

[Part Three]

EXECUTIVE SUMMARIES OF RESEARCH REPORTS (2006)



Appendix [A] Boat-building Sector Report Prepared by: Anders Aeroe

The purpose of this study is to inform the Western Cape Micro-economic Development Strategy on strategic policy and initiatives to support and strengthen the international competitiveness and the related growth and employment creation capacity within the Western Cape boat-building sector.

The study tests a number of hypotheses related to factors possibly hampering the further development of the industry, and on that basis develops a number of recommendations on how best to enhance the international competitiveness of the sector.

This study focuses primarily on the producers of monohulls and multihulls typically used for leisure activities, as these types of yachts constitute by far the largest segments of the industry and furthermore are nearly 100% export oriented. South Africa is the second largest producer of sailing catamarans in the world.

The research methodology follows to a large extent the structure-conduct-performance paradigm. An applied policy analysis will constitute the basis for interventions, which the market alone will not see to.

The South African boat-building sector is a fairly diversified sector consisting of 72 companies of which 60% are located in the Western Cape. The industry is dominated by four relatively large players, 10 or so medium-sized companies and a large number of small companies. Nearly all of the companies are owner-managed. The competition between the players within most of the sub-sectors within the industry is not that intense as many yards serve their own sub-markets and related clients.

The international demand has been very strong in recent years, following from a general boom in the world economy. As a result, most yards have fairly full order books for the next 2-3 years. Demand is, therefore, not really a current issue within the industry but rather factors linked to efficiency and in some cases also quality. The barriers into the industry relates primarily to skills, technical as well as managerial.

The boat-building industry has very strong forward and particularly backward linkages to suppliers and service providers, generating economic activities in these sectors to the

magnitude of nearly 70% of the economic activity within the boat-building yards themselves. On average 60% of the parts put on a boat are produced locally while 40% are imported. Of the 60% produced locally, the majority is sourced from PDI producers.

The industry has unlike many other industries in South Africa not been characterised by concentration and consolidation in recent years. Virtually no industry mergers and acquisitions have taken place within the sector, which rather has been characterised by the emergence of a number of new small producers. The current demand boom has with a few exceptions not led to the medium-sized companies to consolidate their business along corporate lines. The strengths and weaknesses of owner-managed companies still prevail within these yards; at some yards leading to issues in relation to efficiency, quality, etc.

The study reveals that there are a number of issues to be dealt with but that not many of these can be ascribed to market failure but rather to the consequences of the full exposure to globalised market forces for a fairly young and small sector dominated by SMEs, being situated in a fairly isolated town and surrounds far from technological developments, competitors and markets.

The boat-building sector has grown substantially in recent years but is too small to support a number of important developments. A key element of a sector development strategy should be to assist the sector realise strategic growth.

The study identifies a range of issues of critical importance to the industry. The solution to many of the issues identified can be condensed into a common heading of supporting companies to move towards a more corporate structure, implying more scale economies within and between the companies (without losing the current competitive economies of scope and related customisation), consolidation of larger production units, use of new and more productive technologies, improved quality among the lower echelons of the sector, increased ISO 9002 certification within the sector, more investments into the yards, increased training at all levels, exploitation of a common brand and America's Cup participation, establishment and adherence to an industry codex and related use of common industry templates for contracts and warranties.



1. An “As Is” or “Business as Usual” scenario, which also can be labelled the “Middle of the Road” scenario.
2. A low road scenario, which also can be labelled “Removing the Ladder” scenario.
3. A high road scenario, which also can be labelled “Extending and Widening the Ladder” scenario.

The High Road Scenario implies that industry, CTBI and SABBC in close collaboration with national, provincial and local government and other stakeholders seek to widen and extend the ladder currently assisting the industry improve its international competitiveness by partly or fully overcoming the issues identified in the study, thereby improving production efficiencies and related logistics, quality, manufacturing techniques, BEE, good business practice and related industry self-regulation, etc. Four policy recommendations are presented on how to support this process. These four policy recommendations are interlinked and all geared towards assisting the industry to do even better, and thereby creating additional economic growth, employment and equity.

Policy recommendation one is the establishment of a technological advisory service to the industry. This policy initiative should receive the highest priority.

The aim of the technological advisory service should be to provide individual consultation to the various boat yards, as well as common courses on new manufacturing technologies, etc. The consultation offered to individual yards should include the following topics:

Production efficiencies, manufacturing techniques, outsourcing of plug / mould manufacture, financial planning, stock control / ordering, CE / ISO certification, understanding BEE, DTI Grants, marketing, delivery of product to market (shipping / delivery), and good business practices / ethics.

Policy recommendation two is the establishment of a proper launch and commissioning facility in the Elliot Basin of the harbour of Cape Town. It is a major issue to the entire sector that the current launch facilities at the Yacht Club are in a bad condition unsuitable to the yards’ needs and a disgrace to the industry.

Policy recommendation three is an Industry Code of Conduct to be developed

and adequate means of enforcement and sanction to be established. The Code of Conduct should also imply development of templates for contracts and warranties, which to a certain extent can be adjusted to the requirements of the individual yards but nevertheless will have to comply with some common minimum requirements.

A big challenge in this regard is to identify meaningful means of efficient enforcement and sanctions. One sanction could be that only companies adhering to the Code of Conduct will be allowed to exhibit from government sponsored pavilions and stands at boat shows, feature in industry guides, etc. Adherence should be monitored by an industry expert operating independently of company interests. This assessment should be guided by the international standard 17020 (EN 45004) in order to guarantee the impartiality of the assessing body.

Policy recommendation four is the establishment of a boat-building hub in Atlantis. This recommendation is the most far reaching and also the most expensive of the four policy recommendations, but it has equally large perspectives. Experiences from a number of industry hubs, science parks and related agglomerated industrial developments strongly indicate that inter-firm cooperation and the catch up of laggards to national best practice is likely to be considerably hastened and facilitated if firms are spatially contiguous.

There is currently interest among several of the medium-sized boat-builders to relocate to Atlantis. Many of the yards in Cape Town are located in rented, sometimes fairly expensive premises, not tailor-made for boat building – and they are looking for more suitable locations. Atlantis has what many of the yards are looking for, namely an opportunity to acquire a large suitable area at an affordable price combined with a labour pool with fine general craft skills.

The hub should be based on the principles of an advanced business park. It should offer:

- Suitable tailor-made facilities to the sector at an affordable rate;
- Offer common relevant services, e.g. common ordering of parts;
- Offer a technological advisory service and related training opportunities for management, middle-management and staff (see Policy Recommendation One);

- Be a “technological gatekeeper” – by identifying relevant technological developments abroad and in South Africa and to “translate” these into a context and format relevant to the boat-building sector by having strong links to relevant applied research institutions nationally and abroad;
- Offer opportunities for forward and particular backward linkages by offering suitable

facilities for sail lofts, carpentry, stainless steel and upholstery production – and thereby opportunities for further SME and PDI business development.

