving the critical constraints to growth, particularly ensuring the coordination of skills across the industry, and support for the development of export capabilities.
- Identification and lobbying to resolve infrastructural constraints.
- Upgrading programmes in terms of benchmarking, productivity and mentorship, to ensure firms have the capacity to expand to meet the demand and regulatory requirements required from the new markets.
- Prioritising and implementing critical projects and programmes.
- Building the understanding across all levels and spheres of government of the needs of the prioritised sectors, and the roles that each can play in providing support to industries.

As identified by Project Khulisa, the Sector Development sub-programme will primarily focus on the agri-processing and oil & gas sectors. While the sub-programme will de-emphasise other sectors that it supports, it will maintain a capability in non-priority sectors to create a foundation for intervention in Horizon 2 sectors (see **Figure 2, Part A**).

### Agri-processing

In collaboration with the provincial Department of Agriculture, the sub-programme will conduct a deep dive into the agri-processing sector to improve its sector intelligence. Key characteristics such as industry structure, growth prospects for key sub-sectors, current levels of processing per commodity, agri-product complexities, and commodity and product end markets in the sector are not clearly understood. Working with the Department of Agriculture, Sector Development will design an action plan and key milestones in year one of the five-year plan. It is envisaged that the plan will include:

- Promotion and support to market Western Cape products (domestically and internationally) as well as to accelerate the development of new markets (e.g. BRICS, Africa, etc.).
- Infrastructure development through the development of food hubs to assist companies to optimise production and supply to the market.
- Focusing on specific products aimed at developing local product value chains.
- Implementing water use efficiency programmes to improve water management.
- Implementation of agri-processing training and skills development programmes to address scarcity of skilled labour.

## **Oil & Gas**

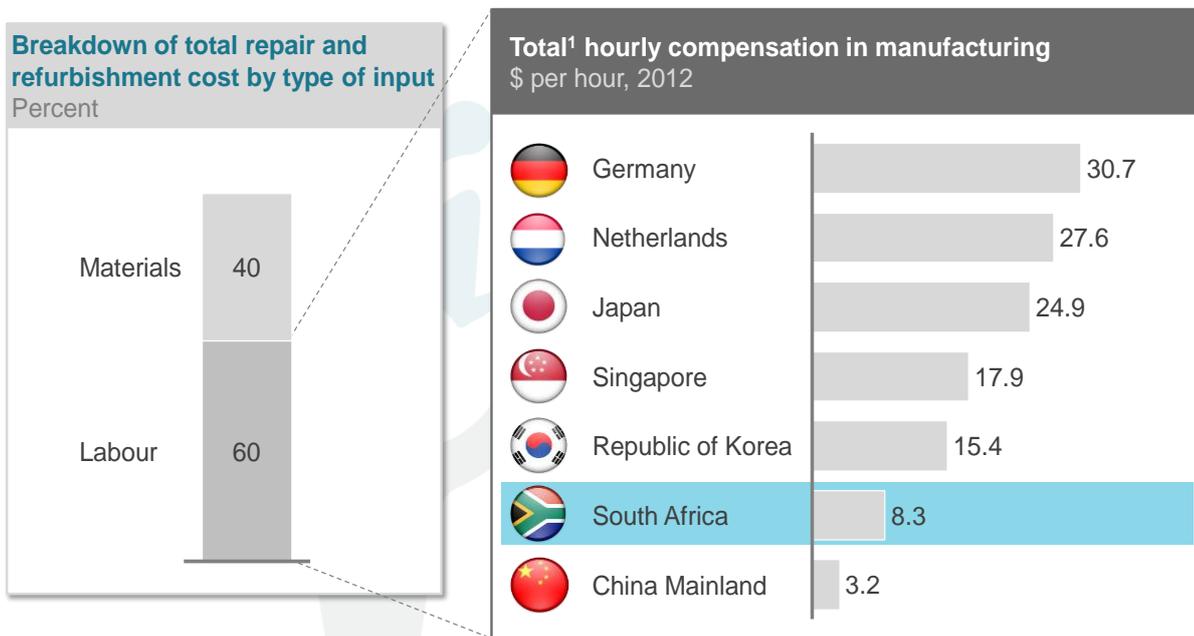
The oil & gas industry has grown rapidly over the past five years. The sector currently contributes 35 000 jobs and has a GVA of R1 billion. Nearly 600 vessels are deployed along the east and west coasts of Africa. In the main, vessel servicing is undertaken in the Far East. The primary reason is because of capacity shortages in South Africa, specifically in the Western Cape.

Under a high growth scenario, in which constraints to growth are addressed, it is estimated that the industry could add a further 60 000 formal jobs and a further R2 billion GVA to the region.

Constraints to growth include insufficient port infrastructure to undertake increased rig repair, both at the Cape Town and Saldanha ports. While port infrastructure development is the mandate of the TNPA, the Department will monitor progress and perform a lobbying and advocacy role with regard to the agreed TNPA upgrade project of the two ports.

Other infrastructure upgrades required, such as road and water supply upgrades, both critical for the support of a growing sector, are within the mandate of provincial and municipal governments. The Department will work through Provincial structures to agitate for the development of these upgrades in support of industry growth.

The oil & gas sector is a labour absorptive sector. However, the industry, as depicted in **Figure 4** below, is driven by labour costs. It is critical that as infrastructure is developed, a suitably certified supply of labour is developed and that skills programmes recognise the levels of experience required by the industry.



**FIGURE 4: HOURLY COMPENSATION IN MANUFACTURING WORLD-WIDE**

More than 1 500 people from over 30 different occupations are required to repair one rig. The industry estimates that the Saldanha region requires 13 times the available skilled persons in the region to support the industry. Furthermore, only three of fourteen critical skills are offered by FET/TVET colleges in the province. These are significant constraints to sector growth.

The supply of skills in the industry is highly constrained and industry role-players concur that a range of certifications has to be developed and skills intervention activities significantly ramped up. The sub-programme will identify and co-develop skills projects in collaboration with the Skills Development Programme in the Department to address skills shortages in the sector.

As depicted in **Figure 5** below, in addition to infrastructure upgrades and skills development, the Department will, in collaboration with Wesgro, promote the region's capabilities in rig repair.

	Extent of impact on rig repair challenges	Description	Expected impact of intervention	
Port infrastructure funding and revenue model	Significant positive impact on rig repair	<ul style="list-style-type: none"> <li>Enhances business case for investment in rig repair port infrastructure</li> <li>Improves TNPA coordination with industry but does not provide funding</li> </ul>	Small impact on rig repair	
Strategic marketing campaign	Significant positive impact on rig repair	<ul style="list-style-type: none"> <li>Targets vessel operators in emerging markets</li> <li>Promotes South African ports in general and not Western Cape specifically</li> </ul>	Moderate impact on rig repair	
Existing infrastructure upgrade	Moderate impact on rig repair	<ul style="list-style-type: none"> <li>Increases capacity at Saldanha Bay port only and not bulk services infrastructure</li> <li>Stimulates some interest in rig repair at Cape Town port but opportunity is small</li> </ul>	Significant positive impact on rig repair	
New infrastructure development	Moderate impact on rig repair	<ul style="list-style-type: none"> <li>Establishes a flagship oil and gas services hub at Saldanha Bay but not the bulk services necessary to support it</li> <li>Develops a rig repair facility</li> </ul>	Significant positive impact on rig repair	
Skills development plan	Small impact on rig repair	<ul style="list-style-type: none"> <li>Establishes trade RPL Centres in Saldanha</li> <li>Increases number of generalized maritime skills but not rig repair specific skills</li> </ul>	Significant positive impact on rig repair	

FIGURE 5: PROMOTE SALDANHA'S CAPABILITIES IN RIG REPAIR

## Focus Area 2: Firm Level Competitiveness

Firm level competitiveness programmes are aimed at developing an understanding of the degree of competitiveness of the firms in Horizon 1 sectors, through mechanisms such as sector-specific benchmarking tools, and then identifying appropriate interventions at a firm level to reinforce their strengths and intervene in their areas of weakness. These interventions are aimed at upgrading the overall capabilities of firms to meet new demand.

Linked to the upgrading programmes is the need to secure incentives and investment in new productive capacity to ensure that the firms are closer to the international technology frontier and sources of innovation.

Once firms reach a level of competitiveness, the focus will shift to finding suitable domestic and international markets, using a deep understanding of international value-chains and the power relationships that exist. On the domestic front, the focus will be on independent marketing, through traditional and new channels (such as internet marketing and direct sales), as well as through supplier-development programmes with retailers. On the international front, the focus will be on targeting key markets using a range of tools to build a sustained presence in the market.

Key projects and programmes include:

- Firm level benchmarking.
- Developing and implementing interventions to address the gaps identified in the benchmarks.
- Increasing productive investment in firms using incentives and funding mechanisms.
- Providing links to the regional and national innovation system.

- Reducing costs and inefficiencies through linkages to existing programmes within the Department and across the public sector, such as skills development, green economy and red tape reduction.

### Sub-programme 3.3: Strategic Initiatives

Strategic Priority: Strategic Initiatives

Strategic Objective	Grow and develop the provincial economy through the development of catalytic initiatives which enhance competitiveness, with a particular focus on industry infrastructure, broadband, resource efficiency, and design and innovation.
Objective statement	To improve the competitiveness of the regional economy through facilitating R6 billion of investment in strategic projects in industry infrastructure, broadband, resource efficiency, and design and innovation by 2020.
Baseline	Value of infrastructure investment = R1 250 million.
Justification	<p>Strategic Initiatives are primarily about improving the enabling business environment through the development and support of strategic projects which catalyse market opportunities and leverage technological trends. The objective is to improve regional competitiveness and overcome barriers to growth by developing and supporting strategic interventions which bring about systematic and long-term positive change.</p> <p>Economic Infrastructure development has been found to reduce the cost of doing business, stimulate innovation and business growth and promote scales of agglomeration and clustering.</p> <p>Broadband can improve competitiveness through improved access to opportunities and information, creating new businesses and providing more efficient channels to wider markets. The Western Cape is extremely resource intensive which exposes the province to spiralling energy costs, carbon trade barriers and water shortages. The Green Economy thrust will minimise risks and create opportunities.</p> <p>Design &amp; innovation improves competitiveness of products and services, increases exports, militates against price-based competition, broadens markets and/or lowers costs of doing business.</p>
Links	<p>Developing and facilitating <i>infrastructure</i> is linked to the National Development Plan (NDP), the MTSF, and the PSP.</p> <p>The <i>Broadband Stream II</i> initiatives are shaped by the National Broadband Strategy and Policy ("South Africa Connect") and the Western Cape Broadband Strategic Framework.</p> <p>The <i>Green Economy</i> links to the NDP, the National Strategy for Sustainable Development, OneCape 2040 and PSG 4.</p> <p><i>Innovation</i>, as an outcome of <i>design</i>, has been prioritised by national government through its "Innovation Towards A Knowledge-Based Economy: Ten-Year Plan" and is also linked to PSG 1.</p>

## **Strategy**

Economic development infrastructure is infrastructure specifically developed for the needs of targeted industries and sectors in order to promote the scale of agglomeration and reduce the cost of business. Much like the departments of Education and Health that have dedicated internal capacity to develop their infrastructural needs for schools and hospitals, economic development infrastructure needs to be articulated and defined internally within the context of DEDAT's economic strategies and priorities. Infrastructure required for economic development has to be customised to address the competitive issues facing specific and targeted industries and designed to overcome barriers or stimulate growth and development.

The period 2010–2015 saw the groundwork laid for investments in broadband infrastructure and programmes to equip the Western Cape economy for the information age and changing global environment, and to initiate the roll-out of telecommunication infrastructure. A SITA tender was awarded to Neotel to provide broadband connectivity, with the WCG acting as an anchor tenant to stimulate private sector investment.

Flowing from the Broadband Strategic Framework, a holistic Broadband Implementation Plan for the Western Cape was developed that revolves around a four-stream approach, with Streams 1, 3 and 4 concerning government access and usage of broadband and Stream 2 focusing on the socio-economic objectives of the Western Cape Broadband Framework to diffuse broadband into society and stimulate the uptake of broadband.

The Department will focus on improving accessibility, readiness and usage within communities and businesses, using a combination of demand and supply-driven interventions. Design processes and innovation will be embedded into ongoing business and organisational practice with a view to improving the region's competitiveness through the development of demand-led products and services. This will result in economic outputs which are less dependent on price-based competition, but driven rather by user need, quality, sustainability and efficiency.

The need to enhance the performance of our natural environment is critical to ensuring sustainable green growth. Growth in green investment and market opportunities sit at the centre of the Green Economy Strategic Framework, supported by five drivers, covering smart living and working, mobility, eco-systems, agri-production and enterprises, and five enablers, namely energy infrastructure, skills, knowledge management, finance and regulation.

## **Outcome**

In making a significant contribution to the achievement of PSG 1 and PSG 4, the following outcome will be pursued by 2020:

- R6 billion investment into strategic projects facilitated.

## **Focus Areas**

### **Industry Infrastructure (Cape Catalyst)**

#### **Focus Area 1: Support and develop major industry-orientated infrastructure**

The Department will continue to conduct project development and implementation of the current Cape Catalyst projects, providing that they meet the gateway approval criteria justifying continued support. The Department acknowledges that infrastructure development requires lengthy gestation as substantial research and project preparation need to be undertaken to determine viability and feasibility, given the high capital costs demanded. In addition, because the Western Cape has taken a demand-led approach, Cape Catalyst projects require inputs and support from a wide variety of stakeholders, a time-consuming process. As a result, a number of projects initiated in the 2010–2015 period are still being implemented that are expected to be completed in the 2015–2020 period. These projects include the Cape Health Technology Park, the Saldanha Industrial Development Zone, Cape Town International Convention Centre and Improved Air Access to Africa.

New catalytic projects may be identified through research, consultations with stakeholders and/or prioritisation through the Provincial Strategic Goals and game-changers. Potential projects could include the development of agro-logistics hubs, animation studios, ICT parks and tourism attractions.

#### **Focus Area 2: Development of soft infrastructure and support for demand-stimulating, take-off of infrastructure**

The role of the Department is not only development of new infrastructure, but also to improve access to existing infrastructure or to develop soft infrastructure programmes in a manner that supports the economic objectives of the Province.

The Department will stimulate, support and coordinate, where relevant, new projects and initiatives which have arisen out of initial Cape Catalyst projects, such as the West Coast Industrial Strategic Framework, implementation of the Design Strategic Framework, Air Access Strategy, and socio-economic projects arising from the Broadband Initiative.

