



**Western Cape
Government**

Economic Development
and Tourism



Annual Performance Plan 2018/19

Economic Development and Tourism

Department of Economic Development and Tourism

Province of the Western Cape

Annual Performance Plan
2018/19

FOREWORD

Over the past year, we have seen tremendous growth in the global economy - evidence of a significant rebound following years of depressed activity. However, at home, policy uncertainty, ratings downgrades and a volatile exchange rate have taken their toll on the South African economy and business confidence. While the Western Cape has managed to buffer itself from some of these events, seeing higher growth and better business confidence, we have faced our own hardships. Chief amongst these is a severe drought.

In 2017, we commenced with Project Good Hope an initiative to tell the story of the Western Cape to inspire confidence, and to draw greater levels of investment to our region. In the next phase of the campaign, we will be rolling out messaging that will foster increased positivity around doing business in the province.

One of our greatest assets in this province is our workforce and Project Khulisa is aimed at growing this workforce in the areas of tourism, agri-processing and oil and gas.

Tourism, which currently employs over 200 000 people, holds remarkable potential for further job creation but the sector is currently feeling the pain of the drought. Similarly, agri-processing has also been impacted by a lack of raw agricultural product, due to lower harvests. While this is a difficult time for both industries, it also holds a lot of potential for businesses to evaluate their current offerings and develop innovative ways to not only deal with the current crisis, but to gear themselves for a more sustainable, responsible future. I'd like to applaud those businesses that have already taken steps to future-proof their operations.

We, as the provincial government have worked with our partners to create a climate in which tourism can thrive. Our Air Access programme continues to grow the number of direct routes into and out of Cape Town International Airport. This year, we've added key routes between important African economies like Angola and Kenya. The Cape Town International Convention Centre has opened its new, expanded building which is now able to accommodate bigger conferences or multiple events at any one time.

The oil and gas sector, another of our Project Khulisa programmes, continues to be a focus. As the oil price recovers, we are continuing to work towards the establishment of an upstream oil and gas hub in Saldanha Bay, a project which will significantly grow opportunities for small businesses, and greater employment in the industry.

The Western Cape is a water scarce region and climate change is impacting how we do things now, and how we will continue to do them in the future. This creates the ideal space to grow our green economy as we continue to focus on sustainability, and the importance of resources like water and energy. This is why the province has committed to energy security as one of its Game Changers.

As we enter the Fourth Industrial Revolution, access to energy is vital. Some of the characteristics of the Fourth Industrial Revolution include increased automation and digital innovation. For this sort of disruptive technology to become a reality in the Western Cape, we will require a skilled workforce and access to high-speed Internet. That is why the Western Cape Government has committed to putting high-speed, affordable Internet in every ward of the province. So far, we've rolled out 178 of our planned 384 hotspots and will be working on rolling out the remaining hotspots in the coming year and increasing line speeds as part of the second phase of the project. Meanwhile, the Bandwidth Barn in Khayelitsha will continue to play an important role in equipping people for careers in the ICT industry.

Our Apprenticeship Game Changer is focused on expanding the province's skilled workforce through apprenticeships which provide much needed, on-the-job training in all areas of our economy.

This year, we will be making it easier for businesses to take on apprentices by providing assistance that takes the guess work out of how to go about it, and by linking companies with colleges and SETAs.

There is still a lot of work to be done in our economy, but with our dedicated staff, our partners and the support of industry and investors, we can build an economy that is better together.



Mr Alan Winde
Minister of Economic Opportunities

OFFICIAL SIGN-OFF


It is hereby certified that this Annual Performance Plan:

- Was developed by the management of the Department of Economic Development and Tourism under the guidance of Minister Alan Winde.
- Was prepared in line with the current Strategic Plan of the Department of Economic Development and Tourism.
- Accurately reflects the performance targets which the Department of Economic Development and Tourism will endeavour to achieve given the resources made available in the budget for 2018/19.

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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 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 businesses 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 that the Department espouses are:



Caring

To care for those we serve and work with



Competence

The ability and capacity to do the job we are appointed to do



Accountability

We take responsibility



Integrity

To be honest and to do the right thing



Innovation

To be open to new ideas and develop creative solutions to problems in a resourceful way



Responsiveness

To serve the needs of our citizens and employees

4. LEGISLATIVE AND OTHER MANDATES

The Department's work is within the context of several national and provincial acts and policies, the more significant of which are as follows:

4.1 CONSTITUTIONAL MANDATE

Constitution of the Republic of South Africa, 1996

Schedule 4 and 5 of the Constitution of South Africa state that concurrent national and provincial legislative competences, as relevant for Economic Development, are:

- 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 1997 (Act 1 of 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 (*inter alia*) the creation of job opportunities and the promotion of a market-oriented economy (Chapter 10, Section 81).