- Offer guidance in relation to the Industry Code of Conduct and also enforcement of this conduct in as far as only companies adhering to these principles should be allowed to acquire premises and operate from the Atlantis Boat-building Park.

Appendix [B] Printing, Publishing and Packaging Report Prepared by: Amanda Fitschen

This report details the findings of research into the Printing, Publishing and Packaging sector in the Western Cape. In the compilation of the report use was made of both primary and secondary sources of data. Interviews with major role-players in the sector complement available and relevant international and domestic statistics in order to make recommendations on current circumstances in the sector.

Worldwide technology plays a significant role in directing the growth path of the Printing, Publishing and Packaging sectors. Increased competition means that investment in technology is paramount. Through technological advancements a company can differentiate itself by being able to offer faster, good quality printing at lower prices.

Nowadays the international commercial printing industry typically deals with jobs that are considerably more complex in design and number of colours but with less total manufacturing time and shorter run lengths than was the case in the past. Customers are also demanding non-traditional services such as digital printing and inventory management. New large and medium format digital printing technologies that utilise supports other than paper (such as LCD and plasma technology) have revitalised posters and displays. Ink jet printing is replacing screen printing.

Internationally book publishing is on the increase. The printing of these books is outsourced to countries, which have relatively lower labour costs. Moreover, electronics and digital presses alter the methods of printing and distribution. Magazines continue to be a valid communication tool that can provide specific targets and meet requests for new interests.

Internationally the packaging sector is growing faster than GDP. Companies are moving toward being both more innovative and specialised in order to become more flexible and competitive.

Impacts and developments in Europe and the US have implications for the South African Printing, Publishing and Packaging sector in as far as they will largely determine technological changes. The sector in the East directly impacts on the domestic market as countries in the East alter the price at which printing is carried out in the world, regardless of technology. Both international situations likely to impact on the sector in the Western Cape are outlined in the report.



History ensured that the Printing, Publishing and Packaging sector is well established in the economy of the Western Cape. History will, however, not keep it in the province. Currently two factors impact on the sector's well-being: a shortage of skills and comparatively high prices of finished products which arises to some extent from the shortage of skills.

The sector is staffed by highly skilled people. A shortage of skills is undoubtedly inhibiting the sector's performance. Unless the skills bottleneck is addressed immediately the cost of operations will continue to rise and the sector will continue to become less and less competitive. The skills shortage links directly to the second factor impacting on the sector.

Globalisation, together with the opening up of the South African market to international competition, coupled with international changes in technology, means that printing and publishing activities are no longer bound by borders. The information era and electronic transmission have freed up the sector entirely. Unless the domestic industry is price competitive only work that is time sensitive will be carried out locally, the rest will find its way to cheaper destinations.

The South African labour market has a severe impact on prices of manufactured items. Unless the labour market becomes more competitive within the international market the future of the Printing, Publishing and Packaging sector may not be rosy.

Any legislation that increases the price of the finished product in any way will harm the Printing, Packaging and Publishing sector.

Growth and sustainability in the Western Cape Printing, Packaging and Publishing sector is being hampered by the sector's inability to recruit employees with the necessary skills. The skills pool is too small for the industry's needs and as a result the price of labour is being pushed up. To stem the reliance of a scarce factor of production firms are importing capital equipment to replace labour.

Whether the skills shortage is caused by the importation of new technology requiring new or adapted skills or is due to insufficient new entrants entering the sector's job market makes no difference. The impact is felt in the wage rate, which in turn pushes up production costs.

The market has not been able to ameliorate the skills shortage. Companies in the sector find that staff move between companies on the back of ever-increasing salaries. Companies are recruiting staff from one another, all fishing in a very small pond. Staff are aware of the skills shortage and demand inflated salaries.

Small- and medium-sized companies are least able to bear the shortage of skills and resultant increase in labour costs. As the majority of companies in the sector fall into the categories small and medium the skills shortage has pervasive consequences.

Being one of three sector hubs in the country (Johannesburg, Durban and Cape Town) but far removed from the Johannesburg training centre makes a local training facility indispensable. It is not feasible for apprentices and artisans to travel to Johannesburg to undergo regular training. A local training centre will alleviate the skills bottleneck, which will make the sector more competitive, as well as provide opportunities for broad-based employment growth.

In partnership with PIFSA which runs the Johannesburg training facility the provincial government will not only be supplying a lifeline to the sector it will also be opening up opportunities for talented individuals to join a vibrant sector at the cutting edge of international technology advances.

If the SETA functions, as envisaged in national legislation, were to be effectively applied in the Western Cape through provincial government intervention, the costs to the province of the training facility would be minimal. PIFSA has funding to provide infrastructure for the training facility and the SETA has industry funding to support training initiatives. Currently a power struggle is chocking off funding available to the sector through the MAPPP SETA.

Currently the SETA is perceived not to provide the sector with the necessary financial support. An inharmonious relationship between the sector federation (PIFSA) and the

MAPPP SETA is hampering training and skills development in the province and deepening the skills crisis in the sector.

PIFSA has its finger on the pulse of the skills shortage in the Western Cape and the functioning of the SETA amongst its member companies. The PIFSA Cross Media Training College in Johannesburg is functioning extremely well and meeting the needs for training for both the Johannesburg and Durban markets.

Once operational PIFSA will be able to monitor and control the training facility and in so doing ensure that training offered at the facility is relevant and caters to the full needs of the sector in the province.

As an umbrella body for the sector PIFSA will be perfectly placed to judge both the nature and the extent of training requirements. Feedback from members and indicators from the labour market will provide the necessary measures of progress for the sector. With a local training facility the sector should see skills bottlenecks fall away and new entrants into the market. As the impacts are felt the pressure on wages to rise will be alleviated.

In order to ensure optimal growth and development of the sector in the province the following policies are proposed:

1. That the Western Cape provincial government provides strategic management and administrative support and if deemed necessary financial assistance for the establishment and operation of a sector training centre in the Western Cape, and
2. That a government agency such as the Provincial Development Council (PDC) facilitates negotiation between the printing sector body PIFSA and the MAPPP SETA in order to create a productive and harmonious relationship to ensure maximum benefit from the national government's labour training initiatives.