### **Broadband Stream II**

In delivering the socio-economic objectives of the Western Cape Broadband Plan, the focus areas for 2015–2020 will be as follows:

#### **Focus Area 1: Leadership Coordination and Support**

Leadership coordination will comprise:

- The formation and support of stakeholder platforms to stimulate engagement and up-take.
- The need to monitor the progress of the Western Cape Broadband Strategy.

The stakeholder engagement and coordination programme will utilise a range of mechanisms, including functionally themed stakeholder forums and more formal, structured stakeholder platforms such as the formation of the Broadband Foundation, that will allow for joint funding of broadband projects.

With respect to monitoring of progress and impact, the first baseline study for broadband was planned for completion at the beginning of 2015. Regular successive studies will review the impact of the collective broadband projects on society and businesses, with a view to continuous improvement and refinement.

### **Focus Area 2: Improving Access, Readiness and Usage for Connected Citizens**

With 65 percent of the Western Cape population not having access to the internet (Stats SA, 2011) and given the overall vision of the Western Cape, the challenge is to ensure that citizen-centric projects have wide geographic coverage and reach.

To this end, the Department will implement a broad set of access projects, including:

- Support Wi-Fi Hotspots and the Integrated Community Access Node Network (ICANN) initiatives aimed at improving accessibility. These initiatives will complement and extend existing government-run internet access projects such as Cape Access and the rural library programme.
- Develop and implement e-skills initiatives that will ensure that citizens have the necessary e-literacy competencies to access and use the internet.
- Stimulate demand of the internet through an e-skills internet-based platform which aims to improve access to information on skills development on the internet.

### **Focus Area 3: Improving competitiveness for Connected Business**

Western Cape businesses are not taking advantage of the opportunities afforded by broadband and the internet and broadband is under-utilised by the private sector in the Western Cape. This has meant that the market for ICT and broadband-related products and services, outside of government procurement, is relatively small.

In improving the competitiveness of business through using broadband, the Department will:

- Support the development of e-based industries through leveraging its own need for digitisation of productivity-enhancing services.
- Develop a local content stimulation package to support the local ICT and new media industry to develop commercial models for content development and applications covering education, entertainment, smart tech and e-government services, among others.
- Develop support and awareness programmes aimed at stimulating business usage of broadband.
- Support the establishment of a community-based Bandwidth Barn in Khayelitsha, drawing on the talents within the community to develop technological applications and solutions relevant to its residents and beyond.
- With respect to data-intensive industries, which are heavily reliant on high-quality, cost-effective broadband, the Department will conduct project preparation analysis,

together with its collaborating partner, SKA, for establishing a Big Data Centre. Big Data (extremely large datasets) provides significant opportunities for attracting investment into the province and for developing new capabilities and innovations in the regional economy.

## **Design and Innovation**

### **Focus Area 1: Strengthening of the Design and Innovation Eco-System**

The intention is to develop holistic and suitable marketing, enterprise and skills development programmes for designers, innovators and industries that can improve their products, services and overall business's competitiveness. The focus area contains the main elements of the Design Strategy and will:

- Promote design and innovation and related products and services to increase traditional business awareness of design/innovation and its capabilities and to enhance the Western Cape's brand.
- Develop design skills programmes that equip business leaders with knowledge of how design works and how to use it to improve their businesses.
- Support the development of design-ready businesses and business-ready designers/innovators.

### **Focus Area 2: Design and Innovation Infrastructure Development**

The Department will facilitate the development of a Design Park, which will stimulate scales of agglomeration and provide a collaborative platform for co-development of innovative products and services. A pre-feasibility study in 2012/2013 showed that the Design Park has the potential to unlock up to R20 billion in GDP contribution and 14 705 jobs. The Design Park will also host a Design and Science Museum to showcase the region's innovative capability, promote awareness and support the development of a year-round tourism destination.

### **Focus Area 3: Demonstrate through implementation**

This focus area concentrates on the development and implementation of collaborative projects in businesses, communities and government to galvanise and showcase the positive effects of design and innovation in the Western Cape. This includes embedding locally designed innovations, products, services, methodologies or skills into traditional businesses to improve industrial competitiveness through catalytic projects. Innovation within government will not only stimulate demand and broaden the market, but ensure that the design results in better government service delivery and efficiencies.

## **Green Economy<sup>5</sup>**

### **Focus Area 1: Energy Security**

More sustainable energy use can be approached from two angles: the use of cleaner/ lower carbon energy sources and more efficient energy use. Energy efficiency and increased use of renewables is a catalytic programme that not only alleviates electricity supply constraints but also drives investment and job opportunities in the Western Cape. Projects under this thematic area include Smart Grids and embedded generation in municipalities, development of the biofuels value chain and a feasibility study for roll-out of Liquefied Natural Gas (LNG).

### **Focus Area 2: Resource efficiency, including sustainable eco-systems**

A particular emphasis is placed on water and waste. Water, firstly, due to the need to improve water efficiency in order to increase resilience and production of the agricultural sector and, secondly, the need to manage water availability for urban, industrial and commercial use in a more sustainable and efficient way. As a result, the water focus will include interventions to help effect practical engineering interventions. The waste economy will receive equal attention due to its high job creation potential, through catalytic interventions such as the Waste Economy project and the Western Cape Industrial Symbiosis Programme (WISP).

### **Focus Area 3: Better Living Models**

Along with a shift to densification and in-situ upgrading, the focus is on the opportunity to unlock solutions that will enable more sustainable urban forms and service provision. This includes self-improvement, provision of private sector financial support as well as the adoption and acceptance of new materials that better meet the needs of low income and poor communities.

### **Focus Area 4: Green leadership and coordination**

A number of cross-cutting activities are undertaken in support of the successful execution of the Green Economy Strategy Framework. These are:

- **Green Finance Initiative:** The Green Finance Initiative will seek to minimise barriers to finance for green economy interventions by developing a network of financiers in the green economy space, connecting project developers and businesses with suitable sources of funding and advising them on how to increase their chances of success. Furthermore, interventions will be developed where specific needs or systemic challenges are identified, e.g. tariff models to help municipalities enable embedded generation without compromising their financial sustainability through a loss of revenue/margin from electricity sales.
- **Green Intelligence:** The Green Economy Strategy Framework identified knowledge management as a key enabler for the green economy in the Western Cape. An investment mapping audit is undertaken on an annual basis to track green investment in

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<sup>5</sup> A green economy aims for sustainable development without degrading the environment, increasing environmental risks or exacerbating ecological scarcity.

key sectors of the green economy. The investment mapping project also highlights critical skills shortages as well as any red tape challenges in this area.

- **Brand Building and networking:** The 110% Green Initiative encompasses the brand building and networking platform of the green economy. The 110% Green platform provides a space where some of the new technology developments can be tested. The 110% Green Initiative is also used to build the green brand of the Province and is a cost-effective and innovative way to get organisations involved in the green economy. It is a dynamic platform established to catalyse and encourage practical actions from Western Cape-based organisations (including the Western Cape Government) in terms of linking to the green economy.
- **Clustering.** Cluster coordination is undertaken by Green Cape. The key focus is to understand the opportunities and constraints within green economy sub-sectors, build relationships and facilitate communication between various national and provincial stakeholders and industries in the green economy. Clustering among sectors of the green economy that have a strong 'additive' value is encouraged, including renewable energy, energy efficiency, water, agriculture and the built environment. There is a close link between these clustering activities and the project work supported by the green economy unit, as the approach to resolving barriers is continually informed by Green Cape's eco-system network.

## Resource considerations

**TABLE 3.1: NOMINAL EXPENDITURE ON PROGRAMME 3: TRADE AND SECTOR DEVELOPMENT**

Programme 3: Trade and Sector Development	Audited 2011/12 R'000	Audited 2012/13 R'000	Audited 2013/14 R'000	2014/15 (Main) R'000	2014/15 (Adjusted appropriation) R'000	2015/16 (Indicative) R'000	2016/17 (Indicative) R'000
Sub- Programme 3.1: Trade and Investment Promotion	14 956	18 500	21 481	19 235	19 235	23 000	20 874
Sub- Programme 3.2: Sector Development	35 577	44 803	46 405	49 179	52 050	39 588	66 190
Sub- Programme 3.3: Strategic Initiatives	16 183	36 870	54 775	159 399	164 476	189 795	58 380
Sub- Programme 3.4: Management: Trade and	1 821	1 123	1 579	1 687	1 089	3 253	3 329

Programme 3: Trade and Sector Development	Audited 2011/12 R'000	Audited 2012/13 R'000	Audited 2013/14 R'000	2014/15 (Main) R'000	2014/15 (Adjusted appropriation) R'000	2015/16 (Indicative) R'000	2016/17 (Indicative) R'000
Sector Development							
Total Programme	68 537	101 296	124 240	229 500	236 850	255 636	148 773

**TABLE 3.2: NOMINAL PAYMENTS AND ESTIMATES PER ECONOMIC CLASSIFICATION ON PROGRAMME 3: TRADE AND SECTOR DEVELOPMENT**

Programme 3: Trade and Sector Development	Audited 2011/12 R'000	Audited 2012/13 R'000	Audited 2013/14 R'000	2014/15 (Main) R'000	2014/15 (Adjusted appropriation) R'000	2015/16 (Indicative) R'000	2016/17 (Indicative) R'000
Current payments	23 776	40 340	39 809	54 141	54 508	65 149	97 725
Transfers and subsidies to:	44 557	60 655	84 179	175 159	182 218	190 152	50 698
Payments for capital assets	204	301	252	200	124	335	350
Payments for financial assets							
Total economic classification	68 537	101 296	124 240	229 500	236 850	255 636	148 773

**TABLE 3.3: STAFF ESTABLISHMENT FOR PROGRAMME 3: TRADE AND SECTOR DEVELOPMENT**

Programme 3: Trade and Sector Development	Number of Posts on Establishment	Number of Posts filled	Number of Vacant Posts	Vacancy Rate (%)	Number of Posts Filled additional to the Establishment
Total Programme	40	26	14	35.0%	10

## Risk Management

Strategic Objective	Risk	Mitigating strategy
The stimulation, facilitation and increase of economic growth and opportunities through export and investment promotion.	That the narrower investment promotion and trade facilitation strategy fails to deliver due to a lack of growth in the prioritised sectors caused by to uncertainties in the market.	A new item is added to the HoD/ programme manager/CEO quarterly reviews: "the global and national trends, investment conditions and unexpected factors for each of the priority sectors." There is flexibility in the Wesgro investment strategy, so that, should a priority sector fail to get traction due to unexpected conditions in the industry, the CEO, in consultation with the board and DEDAT representative, can shift resources into a new priority sector or sectors that will allow Wesgro to deliver on the APP investment targets.
To develop and grow productive and employment-creating industries.	The lack of or shortage of skills and lack of foreign direct investment could lead to lack of opportunity and reduce interest in the IDZ.	Implementation of various artisan development projects in collaboration with the Skills and Innovation Programme and other strategic partners.
	Reduced interest in Saldanha and Cape Town ports as the preferred locations for ship and rig repair.	Ensure that infrastructure issues are addressed proactively by working with key stakeholders, Transnet, TNPA, relevant departments and the Presidency, to coordinate marketing strategy and address issues requiring attention at Saldanha and Cape Town.
	The agri-processing industry is fragmented with insufficient enforcement of rules and regulations on the domestic market.	Establishment of a national agri-processing sector forum with all spheres of government and other stakeholders to mitigate against duplication and the lack of a coordinated government approach.
	The sector is inhibited by several trade and non-trade barriers to exports such as certifications and other requirements in export markets.	In partnership with key industry players across value chains and sub-sectors, develop a retailer supplier development programme for agri-processing companies to access the local and international markets, which will create linkages between companies and retailers and promote the Western Cape's products.

Strategic Objective	Risk	Mitigating strategy
	<p>Due to the narrower focus of the Department in line with Project Khulisa, the risks are higher that a crisis in the sectors may impact significantly on the ability of the sectors to reach their targets.</p>	<p>Close cooperation between TSD, SPVs and beneficiary firms to alert the SPV and TSD to any challenges in project delivery, or failure of projects to achieve their objectives due to external factors. This should be raised at the Chief Director/SPV CEO Bi-annual Review. The flexibility to rapidly adapt the strategy to respond to challenges will also be built into the Memorandum of Agreement between the Department and the implementing agencies.</p>

# Programme 4: Business Regulation and Governance

## Strategic Objectives

### Purpose

To ensure an enabling socially responsible business environment that allows for predictability.

### Programme structure

- Sub-programme 4.1: Governance
- Sub-programme 4.2: Regulation Services
- Sub-programme 4.3: Consumer Protection
- Sub-programme 4.4: Liquor Regulation

### Context and background

The Business Regulation and Governance Programme derives its regulatory mandates from the Constitution, either as a functional area of concurrent national and provincial legislative competence (consumer protection, as per Part A of Schedule 4 to the Constitution) or exclusive provincial legislative competence (liquor licences, as per Part A of Schedule 5).

The Business Regulation and Governance Programme includes the Office of the Consumer Protector (OCP), a provincial consumer protection agency that provides access, information, education and redress to consumers in the province in consumer-related disputes.

On a national level the Consumer Protection Act, 2008 (Act 68 of 2008) imposes an obligation on provincial consumer protection divisions to attend to consumer complaints in terms of the national legislation. This directly aligns the Programme with the national outcome of ensuring that an "efficient and effective development-orientated public service and an empowered, fair and inclusive citizenship" are developed.

The Western Cape Consumer Affairs Act, 2002 (Act 10 of 2002) also regulates the area of consumer protection in the Western Cape. This legislation is primarily in place to establish the OCP as a provincial authority. Consumer education, defined as a process of developing and enhancing skills and knowledge to make informed and well-reasoned choices that take societal values and objectives into account, is critical in today's increasingly complex markets. To perform its mandate adequately and to the benefit of all citizens, the OCP needs to ensure that more people become aware of its services. In this regard our strategy for enhancing consumer rights awareness will continue to include various marketing, advertising and branding media, including print and radio advertising, editorials, advertorials, radio broadcasts, outdoor advertising, pamphlet distributions, websites, mobile marketing, service jamborees, etc., while including newer social marketing media.

The Western Cape Liquor Authority (WCLA) has been established as a public entity and operates as an independent structure outside of the Department. The Department retains an oversight role with regard to the functioning and operation of the WCLA to ensure compliance with legislative and service standard requirements. The oversight role of the Department over the next five years will be further enhanced to ensure that the operations and strategic direction of the WCLA are aligned with that of the Department.

In terms of the current provisions of the Businesses Act, 1991 (Act 71 of 1991 as amended), a municipality with jurisdiction in a particular area is designated as the authority responsible for approving or rejecting a business licence application. The Regulatory Services unit is responsible for the evaluation of business licence application appeals that are submitted to the Provincial Minister responsible for economic development, who acts as the appeal authority.

