

creating opportunities for
growth and jobs



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1. Strategic objective

The Provincial Government of the Western Cape (PGWC) believes that:

- Economic growth is the foundation of all successful development.
- Growth is driven primarily by private sector business operating in a market environment.
- The role of the state is (a) to create and maintain an enabling environment for business and (b) to provide demand-led, private-sector-driven support for growth sectors, industries and businesses.

2. Economic environment

The twin pillars of our approach to economic development are therefore (a) the creation and maintenance of an enabling environment for business, and (b) demand-led, private-sector-driven government support for growth sectors, industries and businesses.

With 10% of the national population and a GDP share of 14%, the Western Cape is one of South Africa's most developed provinces. The provincial economy has a number of distinctive characteristics that point to its comparative advantages:

- A significantly higher degree of knowledge intensity (reflected in adult literacy rates, for example) and access to computers, telecommunications hardware and internet capabilities far above the national norm
- A significantly better-educated population than any other province in South Africa: 21% of the population are matriculants compared to 14% in Gauteng and KwaZulu-Natal
- A well-developed infrastructure and a very strong concentration of knowledge institutions, which offset the relative absence of mineral resources in the province



- A significantly larger and faster-growing services sector than the country as a whole, concentrated especially in business and financial services, with other strong growth sectors including information and communication technologies (ICT) and oil and gas
- A thriving international tourism industry with strong links to the creative and cultural sectors
- A well-developed export-oriented agricultural sector, especially strong in viticulture, deciduous fruit, table grapes, citrus, grains and ostriches
- Few large companies and a much higher proportion of established small and medium enterprises
- An excellent international location as a region with two ports located between major international trade routes

The PGWC's growth strategy will be based on the province's comparative advantages. This involves a combination of knowledge intensity, cultural activity, multi-dimensional tourism, lifestyle attractiveness and location.

The province's comparative advantages are not unadulterated blessings: growth, being based on the province's superior intellectual capital, will be (and has been) less labour-intensive than the national average, which means that the regional economy has to grow proportionally faster than the rest of the country to create the same number of new jobs.

3. Plan to achieve outcomes

To ensure we create an investor- and growth-friendly environment, we will focus on the following:

3.1 The development of a provincial vision and brand

Successful regional economies have a defined identity that attracts specific types of investment and skills. To this end, the Premier will lead a *Future Cape Initiative* to develop an economic brand for the Cape. We will ensure that all role-players are invited to participate so that what is produced is owned by all the people of the Western Cape.

3.2 The development of a corruption-free, efficient public sector

Growth is only possible if the private and public sector trust that the government is clean and efficient. We will promote transparency and cost-effectiveness in procurement processes; increase our forensic investigation capacity; introduce legislation that outlaws our employees from doing business with the state; and act against any official or politician who breaks the law.

We will ensure that citizens of this province have access to basic services, safe public transport, an effective health service, access to e-governance, and



safe locations in which to live and work. We will do this in a manner that takes our environment into account. Collectively, the other provincial strategic objectives will create an environment that makes investment possible.

3.3 A regulatory environment that is efficient

Red tape threatens investment and growth. Through careful research into the existing regulatory environment and consequent reforms, we will reduce red tape that deters businesses from investing in our province.

3.4 Infrastructure and asset development strategy

In order to make investment possible, we will:

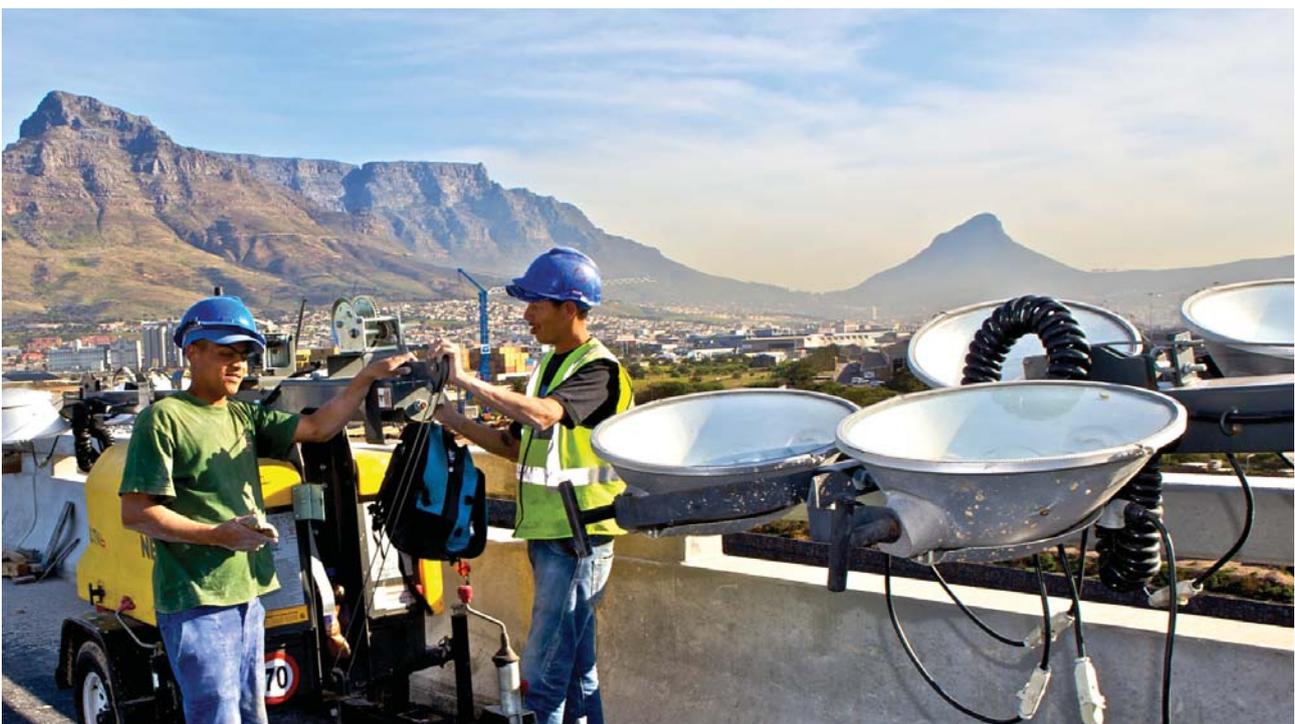
- Develop an integrated infrastructure plan for the Western Cape
- Drive to completion several existing infrastructure projects, such as the Cape Town Regeneration Project and the Development of the Port Precinct (see below)
- Sweat underperforming state-owned assets in order to create investment and employment opportunities, the Cape Town Regeneration Project being a prime example

The Cape Town Regeneration Project

In order to unlock and create wealth, the PGWC has identified that the regeneration of the Cape Town CBD is of the utmost importance – given the location of valuable property assets in the city centre.

Through the Cape Town Regeneration Project, existing underutilised properties of the PGWC, integrated and managed as a single asset, and combined with those of the City of Cape Town, Transnet, the national Department of Public Works and Intersite, will be made available for development. The mechanism to make such land available will be characterised by transparent, arms-length adjudication processes undertaken by engaging independent third parties in the decision-making process.

The principles and practices of the regeneration project will also be modified where necessary and implemented in other parts of the city and province.



The development of the port precinct

The development of the port precinct in Cape Town, and the realisation of economic multipliers that this will bring, is currently being held back by a lack of influence and input on the part of the key local players. This is hampering especially the future development of the oil and gas sector, the boat-building sector, improvements to the port's logistical capacities and performance, including back-of-port transport matters, and other local initiatives.

The PGWC and the City of Cape Town will, in conjunction with a coalition of interested local players, formulate a master plan for the development of the port precinct to provide a basis for engagement with the national players who are the critical to development in this area.

To achieve the second pillar – demand-led, private-sector-driven government support for growth sectors, industries and businesses – we will:

1) Establish a Western Cape Economic Development Agency

International precedent shows that economic development strategy is best implemented by an agency and people who have real business expertise. It is also essential to ensure value for money in our spending on economic development and proper integration between the various role-players in executing economic development strategy.

For this reason we will establish a Western Cape Economic Development Agency. It is envisaged that the Agency will have a mandate to manage the following:

- Coordination of destination marketing for tourism and major events
- Investment and trade promotion
- Enterprise development
- Local economic development
- Skills development, as a participant in the Provincial Skills Development Forum
- Growth sector support informed by Micro-Economic Development Strategy (MEDS) research and including support for the tourism and agriculture sectors
- Asset development



The PGWC will therefore collapse the existing public entities and relevant sector development agencies into the Western Cape Economic Development Agency. A task team will be appointed by the Minister of Economic Development and Tourism to do the following:

- Investigate best practice examples of such agencies
- Recommend the mandate of the Agency
- Recommend the most appropriate legal vehicle for the Agency
- Recommend an institutional design for the Agency

We will ensure that the establishment of the Agency is done as quickly as possible and that all the role-players are fully consulted and involved. Success will require teamwork and a shared commitment to the future of the Western Cape economy. We are confident of success.