Appendix [C] The Food Sector Report Prepared by: Kaiser and Associates

This report is the final output for the Micro-economic Development Strategy report on the food sector. The primary focus is on understanding the opportunities and constraints for the sector and subsequently developing priority interventions at a provincial level. A SWOT analysis of the sector as a whole reveals the following:

The food sector is a highly diverse sector internationally, and there is already significant activity across numerous sub-sectors in the Western Cape. Some of this activity is maturely developed (e.g. breakfast cereals), while some is newly emerging. In order to provide greater focus, a high-level analysis of the global and Western Cape export dynamics of

STRENGTHS

- Strong and established agricultural sector
 - Proximity to raw materials for production of a wide range of horticultural and grain-based produce
 - Areas of land which are suitable for organic production of indigenous products, as they have not been affected by pesticides and other chemicals
- Various indigenous and endemic plants
- Many established processors – both multinational and local (from publicly listed companies through to family- owned operations)
- Food-processing activity in various parts of the province, not just in the Metro area
- Strong transport, cool chain and export infrastructure
- Strong retail base in the province, including various retail headquarters
- Relatively high consumer spending given share of national population
- Well-established tourism industry – domestic and international
- Lifestyle (climate, scenery, etc.) attractive to high-value food investors
- Existing food technology and research capacity, e.g. CPUT, University of Stellenbosch, with some academic-private sector collaboration already present

WEAKNESSES

- Inadequate gathering and dissemination of production and market information
- Historical trend of limited output and employment growth – may indicate stagnant or mature industry
- Limited empowerment transformation
- Insufficient manufacturing and food-specific skills
- Inadequate access to national incentives

twenty-six sub-sectors that make up the food sector was conducted and, in consultation with the DEDT, the following sub-sectors were prioritised for further analysis and provincial intervention:

- Cheeses and yoghurts
- Vegetable and speciality oils

OPPORTUNITIES

- Specialist production linked to farm and tourism activity in relatively remote areas (rural & small towns)
- Retail opportunities within franchise, independent and specialist retail
- Skills transfer and empowerment to unlock new capabilities – further tapping into international skills pool and networks present in the province
- Food trends that match Western Cape capabilities
- Responding to specific local tastes and niche market requirements
- New product development utilising indigenous endemic products which provide a unique advantage to the Western Cape
- Export growth in niche or high value-add products
- Innovative packaging
- Marketing and branding to tap into the established “lifestyle” (tourism, wine, property, etc) associations within the Western Cape

THREATS

- Water shortages and climate change affecting base agricultural inputs
- Structure of mainstream retail inhibits growth of SMEs
- Competitive landscape – concentration and strength of multinational brands / imports constrain new entrants
- Failure to comply with certification requirements and address food safety concerns
- Failure to access required proprietary processing technologies

- Chocolates and confectionary
- Snacks
- Food ingredients (functional food additives)
- Condiments, sauces and ready meals

The opportunities and constraints facing these sub-sectors, which form a foundation for the development of priority interventions, can be summarised as follows: In terms of overall industry interaction, it is recommended that a Food Sector Reference Group is established as a first step, in order to demonstrate its usefulness to industry, which may develop into a more formal structure over time.

SUB-SECTOR	OPPORTUNITIES						CONSTRAINTS								
	INNOVATION / NEW PRODUCT & PROCESS DEVELOPMENT	TAPPING INTO NICHE FOOD TRENDS E.G. HEALTH, CONVENIENCE	TOURISM LINKAGES	VALUE-ADD TO INDIGENOUS / ENDEMIC RAW MATERIALS	INTRA- & INTER-INDUSTRY LINKAGES	EXPORT EXPANSION	CERTIFICATION / FOOD SAFETY	MAINSTREAM RETAIL ACCESS	TECHNOLOGY & IP	SKILLS	REGULATION E.G. IMPORT TESTING	ENTERPRISE SUPPORT	PACKAGING	INDUSTRY ORGANISATION	EXPORT LOGISTICS
Chocolates and confectionary	X		X			X	X	X*		X	X*				X
Snacks	X	X	X	X	X		X	X*	X						
Food ingredients (functional food additives)	X	X		X	X	X	X	X*	X	X					
Condiments, sauces and ready meals	X	X	X		X	X	X	X*			X*	X			X
Cheeses and yoghurts	X	X	X			X	X	X*		X					X
Vegetable and speciality oils	X	X	X		X	X	X		X	X	X*	X			

* Constraint only relates to the SMEs in these sub-sectors

POTENTIAL AREA OF INTERVENTION	DESCRIPTION
PROPOSED PRIORITY INTERVENTIONS	
1. Certification support <ul style="list-style-type: none"> HACCP and EurepGAP training and support to establish certification systems (all sub-sectors) Support for processed food organic certification and stimulation of upstream certification 	<ul style="list-style-type: none"> Information and education programme for smaller food processors on the nature of HACCP and EurepGAP, and compliance requirements in SA and internationally Facilitation of access to certification and compliance services
2. Integration of "lifestyle foods" (high-end chocolate, confectionary, boutique cheeses, speciality oils, pickles, jams) into tourism and wine-related marketing and routes	<ul style="list-style-type: none"> Consolidation of database (including GIS) of lifestyle food producers, retailers, farm stalls, and restaurants utilising local produce Development of brochures / website material Integration into tourism promotion efforts Development of routes, e.g. cheese route Support for enterprises to improve quality of products and services
3. Forum to promote identification of new opportunities with upstream and downstream linkages, and sub-contracting to smaller suppliers, especially for food ingredients*	<p>Information sharing on:</p> <ul style="list-style-type: none"> Available government support to access new opportunities Subcontracting opportunities Waste usage, e.g. grapeseed oil, Educating suppliers on market opportunities and technology options
4. SME food exporter support cluster (esp. condiments, sauces, speciality oils)	<ul style="list-style-type: none"> Facilitate formation of cluster Collaboration and coordination within cluster, e.g. logistics support, consolidation of shipments Support to address cluster constraints, etc.
OTHER POTENTIAL INTERVENTIONS	
5. Further strengthening of partnerships around food product and process innovation and food technology (all sub-sectors)	<ul style="list-style-type: none"> Extending current facilities through CPUT Forums for industry, academia, retailers and food service companies to cooperate around identifying high opportunity trends and areas for joint initiatives Particular focus on opportunities based on sustainable utilisation of indigenous / endemic natural products* Support for culinary training initiatives Information and support on patent and trademark registration
6. Shared packaging facility/facilities for small food processors (all sub-sectors)	<ul style="list-style-type: none"> Common-user or contract packaging equipment (e.g. Astrapak, glass bottles, Perspex), possibly as a joint venture with the private sector Enable customised packaging in short runs to serve needs of SMEs and enable competitive product differentiation – this could potentially also include advice on retailer and export labelling
7. Empowerment baseline data / BEE support (all sub-sectors)	<ul style="list-style-type: none"> Survey of food processors to determine empowerment status and plans Identification of key BEE opportunities
8. Consolidated skills exchange programme (esp. for condiments, chocolates, food ingredients, speciality cheeses & oils)	<ul style="list-style-type: none"> Assessment of existing related skills exchange programmes (e.g. wine, chocolate) Identification of key partners Coordination of efforts – exchanges and information dissemination
9. Lobbying national government for regulation of standards, import regulation (esp. for speciality oils)	<p>Areas of lobbying:</p> <ul style="list-style-type: none"> Testing to ensure correct labelling of extra virgin, cold pressed, etc. especially for imports to prevent false labelling, where solvents / other forms of refining are recorded instead
10. Marketing campaign to promote healthy eating, especially dried fruit	<ul style="list-style-type: none"> Promote healthy eating, centred around fresh fruit, dried fruit, and fruit juice
11. Support the creation and development of the following business clusters: <ul style="list-style-type: none"> Health foods Pickles, preserves and jams Food ingredients Ready meals Sauces & condiments Snacks Cheeses 	<ul style="list-style-type: none"> Developing cluster network and business support to achieve a collaborative culture on best practice
12. One-stop market information centre	<ul style="list-style-type: none"> Provide proactive, regular industry information across the clusters and raise awareness of the clusters, being a portal and knowledge pool for businesses