**Sub-programme 4.2: Regulation Services**

Strategic Priority: Regulate the trading environment to protect brand holders' rights

Strategic Objective	An effective provincial trading environment which supports foreign direct investment through the effective protection of brand holder rights by way of implementing counterfeit goods operations with stakeholders and the effective finalisation of business licence appeals.
Objective Statement	To ensure that a total of 100 joint operations are conducted over the next 5 years. To ensure that 6 business licence appeals are concluded so that business growth is supported where justified.
Baseline	No baseline currently exists for counterfeit goods operations. 6 business licence appeals concluded.
Justification	This strategic objective enables the Department to provide a fair and regulated business environment in which the legal rights and obligations of consumers and enterprises are enforced. It is common cause that one of the factors considered by possible investors in the Western Cape economy is the level of legal protection afforded, including brand protection against counterfeiting. It is therefore deemed essential that the Regulatory Services unit participates in the coordination and implementation of anti-counterfeiting operations in the Western Cape.
Links	Links to the NDP, MTSF outcomes and the PSP.
Strategic Partners	Regulatory bodies performing similar functions, Department of Trade and Industry, other provincial consumer protection authorities, local government, business (formal and informal), community organisations and citizens.

## Strategy

The items produced and distributed by counterfeiters and pirates are often substandard and can even be dangerous, posing health and safety risks that range from mild to life-threatening. Economy-wide, counterfeiting and piracy undermine innovation which is key to economic growth. Furthermore, the poor regulation of counterfeit and substandard goods by a region is considered a disincentive to possible investors. The cost to the economy of counterfeiting extends beyond direct loss of business and include indirect costs related to law enforcement, litigation, product protection, consumer advocacy, loss of tax revenue, and loss of market share by legitimate businesses.

The sub-directorate will take the lead from a provincial perspective to participate in the coordination and implementation of anti-counterfeit operations within the Western Cape.

The Regulatory Services unit will also be responsible for supervising and managing the business licence appeals process which would also include providing the Provincial Minister responsible for Economic Development, who is authorised to act as the appeal authority, with strategic advice as required.

## Outcomes

The outcomes of this strategy are:

- A reduction in the number of outlets offering counterfeit goods for sale.
- An increase in the number of counterfeit joint operations between stakeholders.
- An increase in the rand value of confiscated counterfeit goods.

## Focus Areas

**Focus Area 1:** Activities must be focused on the disruption of counterfeiting and piracy activities at the points where infringement originates (place of manufacture, point of importation). As such coordination of activities between the various role-players e.g. SAPS, SARS, NRCS, OCP, municipalities, becomes crucial in order to strategically address the challenge.

**Focus Area 2:** Joint operations to remove counterfeit and substandard goods from the marketplace. To maximise the impact, this process must be accompanied by the criminal prosecution of persons/organisations deemed to be complicit in the manufacture/marketing or sale of such products.

**Focus Area 3:** Raising awareness is an important aspect of combating counterfeiting and piracy. Consumers should be informed about the threat that substandard counterfeit and pirated products pose to health and safety, and the legal consequences of infringing IPRs or knowingly purchasing infringing products.

### Sub-programme 4.3: Consumer Protection

Strategic Priority: Consumer Redress Services

Strategic Objective	To provide an effective and efficient consumer protection service within the province which is aligned to the objectives and functions prescribed by provincial and national consumer protection legislation.
Objective Statement	To ensure that the WCG Provincial Strategic Objective of making the Western Cape a destination of choice in which to do business is achieved through the provision of an effective complaints resolution service, ensuring that a minimum of 20 000 complaints are dealt with over five years, resulting in a financial saving to consumers of at least R15 million.
Baseline	2013/2014 financial year: Complaints received =10 554; Complaints resolved = 10 063; Financial saving of R4 million.
Justification	This strategic objective enables the Department to provide a fair and regulated business environment in which the legal rights and obligations of consumers and enterprises are enforced.
Links	Links to the NDP, MTSF outcomes and the PSP.
Strategic Partners	Regulatory bodies performing similar functions, Department of Trade and Industry, other provincial consumer protection authorities, local government, business (formal and informal), community organisations and citizens.

#### Strategy

The Office of the Consumer Protector's legislative mandate is to act as a provincial authority responsible for the investigation and resolution of alleged unfair business practices committed against consumers. This requires that the OCP conduct inquiries into complaints lodged by consumers against the conduct/product/service of a business.

#### Outcomes

The outcomes of this strategic priority are:

- Enhanced protection of consumers in the Western Cape culminating in a value saving of R30 million for consumers by virtue of the assistance provided by the OCP during the five-year period.
- Ensuring that 200 SMMEs in the Western Cape implement administrative and policy procedures which comply with consumer protection legislation.
- Ensuring that the service satisfaction level among consumers using the OCP's services is enhanced by 20 percent over the five-year period.

## Focus Areas

**Focus Area 1:** Promoting fair business practices by protecting consumers from unfair, unreasonable or otherwise improper trade practices, and deceptive, misleading, unfair or fraudulent conduct.

**Focus Area 2:** Promoting social, economic and environmental responsibility in consumer markets by improving consumer awareness and information and encouraging responsible and informed consumer choice and behaviour; promoting consumer confidence and empowerment, and the development of a culture of consumer responsibility through individual and group education, vigilance, advocacy and activism.

**Focus Area 3:** Providing for a consistent, accessible and efficient system of consensual resolution of disputes arising from consumer transactions.

**Focus Area 4:** Providing for an accessible, consistent, harmonised, effective and efficient system of redress for consumers.

**Focus Area 5:** Support of SMMEs. The OCP has been realigned with the Department's strategic priorities, especially with regard to the role which SMMEs can play in job creation. As a result a new focus for the OCP will be the role of supporting and capacitating SMMEs with regard to the provisions of the Consumer Protection Act.

During past financial years the vast majority of consumer complaints received by the OCP related to the products and services provided by SMMEs. The resolution of such disputes were challenging, especially since many of the SMMEs were not aware of their obligations in terms of the Consumer Protection Act and were often reluctant to engage and address issues in dispute. As the role and importance of basic principles of customer care, customer rights and obligations, and new law and policy on consumer protection, are therefore crucial for a business to maintain consumer confidence and flourish, the OCP will over the next five years actively engage with SMMEs, sector bodies, government departments, municipalities, industry bodies and business groupings to provide support on this issue.

By supporting business in this way, the OCP can make a direct contribution towards improving consumer confidence in SMMEs, possibly assisting the growth of such businesses and leading to job creation and the improvement of the Western Cape economy.

**Focus Area 6:** Revision of provincial consumer protection legislation. Consumer protection is a concurrent legislative mandate. As a result, many of the provinces had provincial consumer protection laws in place before the national Consumer Protection Act became effective. This scenario led to certain legislative anomalies between the provincial and national legislation becoming evident through the implementation of provisions of the national Act. This has impacted on issues such as the jurisdiction of provincial offices as well as the functions and powers of provincial tribunals. It has become necessary for provinces to amend their provincial legislation to ensure that there is proper alignment between national and provincial laws on consumer protection and the OCP will therefore embark on this process.

## Sub-programme 4.4: Liquor Regulation

Strategic Priority: Oversight of the Western Cape Liquor Regulations

Strategic Objective	To exercise an oversight role over the Western Cape Liquor Authority.
Objective Statement	To ensure that the Western Cape Liquor Authority exercises its mandatory role and functions as detailed in the Western Cape Liquor Act, 2008, by increasing the number of licences granted in the province by a minimum of 10 percent over the five-year period.
Baseline	2013/2014 financial year: Number of liquor licences granted = 1 602; Number of inspections conducted = 3 820; Number of awareness sessions conducted = 103.
Justification	DEDAT is statutorily obligated to ensure that the WCLA performs its legislative mandate.
Links	Links to NDP, MTSF and PSP (PSG 1).
Strategic partners	Regulatory bodies performing similar functions, Department of Trade and Industry, other provincial consumer protection authorities, local government, business (formal and informal), community organisations and citizens.

### Strategy

The Department is mandated to exercise an oversight role over the Western Cape Liquor Authority, in order to regulate the liquor industry in the Western Cape.

### Outcomes

- Number of licences granted to be increased by 10 percent over the five-year period.
- Number of inspections conducted to be increased by 50 percent over the five-year period.
- Number of advocacy and awareness programmes regarding the social and economic consequences of liquor abuse to be increased by 60 percent.

### Focus areas

The WCLA is now a fully-fledged public entity and has the mandate to execute the functions prescribed by the establishing legislation. The Department's oversight role will be aimed at ensuring that there is a common vision and goal as far as the strategic direction of the WCLA is concerned.

One of the key strategies that needs to be driven by the WCLA over the next five years is enhanced service delivery. In this regard the WCLA will ensure that liquor licence applications are processed effectively so that applicants and other interested stakeholders (e.g. objectors) can have access to a regulatory service that is on par with standards set nationally and internationally.

## **Resource considerations**

In terms of liquor regulation, the Western Cape Liquor Authority (WCLA) is a public entity funded via allocations received from the Department. At this stage it is envisaged that funding for the WCLA will remain constant.

The OCP budget has seen only incremental increases in recent years, and most of its operations are adequately funded. It is almost fully staffed, but staff increases are envisaged in two areas of operation: Consumer Complaints and Consumer Education. In the case of consumer complaints, staff with specialised legal skills may be required since case investigations, mediations and possible enforcement will need to be done. Within consumer education we have noted an increased demand for these services across the province and the current composition of the unit is thus not sufficient to address the need.

In the areas of education and awareness, behaviour change by both consumers in general and of consumers of and traders in liquor in particular, with regard to consumer exploitation and liquor abuse, requires costly media interventions (electronic, print, commuter and consumer-targeted, and outdoor) as well as workshops and information sessions.

In Consumer Protection, reduced funding would impact negatively on complaints handling and resolution (the core function of the unit), both through the main and regional offices, and through the network of strategic partners. High levels of consumer awareness and publicity around the new Consumer Protection Act will generate an increase in complaints, which a reduced staff complement in the outsourced call centre service might not be able to process adequately. In addition, reduced funding could have an impact on the effective functioning of the Consumer Education unit, especially if staff resources are insufficient to address the needs of citizens across the province.

### **Expenditure trends**

In Consumer Protection, compensation of employees will possibly increase over the coming financial years but this is dependent on budgets being available for the extra posts identified as well as approval being obtained for any additional posts. Goods and services expenditure will largely remain flat in the light of the move towards cost containment across all government departments, which will impact similarly on Liquor Regulation, where it is anticipated that the allocation to the public entity will remain at the levels forecast.

### **Trends in the numbers of key staff**

In the OCP the number of staff might increase but, pending budget availability and successful justification of additional posts. The same applies to the Liquor Authority as a public entity.

**TABLE 4.1: NOMINAL EXPENDITURE ON PROGRAMME 4: BUSINESS REGULATION AND GOVERNANCE**

Programme 4: Business Regulation and Governance	Audited 2011/12 R'000	Audited 2012/13 R'000	Audited 2013/14 R'000	2014/15 (Main) R'000	2014/15 (Adjusted appropriation) R'000	2015/16 (Indicative) R'000	2016/17 (Indicative) R'000
Sub- programme 4.1: Governance							
Sub- programme 4.2: Regulation Services							
Sub- programme 4.3: Consumer Protection	9 688	9 795	10 384	10 283	10 283	10 482	12 231
Sub- programme 4.4: Liquor Regulation	9 333	25 025	31 097	33 606	38 910	34 692	33 871
Total Programme	19 021	34 820	41 481	43 889	49 193	45 174	46 102

**TABLE 4.2: NOMINAL PAYMENTS AND ESTIMATES PER ECONOMIC CLASSIFICATION ON PROGRAMME 4: BUSINESS REGULATION AND GOVERNANCE**

Programme 4: Business Regulation and Governance	Audited 2011/12 R'000	Audited 2012/13 R'000	Audited 2013/14 R'000	2014/15 (Main) R'000	2014/15 (Adjusted appropriation) R'000	2015/16 (Indicative) R'000	2016/17 (Indicative) R'000
Current payments	18 841	9 944	10 455	10 906	10 906	11 120	12 906
Transfers and subsidies to:		24 762	30 939	32 936	38 240	33 970	33 106
Payments for capital assets	180	114	87	47	47	84	90
Payments for financial assets							

Programme 4: Business Regulation and Governance	Audited 2011/12 R'000	Audited 2012/13 R'000	Audited 2013/14 R'000	2014/15 (Main) R'000	2014/15 (Adjusted appropriation) R'000	2015/16 (Indicative) R'000	2016/17 (Indicative) R'000
Total economic classification	19 021	34 820	41 481	43 889	49 193	45 174	46 102

**TABLE 4.3: STAFF ESTABLISHMENT FOR PROGRAMME4: BUSINESS REGULATION AND GOVERNANCE**

Programme 4: Business Regulation and Governance	Number of Posts on Establishment	Number of Posts filled	Number of Vacant Posts	Vacancy Rate(%)	Number of Posts Filled additional to the Establishment
Consumer Protection only	26	22	4	15.4%	1

## Risk management

Strategic Objective	Risk	Mitigating strategy
A business environment that reflects high levels of consumer rights awareness by a majority of the Western Cape population and business community,	The inability to implement effective and sustained consumer education programmes across the province due to insufficient resources (human, infrastructural & financial) which results in a decrease in the consumer rights awareness levels and the failure to achieve service standards.	Strategic engagement with various stakeholders and partners within the consumer protection environment and cooperation with the media will be continued and enhanced, ensuring that the various events, projects and programmes of the OCP are communicated to users of the various media.

Strategic Objective	Risk	Mitigating strategy
supported by effective complaint management and resolution mechanisms.	The failure to resolve received cases due to the ineffective operationalisation of the National Consumer Commission and the inconsistent interpretation of provisions in national and provincial consumer protection legislation impact on a complainant's right to effective redress and hampers service delivery.	<ol style="list-style-type: none"> <li>1. Establishment of a Standing Advisory Committee by the National Commissioner in terms of the Consumer Protection Act.</li> <li>2. Quarterly case management engagements between provinces.</li> <li>3. Regular reporting to the National Consumer Commission on performance-related matters.</li> <li>4. Position paper to be developed by the Department on legislative amendments related to inconsistent provisions and implementation of the Consumer Protection Act.</li> </ol>
	Lack of trust in the WCLA due to the lack of knowledge and participation of all stakeholders which may lead to the inability to effectively regulate the liquor licencing environment in the province.	Ensure the participation of all stakeholders and work in an open and transparent manner. Formally advocate the principle of redress at meetings with stakeholders.
	Lack of Departmental control over the legislative environment due to the constitutional mandate (concurrent jurisdiction), which could result in the implementation of ineffective policies and legislation and impact on service delivery standards and brand reputation.	<ol style="list-style-type: none"> <li>1. Establishment of a Consumer Protection Forum comprised of all provinces and the regulatory authorities.</li> <li>2. Programme units tasked with evaluating proposed policy legislation and providing comments to the MEC.</li> <li>3. Issues and concerns escalated to the President's Coordinating Council and Premier's Coordinating Forum.</li> <li>4. Departmental Red Tape Reduction Unit established.</li> </ol>

# Programme 5: Economic Planning

## Strategic objectives

### Purpose

To develop provincial economic policies and strategies to achieve and measure sustainable economic development.