One in every 10 people working in the Western Cape works in informal enterprises. Although individual incomes are often low, cumulatively these activities make a significant contribution to the Western Cape's gross geographic product (GGP). It is argued that if the province is to maximise the poverty alleviation, labour absorption and economic growth potential of this segment of the labour force, it will have to proactively prioritise the specific needs of this group. The primary aim of this report is to identify how best the Province can do this.

The Status Quo

Analysis of Labour Force Survey (LFS) data from 2000 – 2005 found:

- Numbers employed: Although smaller than the national informal economy, this segment of the economy employs significant numbers of people in the Western Cape. In September 2005 over 147 000 people were employed in informal enterprises (and a further 124 000 people were employed in domestic work).
- Changes over time: Numbers of people working informally fluctuate over time suggesting some movement in and out of informal work.
- Race and Gender: Although many coloured people work in the informal economy in the Province, it is disproportionately constituted by black South Africans. More men than women work informally in the Province. The difference, however, is less than is the case in the formal economy. Coloured and male participants earn substantially more than their black and female counterparts.
- Education levels: There are higher educational endowments in the Western Cape informal economy in comparison to national averages and other provinces. More than two-thirds of individuals participating in the Western Cape informal economy have secondary schooling qualifications. There are substantially less people with minimal education (primary school or none) in the Western Cape (27%) than in KwaZulu-Natal (50%) and Gauteng (45%), and substantially more people with matric – 21% compared to 14% in the other two provinces. There is a close correlation between education levels and higher incomes.
- Location: Over six in every 10 informal workers operate from home – either theirs or someone else's.



- Earnings: Reported earnings are higher in the Western Cape in comparison to national averages. In September 2005 only 16% reported earning below R500 in comparison to the national figure of 47%. Although higher than national averages, individual incomes are often low. Nearly three in every 10 and four in every 10 people in the Province reporting to earn between R501 and R1000, and R1001 and R2500, respectively. To put this in perspective household subsistence level for Cape Town was calculated to be R1905.51 in August 2004.
- Industry: According to the September 2005 LFS nearly one in every two people working informally in the Province are involved in trade, a further 17% in construction, 15% in services and 8% in manufacturing. There are very few people working in subsistence agriculture or small-scale farming activities in the Province.

Although incomes are often low, cumulatively these activities contribute significantly to gross geographic product:

- The labour component of the informal economy alone contributes over R5.5 billion to the Western Cape economy annually.
- On the expenditure side, in 2004 it was estimated that just in the Cape Peninsula, households spent R1.3 billion at spaza shops and R1.1 billion on products sold by informal traders.

Supporting those working in the informal economy thus has important growth and poverty alleviation implications.

There are a number of constraints to improving incomes in the informal economy. In reviewing previous survey and research findings seven core issues were identified:

- Access to infrastructure and basic services – housing, water, electricity, rubbish removal
- Access to financial services – credit and savings
- Access to training – business skills, technical training and adult basic education and training
- Industry or sector specific constraints
- Access to business-related infrastructure – manufacturing space, close to others involved in similar activities, trading and storage space
- Regulations – particularly how public space is regulated but also issues like liquor licensing.

Although progress has been made with basic service delivery in the Province, as is the case countrywide, serious backlogs still remain. Since the launch of the network of local business service centres stemming from the Real Enterprise Development (RED) initiative, the Western Cape, in comparison with other provinces, is in a strong position to provide business mentoring and support to small businesses. There are, however, gaps particularly with respect to access to finance and savings facilities and training. As it stands, other than an excellent programme in the craft sector, not much attention has been paid so far to sector specific constraints to growth neither has the provision of business-related infrastructure. For example, in comparison with other cities very little money has been spent on street trader infrastructure in Cape Town.

The Businesses Act (1991), which is the primary piece of legislation regulating street trade, was devolved to the Province in 1995. Although the Constitution (1996) assigns executive power to local authorities in managing street trading, section 155(6) of the Constitution commits provincial government to 'provide for the monitoring and support of local government' and 'promote the development of local government capacity'. Referring to this legislation, it is argued that provincial mandate is to work alongside local government both to ensure that a developmental approach is being pursued and to support local government in doing so. What the research demonstrated is that not only is there much confusion about this, but that certain municipalities are over-regulating trading.

Areas for provincial intervention and leverage:

Information gaps: What this research process demonstrated is that comparatively little research has been conducted on the informal economy in the Province. Two priority information gaps are identified: Firstly, there is an urgent need for a survey of constraints to growth in the informal economy. Although the Labour Force Survey allows the identification of broad trends, it does not provide the details required to target policy interventions – either the questions are not asked or the sample sizes are too small to be statistically sound. There is precedent for such surveys in the Johannesburg and Durban informal economy surveys, which interviewed over 500 informal firm owners respectively. Secondly, the involvement of foreigners operating in Western Cape's informal economy remains somewhat of a black box. This is a segment of the economy in which foreigners are particularly active countrywide. It is suggested that a study be commissioned on this issue.

Sector support analyses and programme interventions: Using commodity chain analysis techniques and paying attention to the potential advantages of spatial clustering, three pilot sector analyses are suggested, one in retail – fruit and vegetable distribution – and two in production

– construction and clothing – with a view to establishing sector programmes. Sector analyses entail detailing the process from product conception to final consumption with a view to identifying strategic points of intervention to increase incomes of those working informally, as well as the overall contribution to economic growth of this segment of the economy. This builds on the process envisaged in Die Plek Plan.

Financial services: The report suggests that the Province should avoid the temptation of becoming a service provider itself, but rather broker entry for institutions with a track record of providing credit to poorer clients. Two institutions are suggested – Marang and Finca. If a more proactive stance is deemed necessary the Province could consider granting top-up funds to existing service providers like CASIDRA.

Training: Three areas of intervention are suggested with respect to training.

- **Materials development and delivery suggestions:** The Province should develop new business skills training materials targeted at those working informally, as a matter of urgency. Particularly for the self-employed, time away from work is money lost – courses must be offered on a part time basis.
- **Improved networking:** Greater attention needs to be paid to establishing linkages through service level agreements with, for technical skills, relevant Sector Education and Training Authorities and non-governmental agencies and the Department of Education for adult basic education and training.
- **Improved levels of service:** Attention needs to be paid to building the capacity of business mentors and trainers. A partnership programme with local tertiary institutions is suggested.

Business mentoring and advice: The Red Initiative was only launched in 2004. There are currently nine centres in the Province with two further ones about to be launched. In addition to new centres it is suggested that to better access those working informally, greater emphasis needs to be placed on establishing mobile units.

Regulation and support of informal trade: A provincial policy statement on the informal economy needs to be developed in consultation with local authorities and lawyers. This policy should, among other issues, aim to resolve confusion around provincial-local competencies in informal trader regulation. (There is precedent for this in KwaZulu-Natal.); this should also include a set of guidelines, criteria and model bylaws. Further, the Province, in supporting a more developmental approach, should establish a fund for informal trade infrastructure and develop a programme to build capacity for local authorities and their negotiating partners in the informal economy to secure effective dialogue.

Since the early 1990s, the global chemical industry has been subject to major shifts in technology, production facilities and energy cost pressures. The slowdown in the global economy and rapid growth of the Asian economies has caused production of commodity chemicals to move to the East, with resulting plant closures and company mergers, and the resultant job losses in the West (especially the USA).

The Chemical Industry is home to hundreds of thousands of firms, including the world's major multinational corporations as well as large numbers of innovative small companies, which provide over 70% of the jobs. The most dynamic products in international trade include many chemicals, which are used in almost every other industry. Chemical technology is rapidly moving towards performance chemicals and life science-based production. Environmental pressures, nanotechnology and renewable energy will provide new products and markets.

Unfortunately, the South African Chemical Industry, with a few notable exceptions, has remained relatively static over the last 10 years. Indeed, in many cases, it has lost critical manufacturing capacity and skills; it has failed to expand and diversify significantly into higher value-added products; it has missed the opportunity to take a share of the high growth markets of the nineties, including such areas as electronic chemicals, speciality surfactants, active pharmaceutical ingredients, food and flavour additives and adhesives. The Industry remains predominantly an upstream, commodity-based industry that has not managed to break through its endemic growth barriers of a small local market, high cost of capital, distance from low cost raw materials and inadequate human resources.

The Western Cape chemicals sector is the largest contributor to manufacturing value-add. However, this is illusory, and excluding petroleum, the sector is small, producing a small range of relatively low- to medium-tech products, and importing most of the Province's needs. Trade in the sector is dominated by oil and refined petroleum products, constituting more than 90% of the value of exports from the Province. The chemicals trade balance is highly negative, with exports of R 7,75 billion in 2005, versus imports of R 41,5 billion. Excluding refined petroleum, the Province exported chemicals to the value of only R 1,39 billion. The main reason for this is the lack of suitable raw material in the Province, compared to other regions.



Policy and support

Although there are literally thousands of possible chemical products, the research indicates that the Province should actively support only three main trajectories. These result from regional competitive advantages and also align with national strategies. In order of priority, these are:

1. Development of chemicals extracted from natural products

The Province enjoys a range of natural products that is unique. There are opportunities to develop a range of products, including pharmaceuticals, body care products, cosmetics, biofuels and others.

- The Province should establish a Natural Products Cluster to pull together all the participants in this industry. As there is overlap with Agriculture, the cluster should include this sector. The Cluster would be divided into product group chambers to ensure common interests and focus.
- As climate change is inevitable²⁵, the Province should also investigate chemical products based on dry-land crops and waste products, e.g. fructose, ethanol ex agave or ethanol ex sewage algae.

2. Beneficiation of titanium slag

One of the few chemical raw materials occurring in the Western Cape is ilmenite, which is mined and concentrated on the West Coast and smelted to pig iron and titania at Saldanha. By-products are rutile and zircon. The National chemicals development strategy identified beneficiation as a priority, and is targeting a titanium dioxide investment in Durban. This is a large investment, with very large potential export earnings.

- The Province should engage with the DTI and the Titanium Beneficiation Initiative to investigate the possibility of attracting a large investor to the West Coast.
- The possible downstream uses of titanium by-products should be investigated.

²⁵PERO 2006, pg 131, Scoles & Biggs (2004)

3. Support for oil, gas & petrochemicals

Although not internationally competitive in petrochemicals, the petrochemicals sub-sector is an important contributor to the Provincial economy. Also, the Mossel Bay low-temperature GTL process is a world leader. This plant is also relatively new, and is a sunk cost. However, new supplies of oil, condensate or gas need to be sourced to continue its operations, as well as for generation of electricity in the region. Unless long-term supplies of oil or gas can be exploited, there is little potential for this sub-sector in the Province.

- The Province should commission a comprehensive study to resolve the whole question of oil / gas, to determine the probability of finding sources, where these are, and the economics of downstream distribution to the entire range of potential users. The extraction economics are dependent on volumes, so require a regional view.

4. Research, development and commercialisation

Research, Development and Commercialisation are of particular importance to the Chemicals sector. A significant emphasis on innovation is required in order to stay competitive in speciality and fine chemical sub-sectors, as well as in developing entirely new products.

The Western Cape has arguably the strongest technical academic institutions, and data shows that the Province is currently attracting most of the Innovation Fund's grants. The Province needs to strengthen the interaction and cooperation between institutions and Industry.

- Although beyond the scope of this study, it is recommended that an audit of technical research capacity and activity across the Province be performed, and that the Province assists in communicating these activities to Industry by means of Industry sector / Research Forums or workshops. It is recommended that PGWC continue to support the CIMM and Cape Bio initiatives, as well as possibly establishing other collaborative initiatives involving disciplines such as medicine, biochemistry and chemical engineering.
- The Province should assist in linking capital providers to research output (e.g. Cape Bio), in the natural products field.
- The Province should assist in creating linkages and dissemination of information between academic institutions and industry²⁶.
- The Province should assist in communicating the advantages of the Western Cape as an international centre for technical R&D.

Appendix [F] The Construction Industry Report Prepared by: SABERC

The Western Cape construction sector, like all other sectors in the national economy is expected to contribute to the expansionary fiscal framework of the Republic of South Africa aimed at increasing employment and reducing poverty – both national priorities. In order to provide guidance into how the construction industry in the Western Cape can contribute to economic growth in the region the department of economic development and tourism (DEDT) of the Western Cape provincial government has a decisive role to play in shaping the trajectory of the industry through lobbying for funding of prioritised interventions. To this end the Southern African Built Environment Research Centre (SABERC) at the Cape Peninsula University of Technology was enlisted to assess the current structure of the construction industry in the Western Cape and examine policy levers to support the development of the provincial strategy and policy focused on skill shortages and government-driven strategies to encourage and incentivise the optimum performance of the construction sector.