### Programme Structure

- Sub-programme 5.1: Policy and Planning
- Sub-programme 5.2: Research and Development
- Sub-programme 5.3: Knowledge Management
- Sub-programme 5.4: Monitoring and Evaluation
- Sub-programme 5.5: Management
- Sub-programme 5.6: Economic Development Partnership

The purpose of this Programme is to provide support to the leadership of the Department – the Minister, the Head of Department and the Departmental Top Management – in undertaking planning processes that provide a coherent vision and strategic outcomes around which policies and programmes are developed, enhanced or applied to attain their intended objectives. The strategy of Economic Planning focuses on a long-term perspective, the key parts of which are the determination and realisation of the Department's vision to inform shorter term plans, the allocation of resources, trade-offs and the sequencing of policies.

To give effect to the above, the main functions of this Programme are:

- Coordination of the economic development strategy, aligned to the Provincial Strategic Plan and Provincial Strategic Goal 1: Creating Opportunities for Growth and Jobs.
- The conduct of research and development to gain sound economic intelligence in the Western Cape.
- Monitoring and evaluation for continuous organisational learning and improvement.
- Custodian of relevant provincial economic data.
- Coordination of the Provincial Government's economic stakeholder partnerships and collaboration around the economic eco-system.

### Context and Background

The Department's five-year strategy is to give expression to the strategic goals defined in the National Development Plan (NDP), the Medium-Term Strategic Framework (MSTF), OneCape 2040 and the priorities defined in Provincial Strategic Goal One (PSG 1). The development of economic instruments that give support to these strategic goals has to be underpinned by credible data and economic analyses. The absence of credible data and economic analyses introduces the risk that the development and implementation of economic instruments will not achieve their economic objectives. Programme 5 will ensure, through research and the

presentation of economic data, that interventions developed by the Department support the outcomes of the NDP and PSG 1. Programme 5 therefore performs a critical role of ensuring alignment between the Department's activities and that of outcomes defined in the PSG 1 and the NDP.

The Government-wide Monitoring & Evaluation System (GWM&ES) Policy Framework, 2007, sketches the policy framework, prescripts and technical guidelines applicable to M&E units within national and provincial government departments and includes the National Evaluation Policy Framework, 2011, which sets out the basis for government evaluations focusing on government's priority areas and outcomes. Over the next five years, the M&E unit will conduct its evaluations based on the national methodology framework, using the following evaluation types:

- Diagnostic: enables drawing up theory of change before project is designed.
- Design: analyse the assumptions of change in the intervention (e.g. red tape).
- Implementation: assesses whether implementation meets desired outcomes.
- Impact: measures changes in outcomes of DEDAT-funded projects and interventions.
- Economic: whether costs of a programme have been outweighed by the benefits.
- Evaluation synthesis: synthesises results of evaluations to generalise findings across government.
- National Treasury's Framework for Programme Performance Information, 2007. This M&E data terrain sets the standards for performance information to assist in fulfilling the administrative mandate for annual performance plans and budgets.
- Statistics South Africa's Statistical Quality Assurance Framework, 2007.

Performance information generated by government departments (e.g. AOPI data on 'jobs facilitated', 'FDI generated') is regarded as administrative data. This framework unpacks the process and requirements for when and how administrative data can be pronounced as 'official' data suitable for official publication.

Department of Performance Monitoring and Evaluation (DPME) prescripts, guidelines and standards (from 2012 onwards), influencing the operational function of M&E in DEDAT, include:

- The Management Performance Assessment Tool (MPAT) System is a national assessment tool that measures the efficacy and performance of management practices in government departments. M&E, given its centrality to strategic planning, is a key indicator of accountability and is a standard which is annually measured. All 13 departments, including DEDAT, will continue to participate in the national MPAT assessment system.
- Standards of evaluations in government.
- Terms of references for government – commissioned evaluations.
- Practice note on operation of M&E forums and data forums.
- Functions of M&E in government departments.

The Western Cape Strategic Framework for M&E, 2010–2014, delineates the context for M&E in the Western Cape government and includes:

- Alignment of departmental indicators to provincial indicators and PSGs.

- How departmental data is to be supported on transversal electronic applications (e.g. Centre for E-innovation and DoTP's transversal IT applications to support data management).

### Sub-programme 5.1: Policy and Planning

Strategic priority: To coordinate and facilitate evidence-based provincial economic policy and strategy development

Strategic Objective	To provide economic strategy and policy leadership in the Province.
Objective statement	The objective is to facilitate and lead the collaborative process of economic policy and strategy development in support of Provincial Strategic Plans. In addition to managing and facilitating annual departmental planning processes, the Policy and Planning sub-programme will develop 12 draft policies to be tabled at Provincial Top Management by 2020.
Baseline	Not applicable.
Justification	To provide leadership for guidelines and to influence the economic agenda of the Provincial Strategic Plan, OneCape 2040 and Provincial Strategic Goal 1.
Links	The National Development Plan and other economic policies and strategies developed and implemented to achieve sustainable economic development.

### Strategy

The leadership of the Department – the Minister, the Head of Department and the Departmental Top Management – needs support in undertaking planning processes that provide a coherent vision and strategic outcomes around which policies and programmes are developed, enhanced or applied to attain their intended objectives. This role is translated into measurable deliverables in the Annual Performance Plan (APP), deliverables which best support Departmental leadership in fulfilling the Department's mandate. This is the role to be fulfilled by the Policy and Planning unit.

### Outcomes

- Coordinated and integrated economic policy and planning processes across the Department aligned to Provincial Strategic Goal 1.
- The Department assumes the position of economic leadership in the Province.

## **Focus Areas**

The focus areas over the next five years will comprise:

- Economic Development Strategy.
- Economic Policy Development.
- Strategic Planning Sessions.

### **Focus Area 1: Economic Development Strategy**

Through the position of economic leadership, the sub-programme will lead and shape economic discourse in the Province. The Department will coordinate the development of economic policy and planning across all economic participants in the Province.

The purpose of Project Khulisa was to give expression to the strategic intent of PSG 1, and this was completed and adopted by Provincial Cabinet in the 2014/2015 financial year. However, both PSG 1 and Project Khulisa described high-level economic interventions through high-level roadmaps per key area of intervention. These roadmaps and interventions must be unpacked and described in more detail through key roadmap strategy development. Through wide stakeholder engagement, the sub-programme will facilitate the development of more detailed strategic roadmaps.

### **Focus Area 2: Economic Policy Development**

Policy provides the foundation upon which strategy is developed. To this end, and to enable the Department to give its strategies a policy foundation, relevant sector and cross-cutting thematic policies will be developed and implemented in collaboration with the Department of the Premier's policy unit. With the support of the Ministry of Economic Opportunities, this sub-programme will develop a set of key policy drafts to be tabled at Cabinet level.

### **Focus Area 3: Strategic Planning Sessions**

In supporting PSG 1 and its accompanying Project Khulisa roadmaps, integrated planning across spheres of government, within the Department and across provincial government is required. To this end, the sub-programme will facilitate strategic planning sessions within the Department, across spheres of government within the Province, across Provincial Government and across key economic stakeholders to agree on overall provincial strategies that maximise provincial economic outcomes.

Furthermore, the sub-programme will ensure consistent alignment to the provincial strategic goals by assuming responsibility for the Department's Annual Performance Planning through the development of appropriate output and outcome indicators that best reflect PSG 1 objectives.

## Sub-programme 5.2: Research and Development

Strategic Priority: Economic Research and Analysis

Strategic Objective	To conduct and facilitate economic research and analysis to support economic strategy and policy development within the framework described by Project Khulisa.
Objective Statement	Through the provision of 50 research and analysis reports to support strategy, policy and economic instrument development, the sub-programme will provide credible provincial economic data to all relevant stakeholders over the next five years.
Baseline	Project Khulisa-provided baseline data.
Justification	To inform the strategic decision of the Province to promote opportunities for growth and jobs.
Links	Evidence-based provincial economic policies and strategies (NDP, PSP, OneCape 2040, programmatic plans and the Department's APP) developed to inform sustainable economic development.

### Strategy

Provincial economic conditions are constantly changing and have been influenced by both exogenous and endogenous economic developments. Developing an instantaneous and future outlook of economic conditions is crucial in the development of economic instruments, interventions, policies and strategies.

Sound and impactful strategy, policy and economic interventions are dependent on sound and resilient economic research and analysis. The absence of credible economic data and research increases the risk of the development of poor economic intervening instruments and poor policy development. It is therefore crucial that all departmental instruments, policy and strategy development be underpinned by a robust research agenda, data and economic analyses.

### Outcomes

The sub-programme will:

- Conduct baseline research on all sectors in which the Department currently intervenes.
- Conduct research to support the programmatic strategies and policy development.

### Focus Areas

The focus areas over the next five years will comprise:

- The provision of economic research within sectors, transversal foci and support for policy development.
- A centralised economic data source.

**Focus Area 1: Provision of economic research within sectors and transversal foci**

The sub-programme will regularly monitor the performance of the provincial economy, making key indicators available to stakeholders on a continuous, real-time basis. This necessitates continuous collection of data and analysis. The diffusion of continuous economic data will act as a Western Cape pulse-taking and forecasting bulletin for investors, and a user-friendly citizen's guide to economic opportunities in top industries in the region.

The sub-programme will conduct critical research and analysis in all sectors and transversal foci in which the Department is involved and support policy development.

**Focus Area 2: Centralised economic data source**

The Department will be the custodian of a central economic data source and economic GIS that will host all pertinent economic data within the Province.

**Sub-programme 5.3: Knowledge Management**

Strategic Priority: Strengthening institutional governance for improved service delivery

Strategic Objective	To strengthen institutional governance for improved service delivery.
Objective Statement	To strengthen the institutional governance for improved service delivery through development of a single unified knowledge repository to capture, store and disseminate information for organisational learning.
Baseline	Shared computer drive that currently hosts economic data. The shared drive is only available internally to the Department.
Justification	The Department embarked on numerous content management efforts, but these were largely delivered in silos, solving only specific business needs but not allowing content to be shared and reused in other business areas within the Department. A single open information repository is needed that can directly impact knowledge processing, which in turn can impact business processing, which ultimately impacts organisational performance.

## Links

National Archives of South Africa Act, 1996 (Act 43 of 1996), which promotes the accessibility of national public and non-public records, and their use by the South African public for the betterment of the country (restrictions and prescriptions under this Act do not apply in the area of knowledge management, as intended in the framework),

Promotion of Access to Information Act, 2002 (Act 2 of 2002, as amended),

Promotion of Administrative Justice Act, 2000 (Act 3 of 2000),

White Paper on Transforming the Public Service, and White Paper on Human Resources Development in the Public Service.

## Strategy

The primary focus of knowledge management is to enhance the Department's knowledge management processes and systems in a manner that will, over time, increase value and create sustainable innovation. The effective management of content is challenged by a variety of factors, including the lack of a credible, coherent, unified information repository, which leads to intellectual and institutional knowledge not being stored and used for the benefit of the entire Department.

A knowledge repository would enhance an environment where working relationships can be established in the Department – sharing experiences, sharing of relevant best practices, case studies, websites and lessons learned – from both internal and external sources.

The aim of knowledge management would be to establish a single, effective, unified database to ensure continuous improved Departmental performance through the improvement and sharing of organisational knowledge throughout the Department (the aim being to ensure that the Department has the right knowledge at the right time and place). Knowledge management efficiencies would ensure the Department's performance in both the short term and in the long term.

## Outcome

An effective Enterprise Content Management information repository to capture, manage, store, preserve and disseminate information supporting key organisational processes and improved service delivery.

## Focus Areas

The focus areas over the next five years comprise:

- Implementation of the Provincial Enterprise Content Management (ECM) System.
- A fully functional knowledge and information management system.

**Focus Area 1: Implementation of the Provincial ECM System**

The unit will focus on building and strengthening platforms and tools in which the knowledge enveloped and built up in the Department is captured, digitally stored and distributed internally and externally to stakeholders within an open system. In addition, the unit will determine the procedures and methodology for data and information collection and in doing so, facilitate and coordinate the implementation of the Provincial ECM system. The system will ensure that information relevant to the execution of the Departmental economic mandate is stored in a single unified system which is easily accessible and timeously made available to Departmental users by using proper design sourcing, storage and dissemination technologies which contribute to the achievement of the Department's strategic mandate.

**Focus Area 2: A fully-functional knowledge and information management system**

The sub-programme will develop an easy to use, external-facing knowledge and information management system as well as a system that facilitates easy consumption of key economic information and indicators.

**Sub-programme 5.4: Monitoring and Evaluation**

Strategic Priority 4: Results-based M&E responsive to Provincial and Departmental economic priorities

Strategic Objective	Outcomes-based monitoring, evaluation of and measurement of strategies, programmes and projects are conducted to determine the effectiveness and impact of economic development policies and priorities.
Objective Statement	To deliver, coordinate and maintain a responsive, outcomes-based 'M&E system' in the Department via maintaining MPAT level 4 (M&E), delivering 10 monitoring reports, 10 evaluation reports by 2020, maintaining a 'departmental M&E System' and delivering technical M&E support to Departmental programme and project managers.
Baseline	Level 4 for M&E in Management Performance Assessment Tool (MPAT).  20 Evaluation Reports.  44 Monitoring Reports.
Justification	The Government-wide M&E System Policy Framework defines an M&E system as, "a set of organisational structures, management processes, standards, strategies, plans, indicators, information systems, reporting lines and accountability relationships which enable national and provincial departments, municipalities and other institutions to discharge their M&E functions effectively."
Links	Government-wide M&E System Policy Framework, Province-wide M&E System, National Evaluation Policy Framework, Management Performance Assessment Tool.

## Strategy

Currently, monitoring and evaluation (M&E) is limited to that of financial monitoring and evaluation and does not extend to measuring economic impact. Monitoring and evaluation can provide unique information about the performance of government policies, programmes and projects. It is distinct from other public sector management tools and systems (auditing, budgeting, fiscal management) in that the focus of M&E is to:

- Identify what works, what does not and provide the reasons why.
- Support evidence-based performance and planning.
- Build a culture of improvement and continuous learning in government.
- Focus on accountability and outcomes-based service delivery to citizens and businesses.