This report develops a sector skills matrix, which shows the skills base, skills gap and development opportunities and training needs within the construction sector in the Western Cape. In order to achieve a global perspective of the current position relative to skills shortage and development, recruitment and recruitment practices, training and training practices, retrenchments and retirements, project management and participation in construction, the study was contextualised against international experiences extracted from a review of selected international literature.

To this end, several countries were investigated: inter alia, the United Kingdom, China (Hong Kong), Sweden and Israel. Similar trends and challenges confronted the construction industries in each of the countries reviewed. What differed was the scale. Observations included:

- The perception that the construction industry is not a sustainable career choice;
- A greater emphasis on multi-skills in terms of technical skills as well as the need for soft skills;
- There is a large number of self-employment and small contractors that result in the amount of time available for training being significantly reduced;
- Forecasting models used that are data sensitive;
- Using the forecasting of future demand and supply as an indicative tool for planning purposes; and
- Need for industry stakeholders to invest in training.

In the main the findings of the present study echo international experiences relative to skills shortages and development with respect to, for example:

- Failure to attract new entrants to the industry;
- Poor image of the industry;
- Failure to offer sustainable career structures;
- Lack and high cost of quality training despite the establishment of national agencies responsible for sector education and training;
- Failure to consider women and persons with disabilities as a source of new entrants and skills;
- Failure to recognise the potential of retraining existing workers and multiskilling;
- Lack of meaningful financial incentives to invest in human capital training;
- Shortage of artisans possessing low and medium transferability skills such as bricklayers and plasterers;
- Lack of quality supervision and multiskilling;
- Increasing casualisation and co-contracting which reduce the time available for training; and
- Poor recruitment practices and policies.



Apart from the small, medium and micro enterprise (SMME) component of the construction sector, shortages in skilled workers, i.e. the artisans and operators category ranked highest in the contractor, consultant and manufacturing sub-sectors. The SMME component reported most shortages relative to management. The unskilled worker category ranked lowest across all the sub-sectors with respect to shortages.

Lack of training was reported by contractors including SMMEs, consultants including SMMEs as impacting most on skills shortages despite the existence of CETA. Lack of financial incentives to train construction workers and the lack of multiskilling ranked as the next most impacting influences on the skills shortage according to contractors. On the other hand, skills leakage and lack of training were the most impacting influences according to consultants. Further, the lack of financial incentives to train, cyclical nature of construction and lack of continuity of work were the most influential factors on skills shortages according to manufacturers.

Ability to work in teams, being multiskilled, and adaptability to changing work environments were the most important factors considered when recruiting new employees according to

contractors and manufacturers. On the other hand, according to contractor and consultant SMMEs, ability to work in teams, possession of craft skills, and rates of pay were the most important considerations when employing new workers. The ability to work in teams, continuity of work, adaptability to changing work environments and previous work history were the most important according to consultants.

The most impacting measures taken to counteract recruitment problems varied between consultants and manufacturers where in the case of the former poaching of staff from competitors dominated while in the case of the latter provision of incentives to attract school leavers dominated.

There was general agreement across all sub-sectors that if incentives were in place more training and retraining of workers would occur. There was some consensus that retraining currently employed workers would overcome skills shortages, that training produced broad skills and lack of training led to skills shortages. Evidently, the Construction Education and Training Authority (CETA) was either failing in delivering on its mandate to facilitate appropriate training or it has not positively influenced construction skills training.

Most of the sub-sectors reported that the constraints and barriers that impacted most on training in the industry were the unsuitability and / or lack of existing training courses, the insensitivity of training service providers to the needs of the industry and the restrictive and bureaucratic funding arrangements.

According to contractors, consultants and manufacturers skills shortages led not only to increased construction costs but also rework and waste, and projects not being completed on schedule.

Against this background a number of recommendations are listed for consideration, some of which are possibly outside of the scope of MEDS to directly influence and/or change. However, they provide a basis for devising a provincial government strategy to develop the Western Cape Construction Sector.

1. Establish a regional multi-stakeholder industry forum to develop an integrated industry development strategy;

2. Commission research to establish the current BEE status of the sector in the region and the employment creation potential of the current planned infrastructure investment of the provincial government;
3. Improve the performance and monitoring of the Preferential Procurement Policy Framework to eliminate the abuse of the framework to merely get work and ensure the transfer of management skills between joint-venture partners;
4. Overhaul the present role of the CETA from that of merely facilitating construction skills training to that of a central agency that actually provides, evaluates and certifies industry-sensitive and relevant training that will include longer term training programmes that target skills that have low and medium transferability rather than narrow short-term task-related training while at the same time including generic skills such as working in teams and adaptability to changing environments;
5. Develop and introduce more meaningful financial incentives and funding arrangements in projects that will encourage stakeholders to train and retrain construction human capital at all levels;
6. Develop and introduce aggressive campaigns in the region to positively promote careers in the construction industry including the provision of attractive bursaries at higher education levels;
7. In partnership with regional higher education institutions, HEIs, commission the development of education and training modules targeted at the management and entrepreneurial needs of the SMME sector of the industry that will include, inter alia, improved supervision, tendering and project financial management, project scheduling, and SHEQ management;
8. In the absence of the overhaul of the CETA, simplify the claim-back procedures of training expenses for the SMME sector;
9. Incentivise stakeholder practices and policies that target recruitment from non-traditional sources, such as women and persons with disabilities while improving older and experienced worker retention; and
10. Commission research into the development and construction of effective predictive models for trends in construction labour resourcing.

Appendix [G] Wholesale, Retail and Franchising Report Prepared by: Barbara van Heerden

The wholesale and retail sector contributed approximately 15,7% to annual regional gross domestic product in the Western Cape during 1999-2003, with its year-on-year contribution remaining fairly stable between 15 and 16%. The sector has become the Province's greatest employer since the secular decline in manufacturing employment experienced since 1995. Numerically, the employment trend has remained remarkably constant between 1995-2003, averaging approximately 275 000 workers. However, over the same period output has grown considerably, implying that the output employment elasticity in the sector has fallen over time. This could be due to productivity enhancing investments in the sector, or shifts to more flexible employment contracts, or both. Projected output is expected to decline somewhat in the period to 2008, though with the next Soccer World Cup heading South Africa's way, this projection is likely to reverse.²⁷

It is against this background that the objective of this study was to:

- Identify barriers of entry for new and particularly black and female-owned firms in the wholesale, retail and franchise sector (WRF);
- Determine what role provincial policy could play to promote this entry.

Current developments with regard to emergent enterprise entry already initiated by large retailers are situated as downstream or upstream activities of the organisation. In each instance the retailer had initiated the emergent enterprise opportunity as part of their corporate responsibility contribution. The company in developing their own BEE scorecard in terms of the BEE guidelines did this proactively. This process then informed their decision on where the activity would be placed, i.e. on the supply of a product or the supply of a service, as an upstream or downstream activity. The big retailers with a franchise division were also influenced in terms of their company's BEE scorecard decisions on encouraging emergent enterprise entry. The companies doing these activities were all situated in the large business category and were publicly listed.

Examples of how these companies assisted black and female-owned firms included:

- Identified market gaps (opportunities) to involve such enterprises;
- Assisted with start-up funding on an equity basis which was ratcheted backwards, or had a fund used as a bank guarantee;
- Assisted with skills transfer, mentoring and coaching;
- Actively participated in market take-off by serving as a purchaser of the product or service;

- Assisted with setting up and applying business systems;
- Gave access to bulk purchasing prices through the company;
- Offered a buying membership of their wholesale division (where the emergent enterprise gets a rebate and a share of the profits).

The type of downstream opportunity implemented was category specific and involved production of some form, such as furniture construction for a large furniture retailer, agricultural product supply (e.g. vegetables) for a large grocery retailer, and garment construction (e.g. cut, make and trim) for a large fashion retailer. In each instance the company actively sourced the emergent enterprise from their own contact sources.

One large retailer has set up a public-private partnership with the department of agriculture and emergent farmers in the Northern Cape for the supply of boerbok carcasses. The retailer supplies expertise, undertakes training, undertakes product off-take and funds. The department of agriculture assisted with land tenure and agriculture related issues. Another large retailer did the same with emergent farmers by giving technical and financial assistance in the setting up of the Beaufort West Hydroponics Project for the supply of basil and madumbes. The store's buyer stays in regular contact to ascertain the status of the crop so any hitches are ironed out before turning into problems. In both of these examples it was the head office that initiated the programme with the community as part of its corporate social responsibility initiative and used its own finance.



In some instances the emergent enterprise had seen an opportunity and approached the retailer. This was more common in the fashion sector where the emergent enterprise had experience of working in the industry or in instances where the retailer had a franchise division and the emergent enterprise had heard of the opportunity by word of mouth. The point in common was that this type of emergent enterprise already had access to some form of finance.

Upstream opportunities centred on services such as:

- Transport of goods;
- Supply of office requisites;
- Outsourcing of systems, such as human resources and training, information technology, maintenance, and security;

²⁷Provincial Economic Review and Outlook 2005. Western Cape Treasury, 2005.

- Another option utilised was turning the emergent enterprise into a customer servicing a different target market.

This sector has a retail association whose only function is in determining wages for the sector; it does not have a sector specific BEE scorecard guideline in place. There is no forum where the stakeholders engage with each other, as there is a high degree of competition and mistrust and the stakeholders see no benefit being afforded by such an activity.

In the franchise sector, entry opportunities for the emergent entrepreneur already in place included a large retailer's Retail and Franchise Academy where a scoring system is used to evaluate an entrant with no retail exposure. The entrant is also given hands-on experience in their store along with attendance at the academy. A two-year timeframe is usual for this type of entrant to become an owner operator. Twinning (having new stores with one black owner and one white owner) was also being utilised in franchise stores in upmarket areas to fast-track black entry. This large retailer uses a BEE committee to source supplies from manufacturers with black equity.

The Franchise Association promotes emergent enterprise entry but this initiative is limited to the potential franchisee having their own 10% (minimum) contribution required by the financial institutions currently funding this market.

Limitations with regard to current companies implementing more of the same are varied. For example, there is no database of emergent enterprises – particularly female owned – for existing companies to source prospective business ventures with, which limits the opportunity in reaching a broader base. There is also a lack of awareness of projects undertaken by retailers in implementing BEE scorecard initiatives within the sector. This implies that the potential competitive advantage is downplayed because there is no promoter within the sector creating awareness among emergent enterprises of BEE scorecard business opportunities.

Emergent enterprises are limited in that there appears to be no forum or business hub association to act as a linkage between stakeholders in the WRF sector where BEE scorecard initiatives are promoted. There are some publications in the market place that do this, including "Big News" and "Succeed" magazine, which promotes entrepreneurship and

management. A percentage of every print is donated to business associations, training groups and support organisations operating in disadvantaged communities. "It's My Business", a fortnightly publication in the Sunday Times, is aimed at providing tips and advice to entrepreneurs on how to survive and run their business more successfully. These private-sector initiatives are disparate and very much in their infancy.

Medium and small-sized businesses felt they were limited by market share and resources and offered mentoring inside their business to emergent enterprise. Businesses implementing training in their organisations offered the same training to emergent enterprises. Use of emergent enterprise services such as maintenance or transport was an option to be considered. However, businesses were limited with the type of assistance they could provide, as there is not much information concerning how to do this.

It is important to note that limited exposure to retail operations by unemployed people is also being tackled by the W&RSETA. Businesses belonging to the W&RSETA who had participated in the learnership programme had given learners working exposure in their businesses. This programme is in the process of being evaluated.

Very small businesses saw their time, the business turnover, a very competitive small market share and a niche customer base as limiting factors for emerging enterprise entry. In some instances selling the business to an emergent enterprise was an option they would consider but price might be a limiting factor. The type of training assistance put forward was work shadowing. Businesses in this category were busy trying to survive, but one example helped an entrepreneur produce a more professional product by giving technical advice.

The informal traders who have formalised themselves by creating companies with the traders as shareholders or as part of a trust are limited by not having the time and resources to attend skills development training. Having access to financial credit, loans, tenureship, infrastructure and bulk-buying power were deemed to be major limiting factors in becoming more economically viable and moving from a state of informal to formal.

The issue around tenureship and the practicalities of not having adequate access to reasonable infrastructure, such as cover from the elements, lock up facilities, and toilets, and competitive wholesale pricing, were definitive constraints experienced on a daily basis by the informal traders who have rented the Cape Town Station

Deck and Grand Parade for 15 years. In spite of moving from the informal sector by becoming shareholders in formal companies, their voices and requirements have not brought about any changes from the City of Cape Town. Another group representing a variety of small and informal traders (3,000 house shops) in Mitchell's Plain have formed a trust to be their central voice to engage with local and provincial government on urban renewal: access to infrastructure to develop land is one priority as is access to competitive wholesale pricing. Groups such as these require being part of an information linkage to gain entry to existing structures such as Shoprite Checkers Wholesaling division through their buying membership programme.

This category was unaware of any BEE scorecard business activity undertaken by the large retailers and wants to be included in a business development network with access to resources so that the opportunity can be taken up.