However, an M&E unit within a department cannot evaluate everything. Priorities and criteria need to be used when selecting the most appropriate and merit-worthy priorities, aligned to the political, economic and institutional contexts impacting on the department's performance.

## Outcomes

- Level 4 of M&E maintained (Source: MPAT).
- Functioning and effective M&E system in the Department, responsive to economic development policies, plans, strategies and programmes.
- Implementation of a uniform methodology for evaluating economic impact.

## Focus Areas

The focus areas over the next five years will comprise:

- Indicator development and refinement.
- Non-financial performance data management system.
- Results monitoring.
- Outcomes and impact evaluation using existing performance data.
- Departmental M&E system maintained and strengthened.

### Focus Area 1: Indicator development and refinement

The sub-programme will draft economic impact indicators. The indicator development will be guided by the Provincial Strategic Goals, MSTF and the Provincial Strategic Plan. Economic indicators will be developed in collaboration with programmes in the Department.

The challenge will be to capacitate the Department to identify and gather credible baseline data, against which to benchmark the performance of Departmental projects and programmes. While the gathering of micro-economic level baseline data will be achieved through the Research and Development unit, the tracking of performance data against the economic baseline data falls within the ambit of the M&E Unit. Indicators will be reviewed annually and, where necessary, improved.

The M&E Unit, together with the Research Unit, will be required to develop indicators aligned to the economic development and economic imperatives of DEDAT. Indicator development will

flow from the planning systems within DEDAT and be aligned to DEDAT's strategic and outcome-oriented goals over the next five years.

### **Focus Area 2: Non-financial Performance Data Management System**

In addition to economic and financial information, Departmental interventions have non-financial consequences. Both the economic and non-economic consequences have to be tracked across multi-year terms.

A key outcome would be for the M&E unit to support the projects and programmes to develop and maintain a beneficiary-level data management system, which allows for the tracking and evaluation of Departmental outcomes against the Provincial and Departmental transversal priorities. Such an outcomes-based data management system should also conform to the structure, content and system requirements of the transversal IT systems currently planned for all government departments, including the Business Intelligence, Biz Brain and Biz Performance information and reporting systems.

### **Focus Area 3: Results Monitoring**

Projects and programme-level monitoring usually record and track a variety of inputs and outputs according to specific informational needs. From the bottom up, projects and programmes require monitoring systems to either be designed (where these do not exist, as is the case in some programmes in the Department), or strengthened. In addition to diagnosing and assisting with the development of project/programme monitoring systems, these will also need to be aligned to the intended economic outputs and outcomes for the Department over the next five years.

To achieve this outcome, the M&E Unit will select and prioritise its activities from a set of commonly used monitoring types, including:

- *Results monitoring* – tracks effects and impacts.
- *Process (activity) monitoring* – tracks the use of inputs and resources, progress of activities and the delivery of outputs.
- Compliance monitoring.
- *Context (situation) monitoring* – tracks the setting in which project/ programme operates.
- *Beneficiary monitoring* – tracks beneficiary perception of a project/programme.
- *Financial monitoring* – accounts for costs by input and activity.
- *Organisational monitoring* – tracks the sustainability, institutional development and capacity building in the project or programme and with its partners.

### **Focus Area 4: Outcomes and Impact Evaluation using existing performance data**

Upon completion of a project, an impact evaluation is usually prepared by an organisation outside of government or the implementing agency. At the very least, the resulting study will present an analysis of the overall implementation of the project and will examine whether the pre-identified targets were met (within a reasonable margin of error). Typically, further *ex-post* evaluations of selected projects will be commissioned at this stage to assess the broader impact on communities, households, clusters of firms and other beneficiary groups that might not be easily delineated in any one of the above categories. More generally, however, the analysis

coming out of the implementation phase will tend to raise further questions that will typically need answering before an overall assessment of the success or failure of the policy intervention can be made. From an evaluation perspective, the post-implementation phase is crucial as it is during this phase that a comprehensive evaluation will become possible for the first time since the inception of the project.

#### **Focus Area 5: Departmental M&E System maintained and strengthened**

As the custodian for departmental M&E, aligned to economic development outcomes and priorities, an M&E unit in government is mandated to establish and maintain an M&E System aligned to the Government-wide M&E System Policy Framework and the Department of Performance Monitoring and Evaluation's prescripts.

Over the next five years, this will require a Departmental M&E System to be established, maintained and enhanced, which would comprise:

"a set of organisational structures, management processes, standards, strategies, plans, indicators, information systems, reporting lines and accountability relationships which enables the department and other institutions to discharge its M&E functions effectively."

The following will be pursued over the next five years:

- 'Readiness Assessment' for the M&E System, aligned to the Provincial Strategic Plan and Departmental prioritised outcomes.
- Development and annual updating of a Departmental M&E policy framework, incorporating M&E plans, standards and procedures.
- Building M&E capacity in the Department.
- Dedicated Evaluation Unit linked to the Research and Strategic Planning systems.
- Stakeholder relations and evaluation network building with evaluation scholars, practitioners and public policy makers.

## Sub-programme 5.6: Economic Development Partnership

Strategic Priority: Coordination of the Provincial Government economic stakeholder partnerships

Strategic Objective	To promote economic development collaboration through effective partnership of regional economic players.
Objective statement	To promote economic development collaboration through effective partnership of regional economic players through resource allocation to the Western Cape Economic Development Partnership.
Baseline	None.
Justification	To fulfil the mandate of Provincial Strategic Goal 1 and Cabinet's endorsement thereof.
Links	PSG 1, the Membership of the Western Cape Economic Development Partnership Act, 2013.

### Strategy

The Western Cape Economic Development Partnership (EDP) was established by the Provincial Government as a vehicle to execute the mandate of its growth strategy, that is, to create opportunities for growth and jobs. The Membership of the Western Cape Economic Development Partnership Act was passed by the Provincial Cabinet in December 2013.

The EDP was established and launched in 2012 to lead, coordinate and drive the economic growth, development and inclusion agenda for Cape Town and the Western Cape. The EDP seeks to juxtapose different interests, objectives and organisational cultures in the belief that a structured embrace of tensions between partners and perspectives can act as a catalytic force to identify creative 'win-win' solutions. It provides a new way of working together to redesign the regional economy and deliver different outcomes. The EDP leads, coordinates and drives the Western Cape economic delivery system to achieve greater levels of inclusive growth.

### Outcome

The EDP supports partnerships which serve to drive the region towards more effective pathways to innovation, employment, enterprise and investment for individuals and organisations in the Western Cape region.

### Focus Areas

The focus areas over the next five years will comprise:

- Economic and Market Intelligence;
- Economic Vision, Agenda and Delivery;
- Economic Performance Coordination and Monitoring;
- Information Management.

### Focus Area 1: Economic and Market Intelligence

The Department places a high priority on accurate data, understanding long-term demand trends and economic and market intelligence to ensure evidence strategy and planning.

### Focus Area 2: Economic Vision, Agenda and Delivery

The Department will mobilise stakeholders and build leadership around a shared economic vision and strategy, a common agenda and joint action plans and projects. In order to achieve this, OneCape 2040 identified six key transition areas that need to be developed, namely Knowledge transition – Educating Cape; Economic Access transition – Working Cape, Ecological transition – Green Cape, Cultural transition – Connecting Cape, Settlement transition – Living Cape, and Institutional transition – Leading Cape.

### Focus Area 3: Economic System Performance Coordination and Monitoring

The EDP monitors the performance of the economic delivery system and makes recommendations for service delivery improvements.

### Focus Area 4: Information Management

The EDP gives high priority to putting in place effective information management, knowledge sharing and communications systems for partnership building.

## Resource considerations

**TABLE 5.1: NOMINAL EXPENDITURE ON PROGRAMME 5: ECONOMIC PLANNING**

Programme 5: Economic Planning	Audited 2011/12 R'000	Audited 2012/13 R'000	Audited 2013/14 R'000	2014/15 (Main) R'000	2014/15 (Adjusted appropriation)	2015/16 (Indicative) R'000	2016/17 (Indicative) R'000
Sub-Programme 5.1: Policy & Planning	1 294	1 697	14 159	16 949	20 199	3 869	17 498
Sub-Programme 5.2: Research & Development	4 155	6 805	5 775	5 310	5 310	4 049	3 940
Sub-Programme 5.3: Knowledge Management	2 515	3 009	3 149	2 818	2 818	5 068	3 864

Programme 5: Economic Planning	Audited 2011/12 R'000	Audited 2012/13 R'000	Audited 2013/14 R'000	2014/15 (Main) R'000	2014/15 (Adjusted appropriation)	2015/16 (Indicative) R'000	2016/17 (Indicative) R'000
Sub-Programme 5.4: Monitoring & Evaluation	2 115	2 644	1 915	5 968	4 468	2 641	2 350
Sub-Programme 5.5: Management	2 865	2 732	0	0	0	0	0
Sub-Programme 5.6: Economic Development Integration	1 850	7 850	9 692	8 896	8 896	5 000	9 654
Total Programme	14 794	24 737	34 690	39 941	41 691	20 627	37 306

**TABLE 5.2: NOMINAL PAYMENTS AND ESTIMATES PER ECONOMIC CLASSIFICATION ON PROGRAMME 5: ECONOMIC PLANNING**

Programme 5: Economic Planning	Audited 2011/12 R'000	Audited 2012/13 R'000	Audited 2013/14 R'000	2014/15 (Main) R'000	2014/15 (Adjusted appropriation) R'000	2015/16 (Indicative) R'000	2016/17 (Indicative) R'000
Current payments	14 195	16 684	20 797	23 590	24 114	15 453	27 377
Transfers and subsidies to:	500	7 860	13 493	16 196	17 404	5 000	9 654
Payments for capital assets	99	193	397	155	155	174	275
Payments for financial assets			3		18		
Total economic classification	14 794	24 737	34 690	39 941	41 691	20 627	37 306

**TABLE 5.3: STAFF ESTABLISHMENT FOR PROGRAMME 5: ECONOMIC PLANNING**

Programme 5: Economic Planning	Number of Posts on Establishment	Number of Posts filled	Number of Vacant Posts	Vacancy Rate (%)	Number of Posts Filled additional to the Establishment
Total Programme	31	24	7	22.6%	3

## Risk management

Strategic Objective	Risk	Mitigating strategy
To provide economic strategy and policy leadership in the Province.	Economic strategy and policy development may be less effective and impactful if broad provincial government support and wider economic stakeholder support are found wanting.	Policy will be developed in collaboration with a wider set of Provincial Government stakeholders, and external economic stakeholders will be solicited in a more structured manner to influence economic policy and strategy development.
To conduct and facilitate research and analysis to support economic strategy and policy development.	Economic data is not always presented or available in a manner that supports strategy and policy development. The Standard Industrial Classification (SIC) codes, a common way in which external off-the-shelf economic databases present economic data, are rarely aligned to Departmental economic interventions. Because of the misalignment, using off-the-shelf baseline data and the measurement of impact are particularly difficult.	An inter-departmental agreement on a set of indicators will be developed and taken as baseline data that will be monitored annually. Where data is not available the Department will use interns to source primary data.

# Programme 6: Tourism, Arts and Entertainment

## Strategic objectives

### 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.

### Programme Structure

- Sub-programme 6.1: Tourism Planning
- Sub-programme 6.2: Tourism Growth and Development
- Sub-programme 6.3: Tourism Sector Transformation (Tourism Regulation)
- Sub-programme 6.4: Tourism Destination Marketing Organisation
- Sub-programme 6.5: Commercial Arts and Entertainment

The main functions of the Programme are:

- To coordinate a single tourism destination strategy and delivery model which ensures effective and integrated destination management and marketing.
- To co-deliver targeted actions designed to improve destination accessibility and attractiveness.
- To improve brand awareness and ensure integrated marketing in key market segments and prioritised niches.

### Context and background

Schedule 4A of the Constitution of the Republic of South Africa, 1996, lists 'tourism' as a functional area of concurrent national and provincial competence. Section 4B of the Constitution identifies 'local tourism' as a local government functional area to the extent set out in sections 155(6)(a) and 7 of the Constitution.

The South African government has recognised the tourism industry's potential to bring about economic growth and employment creation. This is evident from the creation of a stand-alone National Department of Tourism (NDT) and the strengthening of the tourism portfolio with the finalisation of the National Tourism Sector Strategy (NTSS). The NTSS is aligned to and provides for delivery against the National Development Plan.

Project Khulisa identified tourism as one of the key sectors that offer the Province the greatest potential return in terms of jobs and growth, and which have significant opportunities that require government investment and action.

The Department of Economic Development and Tourism has the statutory and legislative mandate for tourism. It provides strategic and policy direction and facilitation to the tourism industry. Public sector interventions in the tourism industry are effected through the activities of tourism destination management and tourism destination marketing. The strategic direction and

policy imperatives for tourism as a whole are set out by the Department. Implementation for Tourism Destination Marketing is effected in the Wesgro public entity. All other interventions for tourism are delivered in-house by the Department.

The key challenges identified by Project Khulisa are:

- **Accessibility** – onerous visa restrictions; long-haul destination; limited direct flights.
- **Attractiveness** – fragmented provincial tourism strategy; undeveloped tourism product offering; difficulty for tourists to move around within the destination; negative perceptions around safety of the destination.
- **Awareness** – no clear brand; uncoordinated and sometimes competing marketing efforts; overlap in destination marketing spend by multiple public sector groups; negative perception associated with Africa.

Project Khulisa identified several key levers that the Western Cape Government could use to catalyse a substantial and sustained increase in tourism visits, GVA contribution and job creation:

- **Accessibility** – Engage national government to improve the visa regime. Consider options to 'facilitate' certain sectors or players in the meantime.
- **Strategic focus** – Prioritise the development of targeted niche markets and targeted source markets.
- **Promotion** – Create a platform that the public and private sectors are willing to collaborate on strategically and financially.

These key levers are prioritised in the Western Cape Government's Khulisa Tourism Roadmap and inform the provincial five-year strategy for tourism.

### Sub-programme 6.1: Tourism Planning

Strategic Priority: A single tourism destination strategy and delivery model

Strategic Objective	Tourism Destination Management: Tourism Planning To coordinate a single tourism destination strategy and delivery model which ensures effective and integrated destination management and marketing.
Objective statement	A five-year single tourism destination strategy and delivery model.
Baseline	New indicator.
Justification	To lead tourism planning which will inform provincial strategy, policy, legislative imperatives and key delivery for the tourism industry.
Links	PSG 1, OneCape 2040, Khulisa Tourism Roadmap, Western Cape Tourism Strategy, National Tourism Sector Strategy, National Tourism Act, 2014 (Act 3 of 2014), the National Development Plan and Industrial Policy Action Plan 2.

**Strategy**

To coordinate a single tourism destination strategy and delivery model for sustained growth, in response to the current fragmented and uncoordinated strategic approach to the tourism industry.

**Focus Areas**

**Focus Area 1:** Ensure effective and integrated tourism planning through a transversal approach which will co-design and monitor the tourism action plans as prioritised in Project Khulisa's Roadmap for Tourism.

**Focus Area 2:** Consultative and cooperative tourism planning through formal partnership arrangements and stakeholder engagements. These include:

- Creating a platform that the public and private sectors are willing to collaborate in strategically and financially to ensure integrated branding and marketing.
- Addressing industry blockages (such as visa issues) and facilitate ease of doing business in the Western Cape.
- Strategic engagement with all stakeholders in the Western Cape Tourism Partnership, including the Provincial Parliament and Standing Committee, NDT, SAT, SATSA, FEDHASA, TOMSA, TBCSA, the City of Cape Town, RTO and LTO Forums.

Alignment between national and provincial goals and objectives will be ensured through the overall coordination, and reporting into the National Tourism Sector Strategy. From the Department's side, there is participation in the National Department of Tourism's working groups, MIPTECHs and MINMECs. The National Department of Tourism participates in all the meetings of the Western Cape Tourism Partnership with local stakeholders to ensure alignment.

**Focus Area 3:** Develop the destination's competitive identity based on research and insights. Conduct and coordinate quantitative and qualitative market research efforts, including information gathering, data gathering, industry size, shape and trend analysis.

**Sub-programme 6.2: Tourism Growth and Development**

Strategic Priority: Improve destination accessibility and attractiveness

Strategic Objective	Tourism Destination Management: Tourism Growth and Development To co-deliver targeted actions designed to improve destination accessibility and attractiveness.
Objective statement	To facilitate R50 million investment in tourism infrastructure and niche market support.
Baseline	New indicator.

Justification	Destination management and destination marketing provide a coherent strategy that will contribute to tourism growth, job creation and positive visitor experiences.
Links	PSG 1, OneCape 2040, Khulisa Tourism Roadmap, Western Cape Tourism Strategy, National Tourism Sector Strategy, National Tourism Act, 2014 (Act 3 of 2014), the National Development Plan and Industrial Policy Action Plan 2.

## Strategy

To manage the destination by facilitating destination access, and enhance the attractiveness of the destination by supporting tourism niche markets and ensuring that supply-side measures are in place.

### Focus Areas

**Focus Area 1:** Facilitate improved access by land, air and sea to and within the destination in the following key focus areas:

- Explore cruise tourism options, by maximising the economic opportunities derived from cruise tourism.
- Improve public transport, by strengthening and communicating public transport options.
- Drive increased air access, by strengthening strategic partnerships with airlines to establish direct air access or increase frequency of flights with source and emerging markets that show the biggest growth potential over the next five years.

**Focus Area 2:** Support tourism niche markets, with a greater emphasis on regional development in order to enhance the attractiveness of the destination. Emphasis is placed on spreading the benefits of tourism throughout the province and reducing the impact of seasonality.

Development needs to transcend municipal boundaries and lead to the marketing of new, packaged, value-for-money visitor experiences. Key markets and actual arrival patterns in the Western Cape were analysed and the following province-wide tourism niche markets identified for priority regional support and marketing over the next five years:

1. Culture and Heritage.
2. Wine and Cuisine.
3. Edu-tourism and Youth.
4. Agri-tourism.
5. Adventure.
6. Cycle tourism.

Implementation plans will be developed for each of these niche markets. Each implementation plan will address all the elements that are needed to support and promote the niche market so that its growth potential can be fully realised. There may also be region-specific niche markets that would need to be supported between the Western Cape Government, local government and the national Department of Tourism (for example, astronomy-related tourism in the Central Karoo).

**Focus Area 3:** Facilitate the following supply-side measures to enhance the attractiveness of the tourism visitor experience, in collaboration with all stakeholders:

- Drive skills development in critical areas by creating opportunities for entry-level jobs and ensuring a culture of service excellence. Emphasis will be placed on critical and scarce skills training, a management development programme, promoting a public campaign on friendliness towards tourists and front-line customer care training.
- Manage the negative perceptions around safety of the destination and create a positive and caring atmosphere for tourists in distress.
- Improve the movement of tourists within the destination, by ensuring that appropriate and visible tourism road signage is in place.
- Enhance and create an awareness of the tourism product offering by developing and regulating a sustainable tourist guiding sub-sector, in line with the legislative mandate.

**Focus Area 4: Minimise the impact of tourism on the environment through the adoption and promotion of responsible tourism by:**

- Creating awareness of the responsible tourism guidelines (UNWTO and NDT).
- Ensuring that tourism destination development and all major events implement a green policy.

**Sub-programme 6.4: Tourism Destination Marketing**

Strategic Priority: Improve brand awareness and ensure integrated marketing

Strategic Objective	Tourism Destination Marketing To improve brand awareness and ensure integrated marketing in key market segments and prioritised niches.
Objective statement	To achieve an increase in tourism GVA of R10 billion (from R17 billion to R27 billion) through 7.5 million domestic and 5 million foreign visitors.
Baseline	2014/2015 Number of international arrivals to the Western Cape = 1.2 million. 2014/2015 International Foreign Direct Spend = R8.5 – R13 billion. 2014/2015 Number of domestic trips = 1.62 million.

Justification	Destination management and destination marketing provide a coherent strategy that will contribute to tourism growth, job creation and positive visitor experiences.
Links	PSG 1, OneCape 2040, Khulisa Tourism Roadmap, Western Cape Tourism Strategy, National Tourism Sector Strategy, National Tourism Act, 2014 (Act 3 of 2014), the National Development Plan and Industrial Policy Action Plan 2.

### Strategy

To drive low season tourism and ensure integrated branding and prioritised source and niche marketing which will lead to increased domestic trips, international arrivals and foreign direct spend.

### Focus Areas

Tourism Destination Marketing aims to increase business and leisure tourist arrivals and spend, with a nett positive effect on economic growth and job creation for the province.

**Focus Area 1:** Ensure integrated branding of the destination by developing and promoting a brand narrative that encompasses a single identity of the destination from a tourism, business, policy and leadership perspective. Further enhance the brand narrative by leveraging off other sectors, including agriculture, broadband, film and craft and design.

**Focus Area 2: Ensure integrated marketing of the destination, in partnership with South African Tourism, local government and the private sector, by:**

1. Marketing unique tourism lifestyle experiences to the domestic and international markets, with explicit emphasis on driving low season tourism. Resource allocation to the following source markets and niche markets will be prioritised as follows:

Western Cape's 2015–2020 source market selection	
<p>Tactical Markets 'low hanging fruit' 25 percent of resources Namibia, GCC, India</p>	<p>Core Markets 'bread and butter' 55 percent of resources Domestic USA, Australia, France, Germany, Netherlands, UK</p>

Western Cape's 2015–2020 source market selection	
Watch-list Markets 'on the radar' 5 percent of resources Kenya, Singapore	Investment Markets 'invest for future' 15 percent of resources Brazil, Angola, China (including Hong Kong), Italy

- Promoting business tourism (meetings, incentives, conferencing, exhibitions and events) to the domestic and international markets. Business tourism (also known as *business events*) will focus efforts on attracting conferences, exhibitions, incentive groups and corporate meetings in economic sectors identified by the government as priority sectors for future development. Strong partnership arrangements with the Cape Town International Convention Centre (CTICC) and the National Conventions Bureau must be in place to harness the full benefit of business tourism for the City of Cape Town and the regions.
- Providing market exposure to events that will further increase footfall and create platforms for visitors to interact with local communities. The event portfolio will provide marketing support to Jewel, Incubator and Local events that will promote the destination brand and drive tourism in the low season.
- Providing marketing opportunities for tourism businesses via the use of marketing and communication channels, including participation in domestic trade shows.

## Resource considerations

**TABLE 6.1: NOMINAL EXPENDITURE ON PROGRAMME 6: TOURISM, ARTS AND ENTERTAINMENT**

Programme 6: Tourism, Arts and Entertainment	Audited 2011/12 R'000	Audited 2012/13 R'000	Audited 2013/14 R'000	2014/15 (Main) R'000	2014/15 (Adjusted appropriation) R'000	2015/16 (Indicative) R'000	2016/17 (Indicative) R'000
Sub-Programme 6.1: Tourism Planning	2 940	3 533	3 863	3 895	4 077	3 895	5 898
Sub-Programme 6.2: Tourism	7 506	4 564	4 838	3 843	4 137	3 843	4 098

Programme 6: Tourism, Arts and Entertainment	Audited 2011/12 R'000	Audited 2012/13 R'000	Audited 2013/14 R'000	2014/15 (Main) R'000	2014/15 (Adjusted appropriation) R'000	2015/16 (Indicative) R'000	2016/17 (Indicative) R'000
Growth and Development							
Sub-Programme 6.3: Tourism Sector Transformation	7 382	8 508	8 702	9 092	9 092	6 745	8 938
Sub-Programme 6.4: Destination Marketing Organisation	35 439	25 000	22 600	21 000	21 000	29 000	20 000
Sub-Programme 6.5: Commercial Arts and Entertainment	9 556	8 740	7 551	7 172	6 696	766	6 729
Total Programme	62 823	50 345	47 554	45 002	45 002	44 249	45 663

**TABLE 6.2: NOMINAL PAYMENTS AND ESTIMATES PER ECONOMIC CLASSIFICATION ON PROGRAMME 6: TOURISM, ARTS AND ENTERTAINMENT**

Programme 6: Tourism, Arts and Entertainment	Audited 2011/12 R'000	Audited 2012/13 R'000	Audited 2013/14 R'000	2014/15 (Main) R'000	2014/15 (Adjusted appropriation) R'000	2015/16 (Indicative) R'000	2016/17 (Indicative) R'000
Current payments	15 665	17 157	17 013	17 213	17 213	15 077	25 415
Transfers and subsidies to:	46 900	33 040	30 413	27 600	26 700	29 000	20 000
Payments for capital assets	258	133	128	189	189	172	248
Payments for financial assets		15					

Programme 6: Tourism, Arts and Entertainment	Audited 2011/12 R'000	Audited 2012/13 R'000	Audited 2013/14 R'000	2014/15 (Main) R'000	2014/15 (Adjusted appropriation) R'000	2015/16 (Indicative) R'000	2016/17 (Indicative) R'000
Total economic classification	62 823	50 345	47 554	45 002	44 102	44 249	45 663

**TABLE 6.3: STAFF ESTABLISHMENT FOR PROGRAMME 6: TOURISM, ARTS AND ENTERTAINMENT**

Programme 6: Tourism, Arts and Entertainment	Number of Posts on Establishment	Number of Posts filled	Number of Vacant Posts	Vacancy Rate (%)	Number of Posts Filled additional to the Establishment
Total Programme	36	29	7	19.4%	4

## Risk management

Strategic Objective	Risk	Mitigating strategy
1. Coordinate a single tourism destination strategy and delivery model which ensures effective and integrated destination management and marketing.	Failure to secure buy-in and cooperation from public and private stakeholders due to a lack of common understanding and goals could negatively impact on co-delivery of the Tourism Strategy.	Coordination will include regular focused engagements and formalised agreements with stakeholders that will ensure an integrated tourism strategy and achievable implementation plans.
2. Co-deliver targeted actions designed to improve destination accessibility and attractiveness.	Lack of diverse and undeveloped product offerings in the Western Cape could result in fewer tourists finding the destination attractive.	Product offerings will be enhanced through the support of prioritised tourism niche markets in collaboration with the private and public sectors.
3. Improve brand awareness and ensure integrated marketing in key market segments and prioritised niches.	Failure to coordinate marketing approaches between public and private sector role-players could result in tourist arrivals and spend in the Western Cape not being fully maximised.	Interaction between public and private sector role-players will be improved and coordinated to ensure effective and integrated tourism destination marketing.

# Programme 7: Skills Development and Innovation

## Strategic Objectives

### Purpose

To facilitate the provisioning of human capital and innovation skills in order to deliver on the economic human resources development needs of the Western Cape.

The Programme 7 purpose feeds into the vision of the National Skills Development Strategy (NSDS III): "A skilled and capable workforce that shares in, and contributes to, the benefits and opportunities of economic expansion and an inclusive growth path".

### Programme structure

- Sub-programme 7.1: Provincial Skills Coordination
- Sub-programme 7.2: Workforce Development
- Sub-programme 7.3: Innovation & Technology
- Sub-programme 7.4: Management: Skills Development and Innovation

### Context and background

The growing complexity of the workplace, accelerated through the dynamic impact of globalisation on national economies, production and trade, has put the question of Human Resource Development at the heart of contemporary public policy and development strategies.

The work of the Skills Development Programme for the next five years will be considered in terms of a number of the national and provincial policies and strategies, including the National Development Plan, the Medium-Term Strategic Framework, National Skills Development Strategy, OneCape 2040 and the Provincial Government's Provincial Strategic Goals, read with the priorities identified in Project Khulisa.

About 3.4 million South Africans aged 15 to 24 years are unemployed. This unemployment challenge relates to low education attainment levels, poor retention of learners and the inadequate preparation of most young people for employment. The National Development Plan highlights the potential for the significant proportion of our economically active population classified as youth to contribute to economic growth, despite the current reality that youth unemployment is the major contributor to our unemployment challenge.

The Medium-Term Strategic Framework 2014–2019 stresses the importance of investment in quality education, as well as in skills development, as the bedrock of the government's approach to addressing the challenges of the youth.

Government's revised 14 Outcomes include a specific outcome related to skills development, 'A skilled and capable workforce to support an inclusive growth'.

The National Skills Development Strategy (NSDS III) places great emphasis on the relevance, quality and sustainability of skills training programmes to ensure that they impact positively on poverty reduction and inequality (see Part A for a description of NSDS goals).

OneCape 2040 describes six transitions that will propel the Province towards its vision of a '*highly skilled, innovation-driven, resource-efficient, connected, high opportunity and collaborative society*', of which the 'Educating Cape' transition is a key focus of the activities of the Programme – which includes the Paths to Employment programme, that provides young people with part-time or full-time work experience and a small stipend.

The Programme's main focus will be to achieve Provincial Strategic Goal 1 (PSG 1: Create Opportunities for Growth and Jobs) of the Provincial Strategic Plan, with emphasis on the priority productive sectors identified by Project Khulisa.

Programmes and projects, aimed at advancing the skills development within and across departments and stakeholders, are coordinated and facilitated through the Skills Development and Innovation Programme.