Recommendations include the following:

The provincial department of economic development and tourism (EDDT) should consider establishing through their BEE Desk a WRF / BEE Advisory Council Forum to liaise with the WRF sector. Their activities would include the following:

- Liaise with large retailers in the Western Cape, along the BEE scorecard guideline. In this way industry players will be able to tabulate the opportunities they are offering to emergent enterprise. For example, Pick 'n Pay's Retail and Franchise Academy, Woolworths, Lewis Group and Checkers community producers, emergent enterprise development projects.
- Liaise with SEDA, Western Cape branch of the SA Women Enterprise Network (SAWEN), Stellenbosch Black Women Enterprise Network (SBWEN) and TWIB Western Cape to set up a database of emergent enterprises. In this way the development of a database can be initiated.
- Link opportunities coming out of large retail BEE scorecard initiatives to Western Cape SEDA, SBWEN, TWIB and SAWEN database of emergent enterprises. In this way the Department will be able to play a linkage role between opportunities being offered and available entrepreneurs.
- Liaise with the W&RSETA on skills development required for proposed BEE scorecard projects. In this way companies both in and out of the ambit of the

W&RSETA, belonging but not participating can activate their BEE scorecard points.

- Liaise with the Universities and Technikons on research development and entrepreneurial development programmes required by the retail emergent enterprise project and link up the stakeholders. In this way the limitation of access to market information and expertise due to the emergent enterprise's financial constraints can be overcome.
- Involve private and state funding institutions in the retail emergent enterprise project by inviting them to join the process. By involving the commercial banks and Umsobomvu and Apex funds at the start of the process their (the funds') requirements can be catered for when matching business opportunities with that of the emergent enterprise's contribution. In this way solutions can be workshopped before raising the expectations of the emergent enterprise.
- Promote awareness campaigns of successful projects undertaken in this sector and create sponsors within identified companies to promote the concept inside their own company.
- Involve the office of the Premier of the Western Cape as Chairperson of the BEE Advisory Council in establishing an annual reward ceremony in wholesale, retail and franchise. The contestants could be judged on their implementation of the company's BEE scorecard.

Categories could include:

1. Female-owned Emergent Enterprises:
 - a. Emergent Enterprise employing up to 10 people.
 - b. An Emergent Enterprise utilising or involving technology.
 - c. Emergent Enterprise employing more than 10 people.
2. General Emergent Enterprises:
 - d. Emergent Enterprise employing up to 10 people.
 - e. An Emergent Enterprise utilising or involving technology.
 - f. Emergent Enterprise employing more than 10 people.
3. Companies promoting 'Fair Trade Consumer Displays' in their stores: Giving retail space and advertising for the goods of black producers.

4. Companies giving emergent enterprise key personnel access to in-house retail exposure and in-house training programmes.

It is also recommended that the WRF / BEE Advisory Council Forum, through identified promoters such as the MEC or director-general of each department's portfolio, initiates and puts into place a forum to facilitate a strongly interactive role between local government as the more direct government interface with the WRF stakeholder in general and very small, small and medium business in particular, and national government as the enactor of policies affecting all WRF stakeholders.

It appears that a gap exists between WRF businesses and government in the form of an absence of dialogue between parties. The establishment of the WRF / BEE Advisory Council Forum would be a way to narrow this gap and enable the Western Cape Provincial Government to implement a closer working relationship with local governments throughout the Province.

This closer relationship should allow for lobbying in a manner that encourages local government to implement activities to alleviate the following constraints as identified in the WRF sector:

- An integrated public transport system²⁸: this need was highlighted by staff battling to get to work, by late deliveries, by escalating transport costs.
- Infrastructure development and maintenance: this was highlighted by the needs of informal traders at the Cape Town Station, Grand Parade and Mitchell's Plain. Increasing tenureship and security of tenureship for emergent enterprises in particular areas.
- The cost of utility prices and rentals, a current constraint for the very small business and informal trader and a future constraint for these stakeholders to move up and into the next category.

A stronger Provincial and National government interaction should be able to facilitate the following:

- Establishing a communication vehicle between the industry players (business and

government) to monitor bottlenecks thereby facilitating a more conducive business environment.

This process involves the following actions:

- Lobbying the department of trade and industry for the drawing up the BEE scorecard requirements for the WRF sector.
 - Lobbying the department of public service to reduce their slow response rate and unequal application of public administration issues. Assigning a tracking number to any government application along with the name of the individual responsible for the process and continuous use of date / time stamps would ensure feedback on progress. A similar system is used by the Post Office and couriers where tracking of the item's progress can be monitored by logging onto the website.
 - Lobbying the department of safety and security for a more even deployment of policing resources. Particularly in rural areas and the South Western Cape.
 - Lobbying the department of public works for budget allocation for the Strategic Infrastructure Plan.²⁹
 - Lobbying the department of trade and industry for the drawing up of a Western Cape Technology and Human Resources for Industry Programme or the Innovation Fund for the WRF sector, especially in the field of technology. Continued development was deemed to depend on a business's ability to adapt quickly to technological change and in order to do this the right learning environment needs to be continually pushed and promoted.
- Another way of addressing the constraints is to fast-track emergent enterprises in the WRF sector by setting up a Western Cape Development Corporation as a parastatal, in line with those operating in Gauteng and the Eastern Cape. Examples are Ithala in KZN, LimDev in Limpopo. Each has a different mandate and different funding models.
- The action required here would be for the WRF / BEE Advisory Council Forum to investigate each model and assess each one's viability.

In conclusion the priority for the advancement of the WRF sector in fast-tracking emergent enterprise, particularly women, would be the following in order of implementation:

1. The setting up of a WRF / BEE Advisory Council Forum.
2. The establishment of a WRF Sector specific BEE scorecard.
3. The WRF / BEE Advisory Council Forum to begin the dialogue with the stakeholders and get their buy-in to becoming key players in the drawing up of an action plan for fast-tracking emergent enterprises, particularly female owned, entry into the WRF sector. Progress to be monitored every six months, and the timeframe for the accomplishment of set targets limited to five years.
4. The implementation of the following goals: Acceptance of the WRF BEE scorecard; setting up the database for WRF business opportunities and the database of available emergent enterprises; the WRF / BEE Advisory Council Forum Premier's Annual Reward Ceremony;

investigating other province's development corporation models to ascertain whether this option should be considered to fast-track emergent enterprise entry into WRF.

5. The setting up of the WRF / BEE Advisory Council Forum with key provincial government personnel – either MEC or director-general with local government and national government counterparts for the implementation of the Province's Strategic Infrastructure Plan.
6. The WRF / BEE Advisory Council Forum to set out who would monitor the progress on a six monthly basis.
7. All projects' progress should be monitored every six months and the timeframe for the accomplishment of set targets should be limited to five years.