DEDAT has established the Provincial Skills Forum with a wide range of stakeholders to:

- Support the increased alignment between demand and supply and, in some cases, to enable supply to play a catalyst role for demand.
- Ensure that skills planning supports and enables major initiatives for economic growth identified by the Western Cape Government, including the Cape Catalyst Initiative, the Western Cape's Green Economy and the major government infrastructure plans for the Western Cape.
- Adopt a local skills ecology approach that ensures that local resources are well utilised and developed further and that there is coordination across businesses within particular sectors, so that relevant skills are consistently available in communities and that the necessary conditions for economic strategies are stimulated.
- Ensure that individuals in the province have the foundational education and skills required to actively participate in, and contribute to, the economy of the Western Cape.
- Establish a mechanism to address blockages that arise in this process.
- To achieve the above, four priority areas have been identified: tailored interventions in skills development programmes and projects and workplace experience; the catalytic role that government can play to stimulate the demand for skills to ensure that supply follows demand; systemic and transversal issues to facilitate skills development; and internal skills development initiatives in the Department and the Western Cape Government.

### **Sub-programme 7.1: Provincial Skills Coordination**

Strategic Priority: To proactively develop skills programmes aimed at supporting government-leveraged strategic infrastructure directed at priority productive sectors of high potential that will have a significant impact on the Western Cape economy.

Strategic Objective	To initiate skills planning and supply in response to government-driven economic investments.
Objective statement	Secure 50 percent placement of graduates of Departmental co-developed programmes at TVET colleges and Higher Education Institutions (HEIs) in the emerging and catalytic industries. Skills planning and supply programmes will be initiated in response to government-driven economic investments, to ensure the supply of suitably trained and qualified labour.
Baseline	No baseline exists.
Justification	The catalytic role that government can play in stimulating the demand for skills development can drive supply such that it both ensures that the skills (and experience) available in a community are aligned to demand and ensures that this supply of skills stimulates further demand. Government has committed to major investments in Broadband, Infrastructure, Green Economy, Strategic Infrastructure (SIP 5 and 8), Government Infrastructure Maintenance, the Saldanha IDZ, Special Economic Zones, the Square Kilometre Array and a number of other projects, that will spur growth. Addressing the skills needs of these planned programmes include developing appropriate curricula with Higher Education and training the labour force for current and future jobs related to these fields.
Links	Strong links to national strategies such as NSDS III, provincial economic policies and local skills development ecologies.

## Strategy

This strategy focuses on the catalytic role that government can play in stimulating demand for skills development. The development of appropriate skills in strategic projects such as Broadband Information and Communications, the Saldanha Industrial Development Zone, Infrastructure, Agriculture, the Design Sector, the Green Economy, the Strategic Infrastructure Programmes (SIP 5 and 8) and the Cape Health Technology Park, supports a differentiated approach to proactively anticipate future demand for skill sets and will be supported by strong regional or spatial links in determining the skills offering by training providers.

## Outcome

Secure 50 percent placement of graduates of Departmental co-developed programmes at TVET colleges and Higher Education Institutions (HEIs) in the emerging and catalytic industries.

## Focus Areas

- The establishment of possible pilot sites (TVET colleges, public schooling system) to tailor curriculum development and quality assurance initiatives with private sector input from the above industries.

- Programmes developed to identify prospective employees in the sectors and place them in industries to gain relevant work experience.

### **Sub-programme 7.1: Provincial Skills Coordination**

Strategic Priority: To address cross-cutting initiatives that are required across the economy which can support the other strategies of the Programme.

Strategic Objective	To improve the coordination, planning, implementation and funding of skills development interventions / strategies across stakeholders.
Objective statement	Skills development across stakeholders will be improved to increased skills leveraged funding by 50 percent over five years and to grow the number of youth accessing the e-skills platform to 20 percent of learners in the province.
Baseline	Five collaborative agreements were signed in 2014/2015, resulting in an estimated R20 million being leveraged.
Justification	<p>The skills development landscape is complex with many partners that often operate in silos, thereby not providing coherence and efficiency to skill development initiatives. Coordinated cross-cutting initiatives are required across the economy which can support the other strategies of the programme.</p> <p>Improved coordination will result in achieving greater synergies in the planning, coordination and implementation of skills development initiatives across education and training as well as employer stakeholders. This will reduce duplication of efforts, strengthen alignment between supply and demand of skills development, share information and intelligence to better inform current skills needs and forecast future demand for, and provide an offering of, specific skills, and ensure sufficient funding is leveraged to support skills plans that are developed collaboratively.</p>
Links	Strong links to national strategies such as NSDS III, provincial economic policies and local skills development ecologies. Links with the Cape Higher Education Consortium (CHEC), Technical and Vocational Education and Training (TVET) colleges, Sectoral Education and Training Authorities (SETAs) local government, and organised business and labour.

### **Strategy**

The Provincial Skills Coordination unit will facilitate partnerships between skills supply and demand stakeholders to ensure that the immediate skills challenges are addressed. The maintenance of stakeholder relationships is critical as the public skills service providers and skills funders are within the national Department of Higher Education and Training.

The Provincial Human Resource Development (HRD) Council Skills Forum will align the planning of skills development processes with national imperatives such as Strategic Infrastructure Programmes (SIPs), provincial developments such as Project Khulisa and local ecologies, to ensure that the relevant skills are available and that the necessary conditions for economic

strategies are addressed and stimulated. This will be achieved through coordination of the SETA cluster.

The Skills Coordination unit is also responsible for influencing and addressing cross-cutting skills or transversal development initiatives that are required across the economy and that can support a responsive and proactive approach to skills development initiatives. These initiatives aim to:

- improve education attainment levels;
- improve school and higher education retention rates;
- increase career awareness levels;
- improve life and job readiness skills;
- improve the information and understanding of the rig and ship repair; tourism and hospitality; and agri-processing sectors' skills needs;
- improve the appropriateness and effective delivery of education and training curricula to address industry needs;
- improve communication, understanding and access to the many incentives available to industry to support the development of improved skill levels of the unemployed and underemployed persons;
- Influence education and skills development policy, planning, programme and project implementation and funding arrangements across stakeholders to achieve the desired impact; and,
- Develop and facilitate the implementation of regional skills plans that optimise resource usage across stakeholders aimed at achieving the desired impact.

To give effect to the above, the leadership, influencing and coordination roles will be executed by the SMS staff in the unit. The cost of staff is already included in the existing personnel budget but should be supported by operational funding for hosting skills promotional events, for company incentives, collecting and analysing sector skills information, media campaigns, marketing, brochures, conferences, communication, publications and recruitment drives.

### **Outcomes**

Increased skills leveraged funding by 50 percent over five years. The number of youth accessing the e-skills platform grown to 20 percent of learners in the province.

### **Focus areas**

The Provincial Skills Coordination sub-programme provides leadership in maintaining the Provincial HRD Forum as an appropriate mechanism to improve the alignment between the supply and the demand for skills. The continued functioning of the Provincial Skills Forums, together with their technical workgroups, will address the coordination and many transversal skills development challenges experienced across stakeholders, each of whom has its own mandate and interaction on the skills interventions.

The focus on coordination of stakeholders within the skills eco-system will reduce the levels of inertia, fragmentation and duplication of effort, and attract greater synergy in skills development interventions. Greater coordination among skills development stakeholders will

allow for improved planning and coordinated implementation of skills programmes, enabling enhanced impact and sustainable success.

The Skills Coordination unit is also responsible for addressing cross-cutting initiatives that are required across the economy and which can support both a responsive and proactive approach to skills development initiatives.

The development of an **e-skills eco-system** to increase reach, capacity and accessibility of skills development interventions utilising broadband will be a priority. The eco-system will consist of four elements:

- A Skills Intelligence Platform that enables facilitation, collaboration and communication between stakeholders.
- A Learning Management System to facilitate learning through an e-Learning platform.
- A Career Awareness Platform to assist citizens of the Western Cape to find fulfilling work aligned to their skill ability, that will also provide coaching and guidance regarding career awareness and match users to job opportunities.
- The Learning Market, an online marketplace for online learning content generated by private businesses to create a skills development economy.

### Sub-programme 7.1: Provincial Skills Coordination

Strategic Priority: To better coordinate government training programmes across departmental programmes and departments.

Strategic Objective	To better coordinate government training programmes of internal and external candidates across departmental programmes and departments.
Objective statement	The objective is to improve the coordination of government training programmes of internal and external candidates across departmental programmes and departments to increase the absorption rate of interns into government and business by 10 percent over the next five years.
Baseline	No baseline exists.
Justification	Departments across the Western Cape Government are involved in a number of training initiatives, which include pre and in-service training, internal and external skills development initiatives, and the placement and employment of bursary beneficiaries and interns. These activities are often not coordinated within the Province, resulting in government not being able to harness the potential of the beneficiaries or optimise the benefits of having trained the individuals.  Working in an integrated manner across the programmes in the departments of Economic Development and Tourism and Agriculture, the two departments, together with the Provincial

	<p>Empowerment and Training Chief Directorate, will adopt a more inclusive and coordinated approach to skills development and training.</p> <p>The focus will be on training programmes, bursaries, external placement of bursary holders, placement and employment opportunities, and a greater focus on the Expanded Public Works Programme to create a pipeline into the skills development arena.</p>
Links	<p>National Skills Development Strategy III for SA, HRDSSA, National Development Plan; Medium Term Strategic Framework; DPSA.</p>

### Strategy

The Western Cape Government invests in a number of skills development initiatives for internal and external candidates each year. The Skills Development and Innovation unit will coordinate the various initiatives across the Department of Economic Development and Tourism, Agriculture and the Provincial Training and Empowerment unit to reduce duplication and realise opportunities for the beneficiaries of these programmes. To promote career awareness and employment opportunities to youth employed as interns, learnerships, etc. within and across government departments.

### Outcome

To increase the absorption rate of interns into government and business by 10 percent over the next five years.

### Focus Areas

- Coordinate transition into employment opportunities across the Western Cape Government for learners exiting government training programmes, bursaries, and external placement of bursary holders.
- Integrated approach to planning across the Department of Economic Development and Tourism, Department of Agriculture and the Provincial Empowerment and Training Chief Directorate, with the focus on Human Resource Development.
- Develop and communicate career-pathing within the Western Cape Government to create access for first-time work-seekers, which includes pre and in-service training, internal and external skills development initiatives, and the placement and employment of bursary beneficiaries and interns.

### Sub-programme 7.2: Workforce Development

Strategic Priority: To provide tailored interventions in skills development programmes and projects and workplace experience.

Strategic Objective	<p>To increase the number of appropriately skilled persons, by providing them access to work experience and/ or training opportunities</p>
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Objective Statement	<p>Decrease youth unemployment in the province by 5 percent over the next five years by increasing access to work and training opportunities.</p> <p>The scarce and critical skills required by oil rig repair, agri-processing and tourism will be used as a guide for business to determine the required training and or placement opportunities to allow access practical experience.</p>
Baseline	<p>People trained and placed through skills development programmes implemented by the Department in propulsive economic or labour-absorbing sectors.</p>
Justification	<p>National as well as Provincial imperatives require a skilled and capable workforce, able to sustain a resilient, growing and inclusive economy. Industries' – demand for specific skills can only be met by tailored interventions that include skills programmes, workplace experience programmes as well as the importation of skills. The focus is on ensuring that workplaces are able to indicate their current shortages, suggest any anticipated shortages where possible, as well as indicate any obstacles that they experience in recruiting and retaining individuals with the relevant skills, and in implementing occupational readiness programmes intended to meet these skills requirements. The scarce and critical skills required by economic priority sectors will be used as a guide for business to determine the required training or placement opportunities to allow access to practical experience. Since the scarce and critical skills are demand-led, the prospects for successful training and placement in the identified sectors are increased.</p>
Links	<p>Strong links to national strategies such as NSDS III, provincial economic policies and local skills development ecologies.</p>

### Strategy

Industry needs will be met by tailored interventions that include skills programmes, workplace experience programmes as well as the importation of skills.

### Outcome

Decrease youth unemployment in the province by 5 percent over the next five years.

### Focus Areas

#### Focus Area 1: Artisan Development Programme

The Department of Economic Development and Tourism, together with industry, the national departments of Labour, Cooperative Governance and Traditional Affairs and Higher Education,

the Sectoral Education and Training Authorities (SETAs), the provincial departments of Local Government, Education and Social Development, the district municipalities with their local municipalities, the South African Oil & Gas Alliance and the Saldanha IDZ Licensing Company will be focused on the training and placement of trainee artisan candidates. This will address the more pressing skills requirements of industry and have the requisite impact on the skills landscape.

## Focus Area 2: Foundational and work readiness programmes

Work readiness skills refer to both foundational cognitive skills such as reading for information, applied mathematics, locating information, problem solving and critical thinking, and non-cognitive or soft skills (the personal characteristics and behavioural skills that enhance an individual's interactions, job performance and career prospects such as adaptability, integrity, cooperation and workplace discipline).

## Resource considerations

**TABLE 7.1: NOMINAL EXPENDITURE ON PROGRAMME 7: SKILLS DEVELOPMENT AND INNOVATION**

Programme 7: Skills Development and Innovation	Audited 011/12 R'000	Audited 012/13 '000	Audited 2013/14 R'000	2014/15 Main) R'000	2014/15 (Adjusted appropria tion) R'000	2015/16 (Indicative) R'000	2016/17 (Indicativ e) R'000
Sub- Programme 7.1: Provincial Skills Coordination	2 335	3 805	12 350	9 477	5 376	6 430	3 231
Sub- Programme 7.2: Workforce Development	12 964	20 870	20 429	27 077	36 423	35 506	53 176
Sub- Programme 7.3: Innovation & Technology	2 054	873	1 239	966	1 051	1 032	1 086
Sub- Programme 7.4: Management: Skills Development & Innovation	1 014	1 082	2 140	1 770	2 240	2 150	3 720
Total Programme	18 367	26 630	36 158	39 290	45 090	45 118	61 213

**TABLE 7.2: NOMINAL PAYMENTS AND ESTIMATES PER ECONOMIC CLASSIFICATION ON PROGRAMME 7: SKILLS DEVELOPMENT AND INNOVATION**

Programme 7: Skills Development and Innovation	Audited 2011/12 R'000	Audited 2012/13 R'000	Audited 2013/14 R'000	2014/15 (Main) R'000	2014/15 (Adjusted appropriation) R'000	2015/16 (Indicative) R'000	2016/17 (Indicative) R'000
Current payments	3 769	13 937	20 991	37 646	30 749	38 024	61 115
Transfers and subsidies to:	14 300	12 665	14 939	1 460	14 234	7 000	
Payments for capital assets	298	28	228	184	107	94	98
Payments for financial assets							
Total economic classification	18 367	26 630	36 158	39 290	45 090	45 118	61 213

**TABLE 7.3: STAFF ESTABLISHMENT FOR PROGRAMME 7: SKILLS DEVELOPMENT AND INNOVATION**

Programme 7: Skills Development and Innovation	Number of Posts on Establishment	Number of Posts filled	Number of Vacant Posts	Vacancy Rate(%)	Number of Posts Filled additional to the Establishment
Total Programme	20	16	4	20.0%	2

## Risk management

Strategic Objective	Risk	Mitigating strategy
To increase the number of appropriately skilled persons, by providing them access to work experience and or training opportunities.	High drop-out rate of beneficiaries during the project roll-out.	Formalise establishment of skills forums that allow for collaborative planning and monitoring of skills interventions. Enhancement of communication mechanism for sharing of good practice / models. Increase stipends to below industry wage rates. Incentivise skills training initiatives for employability. Facilitate engagements in mainly labour-absorbing clusters and local municipalities

Strategic Objective	Risk	Mitigating strategy
<p>To improve the coordination, planning, implementation and funding of skills development interventions / strategies across stakeholders.</p> <p>To better coordinate government training programmes of internal and external candidates across departmental programmes and departments.</p>	<p>Lack of participation / buy-in of key local and national stakeholders and social partners could result in uncoordinated intervention.</p> <p>Duplication of efforts and inefficient use of resources.</p>	<p>to increase awareness of quality, relevance and demand for youth exiting skills and work experience projects.</p> <p>Intensify strategic engagements held with the Sector Development Agencies, Tourism HRD forums, business chambers, Wesgro, SETA Cluster and FET CEO Forum participation, Transversal Technical Working Group for Skills.</p> <p>The aim is to gather market intelligence on the present and future labour demands with the view to facilitate job opportunities for the appropriate labour.</p> <p>Partnership with government departments and other partners in the skills eco-system to ensure that suitable recruitment and screening phases and processes are in place, so that the best match-fit beneficiaries are selected for the relevant projects.</p> <p>Regular engagement between key departments and sharing of good practice.</p> <p>Reporting structure to be established and maintained.</p>

## **Part C: Links to other plans**

### **7. Links to long-term infrastructure and other capital plans**

Programme 3 has a specific focus on infrastructure development, but not for its own needs. Rather, infrastructure developments are intended for industry players and as such, the assets or capital investment may not fall within the realm of the Department.

### **8. Conditional grants**

Not applicable.

### **9. Public Entities**

The Western Cape Destination Marketing, Investment and Trade Promotion Agency (WESGRO)

The modernisation review of the public entities within the Province has been undertaken, which may result in a status quo change of the role of Wesgro, the official Trade and Investment Promotion Agency.

Evaluation of the public entity and its performance is conducted via:

- Representation on the Board as ex-officio member.
- A detailed performance report received from Wesgro on a quarterly basis.
- Funding transferred in tranches, based on evaluation of quarterly reports.
- A minimum of one quarterly meeting between the Department and Wesgro to discuss performance, ensure alignment between Departmental and Wesgro's plans, provide assistance where relevant, and address challenges.

Tourism Destination Marketing is implemented in Wesgro as it relates to its Provincial legislative mandate. Implementation for the 2015/2016 financial year will be focused on prioritised Lifestyle marketing, Business Tourism and Events. Partnership arrangements will be in place in order to leverage financial, non-financial and co-delivery support from South Africa Tourism, Local Government and the private sector.

The Department evaluates implementation of Tourism Destination Marketing on a quarterly basis with regard to its quarterly performance reporting. This is a written evaluation that is thoroughly assessed and discussed with the public entity. In addition, the Head of Department is a member of the Board.

#### **Western Cape Liquor Authority (WCLA)**

The WCLA was established in terms of the Western Cape Liquor Act No. 4 of 2008 and subsequent Western Cape Liquor Amendment Act, 2010 (Act 10 of 2010). The WCLA not only plays a role in the stimulation and growth of the economy by virtue of the jobs created by new liquor businesses but must now also make a contribution towards reducing the negative effects of alcohol abuse within the region.

The Department evaluates the WCLA on a quarterly basis with regard to its quarterly performance reporting. This is a written evaluation that is thoroughly assessed and discussed with the public entity. In addition, the Programme Manager also has observer status at Board meetings.

Name of public entity	Mandate	Outputs	Date of next evaluation
Western Cape Economic Development Partnership	To lead, coordinate and drive the economic growth, development and inclusion agenda for Cape Town and the Western Cape.	Economic and market intelligence, and economic vision, strategy and delivery.	Quarterly
Western Cape Liquor Authority	To regulate the liquor industry in the Western Cape.	Number of licences granted. Number of inspections conducted. Number of awareness sessions conducted.	March 2015

## 10. Public-private partnerships

Not applicable.

## 11. Transversal Projects

Project	Project Description	Stakeholder	Role of Stakeholder	Expected Outcome
LED Professionalisation Programme	Capacity Building support provided to local government.	University of the Western Cape [UWC]	To provide the accredited training	Ensure that the LED Maturity Index Average increases by 6% annually (contribute to the ease of doing business).
LED Maturity Assessments	Assessment of LED proficiency at local government level.	Municipalities	To participate in the assessment processes	Ensure that the LED Maturity Index Average increases by 6% annually (contribute to the ease of doing business).
Supplier Development	The Enterprise Development unit will facilitate the process of hosting of one supplier development workshop per quarter in partnership with relevant stakeholders. The objective of these sessions is to create a platform for suppliers, vendors and service providers to access credible and reliable information on Provincial Government procurement	Provincial Treasury  Ariba  SARS	Addressing the governance issues.  Creating a platform for attendees to register or update their details on the Western Cape Supplier Database.  Creating a platform for attendees to register, update or resolve outstanding SARS issues.	Increased number of service providers registered on the Western Cape Supplier Database.

Project	Project Description	Stakeholder	Role of Stakeholder	Expected Outcome
	processes and practices.			
Design, Innovation and Creativity Initiative	The support of design as a major competitive driver of the Western Cape economy	CCDI	Driver and implementer of Design Strategy and related projects.	Contribution of R2.1 billion towards GDP and 1 097 jobs by Year 5. Contribution of R13 billion towards GDP and 14 705 jobs in Year 25.
		Green Cape	Driver and implementer of Innovation in Green Projects.	
		EDP	Coordinator of Western Cape Innovation Systems	
		City of Cape Town	Legacy projects of WDC2014 and driver of CoCT Arts, Culture and Design Policy.	
		Cape Town Partnership: Creative Cape Town.	Strategic inputs, project direction, provision of linkages to related and supporting activities.	
		CPUT	Co-funder and partner in Design and Innovation Projects for CHEC: Design Park.	
		University of Cape Town	Co-funder and partner in Design and Innovation Projects for CHEC: Design Park.	
		DEDAT: Green Economy Unit	Co-funder and partner in Design and Innovation Project in Green: BLC.	
		DEDAT: IEDS and TIA	Co-funder and partner in Design	

Project	Project Description	Stakeholder	Role of Stakeholder	Expected Outcome
			and Innovation Project: Enterprise development (Seed Fund).	
		Department of the Premier	Major stakeholder in Design and innovation Projects.	
		Dept. of Science and Technology	Co-funder and co-manager of project.	
		Department of Transport and Public Works	Major stakeholder in specific projects in design implementation.	
Cape Health Technology Hub	A health technology park to co-locate related organisations which have bio-tech and health technologies as core focus.	Dept. of Science and Technology	Co-funder and co-manager of project.	Contribution of R9.5 billion to GDP and 13 000 jobs by Year 10.
		Wesgro	Project management and pre-implementation of phase 1.	
		National Department of Science and Technology	Co-funder and partner of the project.	
		Technology and Innovation Agency	Project expertise	
		Dept. of Transport and Public Works	Provider of WCG land and overall co-ordinator of TRUP.	
		Dept. of Health	Support w.r.t. land provision and beneficiary of products and services arising from Park.	
		City of Cape Town	Provider of CCT land for the project.	

Project	Project Description	Stakeholder	Role of Stakeholder	Expected Outcome
Cape Town International Convention Centre	Expansion of current CTICC facility.	City of Cape Town	Co-funder and shareholder of project.	Contribution of R531 million towards GDP per annum and 3 055 jobs by Year 8.
		Convenco	Co-funder, manager and implementer of project.	
Air Access Initiative	Improve air access into Cape Town, and targeting Africa specifically.	Wesgro	Project management and implementation.	Contribution of R392 million towards GDP per annum and 3 950 jobs for one specific route by Year 6.
		Tourism Sector Chief Directorate	Strategic inputs, project direction, provision of linkages to related and supporting activities.	
		WC Dept of Agriculture	Strategic inputs, project direction, provision of linkages to related and supporting activities.	
		ACSA	Strategic inputs, project direction, provision of linkages to related and supporting activities.	
		CoCT	Co- Funder	
Saldanha Industrial Development Zone	An oil and gas and marine repair engineering and logistics services complex in Saldanha Bay.	Wesgro	Parent public entity of Licencing Company and FDI promoter.	Contribution of R11 billion per annum to GDP and 7.800 jobs by Year 10.
		SBIDZ LiCo	Permit holder of the designated IDZ.	
		SB Municipality and WC District Municipality	Strategic Input into the project and provider of bulk services.	
		IDC	Lessor of part of the IDZ land and	

Project	Project Description	Stakeholder	Role of Stakeholder	Expected Outcome
			potential funder of incoming investors.	
		The dti	Licencing authority and funder of capital expenditure for project.	
		Dept of Transport and Public Works	Provider of road infrastructure.	
		Transnet National Ports Authority	Owner of part of the IDZ and major funder to relevant port infrastructure.	
West Coast Industrial Plan	Planning exercise to look at desired future state of industrial development as well as determining resource demand.	Department of Environmental Affairs and Development Planning	Overall regional planning processes and spatial planning.	TBD
		Department of Transport and Public Works	Transport planning and provision of roads.	
		Department of Local Government	Municipal support, planning support.	
		Saldanha Bay Municipality & District Municipality	Spatial planning, land use planning, provision of municipal services.	
Green Economy Smart Grids	To address the barriers of smart grid uptake and embedded generation for municipalities.	WCG (DEADP, DEDAT, DOLG)	Strategic input and oversight into the implementation of the project.	Improved municipal electricity service delivery and stimulation of the local manufacturing and related industries.
		Municipalities	Municipalities are "owners" of the technology.	
Green Economy Importation of natural gas	To address market failures across the gas value chain.	City of Cape Town National Government (DoE), DTI,	Provide input and guidance in accordance to mandate and expertise.	DoE /Treasury approval of the West Coast importation project.

Project	Project Description	Stakeholder	Role of Stakeholder	Expected Outcome
		Atlantis SEZ		Providing the basis for the Western Cape's secure energy future.
Green Economy: Green Finance Initiative	Develop the financial mechanism to realise opportunities associated with energy security – i.e. develop suitable models for energy efficiency in government buildings, work with financial institutions to facilitate access for embedded generation on municipal revenue streams.	WCG (DEDAT, DTPW, DOLG)	DTPW is the main implementer from a WCG perspective, with DOLG providing critical coordination re Local Government.	Increased investment into the Green Economy.
		Municipalities	Input and expertise re municipal revenue space.	
		Financial institutions	Financier relationships are critical to understanding the green financing space.	
Green Economy: Waste Economy	To create an enabling environment for the beneficial use of a waste economy in the Western Cape.	Provincial government departments (DEDAT, DEA&DP, DoLG)	Strategic input and oversight into the implementation of the project.	Improved integrated waste management in municipalities. Diversion of a larger portion of municipal waste from landfills, extending current landfill lifetimes.
			Municipalities are responsible for waste management and therefore the implementer of proposed technology/ solutions.	
		SALGA, SANEDI, academia and several municipalities.		
Green Economy: WISP	To facilitate synergies between companies in	Western Cape Government Departments	Strategic input and oversight into the	More resource efficient (and therefore profitable)

Project	Project Description	Stakeholder	Role of Stakeholder	Expected Outcome
	order to identify and realise business opportunities from unused or residual resources.	(DEDAT, DoA, DoTP, DEA), COCT, Business associations, NCPK, Gauteng, KZN provincial government	implementation of the project.  Support to roll out of a national and provincial level roll outs across the province (NCPK, KZN and Gauteng).	businesses in the Western Cape (energy, water, material savings) .  Landfill diversion and carbon emission savings.
Green Economy: Biofuels	The exploration of biofuels from agricultural and other wastes as well as crop production.	Farmers, irrigation consultants, scientific researchers and students, Western Cape Government Departments (DEADP, DEDAT), GreenCape, e-Leaf	Input and expertise in the development of the project.	Operational biofuel supply chains to improve energy security and carbon footprint of WC.
Green Economy: 110% Green: Brand Building	Build the green brand of the province and catalyse practical action from Western Cape based organisations.	Private sector, Academics, local entities, NGOs	All players in the Green Economy (industry, province, academia) are called upon to expand the footprint of the Green Economy.	Increased awareness and participation of Western Cape as green economic hub of African continent.
Green Economy: Clustering Activities	Green economy clustering activities aim to bridge the gap in information and coordinate the efforts of industry, provincial government and local government in realising	GreenCape. DEDAT. City of Cape Town	The primary input is the GreenCape brand, Intellectual capacity and resources from DED&T, City, donors etc.	Programs identified for unlocking and unblocking Jobs, Growth and Skills.

Project	Project Description	Stakeholder	Role of Stakeholder	Expected Outcome
	economic opportunities in the green economy.			
Green Economy: Atlantis SEZ	The development of a green manufacturing Special Economic Zone in Atlantis, with a view to supporting investment in manufacturing and job growth.	GreenCape. Legal Services Section, DotP. Provincial Treasury. City of Cape Town. Department of Trade & Industry	Input and expertise in the development of the project.	Creation of up to 3 000 jobs and investment of R2 billion in manufacturing capacity.
Green Economy: Better Living Challenge	To promote the development of incremental home improvement solutions.	Western Cape Govt (DEDAT, DOHS, DEADP, DOLG)	Strategic input and oversight into the implementation of the project. Linked to Design & Innovation work in DEDAT.	Enhanced uptake of alternative housing solutions by consumers and municipalities.
		Municipalities	Involvement of municipalities to increase: alternative housing solutions to ultimate benefit municipality.	
Green Economy: Genius of Place	Based on biomimicry principles, a pilot project involving waste prototypes in the Langrug community.	Western Cape Government Departments (DEADP, DEDAT)	Developer, funder, strategic input and oversight into the implementation of the project.	Business opportunities in area of waste; Employment opportunities; Skills Development; Community ownership of waste and water prototypes.
		Stellenbosch Municipality	Input and coordination as relevant.	

Project	Project Description	Stakeholder	Role of Stakeholder	Expected Outcome
		Langrug Community	Co-implementer of project, maintenance of project and ultimate owner & beneficiary.	