4.2 LEGISLATIVE MANDATE (in alphabetical order)

Broad-Based Black Economic Empowerment (BBBEE) Act, 2004 (Act 53 of 2004)

The BBBEE Act 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 Act was amended by the BBBEE Amendment Act, 2013 (Act 46 of 2013), which introduced 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.
- All organs of state to report on compliance with BBBEE regulations in their annual reports.
- The amendments to the BBBEE Codes of Good Practice that came into effect on 01 May 2015.

Businesses Act, 1991 (Act 71 of 1991)

This act 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 licenses to trade.

Cape Town International Convention Centre Company Act, 2000 (Act 8 of 2000)

The purpose of the Act is to provide for the Province's shareholding in the Cape Town International Convention Centre Company, for the funding provided to the Company by the province and to provide for matters incidental thereto.

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.

Cooperatives Act, 2005 (Act 14 of 2005 with) [As amended by the Cooperatives Amendment Act, 2013 (Act 6 of 2013)]

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

Local Government of the Western Cape Economic Development Partnership Act, 2013 (Act 12 of 2013)

The purpose of the Act is to provide enabling legislation to regulate the relationship between the Western Cape Government and the Economic Development Partnership (EDP). The Act provides that the Western Cape Government may become a member of the EDP and establishes a formal relationship (inclusive of providing for transfer payments) between the two parties. The Act put 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 laws. The Act was passed by Provincial Cabinet in December 2013.

Local Government: 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.

National Small Business Act, 1996 (Act 105 of 1996) [as amended by the National Small Business Amendment Act, 2004 (Act 29 of 2004)]

The Act provided for the establishment of the National Small Business Council and the Ntsika Enterprise Promotion Agency and provided guidelines for organs of state in order to promote small businesses in the Republic. The Amendment Act repealed all provisions pertaining to the Ntsika Enterprise Promotion Agency (Ntsika); provides for the establishment of the Small Enterprise Development Agency (SEDA) and made provision for the incorporation of Ntsika, Namac and any other designated institution into the agency.

Public Finance Management Act, 1999 (Act 1 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.

Tourism Act, 2014 (Act 3 of 2014)

This act makes provision for the development and promotion of sustainable tourism for the social, economic and environmental benefit of South African citizens. Its objectives include the promotion of responsible tourism practices; the effective marketing of South Africa, both domestically and internationally through South African Tourism (SAT); the promotion of quality tourism products and services; the promotion of economic growth and development of the sector, and the establishment of concrete intergovernmental relations to develop and manage tourism. It specifically makes provision for further training and registration of tourist guides, a code of conduct and ethics for tourist guides, procedures for lodging complaints and disciplinary measures.

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.

Western Cape Investment and Trade Promotion Agency Law, 1996 (Act 3 of 1996) (as amended by the Western Cape Investment and Trade Promotion Agency Amendment Act, 2013 (Act 6 of 2013)

The Law establishes the Western Cape Investment and Trade Promotion Agency (Wesgro). It was amended by the Western Cape Investment and Trade Promotion Agency Amendment Act, 2013 (Act 6 of 2013), which amended the principal act so as to extend the objects, powers and functions of the Western Cape Investment and Trade Promotion Agency and the powers and duties of directors of the Board of the Agency (the Board) and the Chief Executive Officer to include tourism promotion.

4.3 POLICY MANDATES

National Development Plan (NDP)

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; and
- Leadership and responsibility throughout society.

OneCape2040

OneCape2040 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 province or municipalities. It is rather intended as a reference point and guide for all stakeholders in order to:

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

Provincial Strategic Plan (PSP)

The PSP is a five-year plan that sets out the Western Cape Government's strategies and plans for the next five years. It consists of 5 Strategic Goals, namely:

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, which can be summarised across nine Strategic Priorities, namely:

1. Invest in growing, attracting and retaining the skills required by our economy.
2. Support entrepreneurs and small businesses to thrive.
3. Make it easier to do business by addressing red tape.
4. Invest in high quality, efficient and competitive infrastructure.
5. Rebrand the region to increase internal and external investment.
6. Open markets for Western Cape firms and key sectors wanting to export.
7. Ensure our economic, social and environmental sustainability.
8. Demonstrate leadership which promotes an improved regional economic eco-system (governance) and embraces innovation.
9. Improve our visitor economy through destination marketing.

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.

Western Cape Infrastructure Framework

The provincial 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).

4.4 RELEVANT COURT RULINGS

None.

4.5 PLANNED POLICY INITIATIVES

In keeping with the key objectives espoused in the National Development Plan and the vision of the One Cape 2040 for a growing, resilient and inclusive economy in the Western Cape, the Department will seek to deliver on the strategic goals contained in the Provincial Strategic Goal 1 which envisions an economy which creates an environment in which there are abundant opportunities for growth and jobs. The Department embraces the leadership role required to deliver on the plans and aims for economic resilience to ensure the creation of an environment conducive to growth and inclusion.

The Department will deliver in all of the nine strategic interventions contained in PSG1 through its cross-cutting and area-specific interventions, ensuring that programs for change are established in both the geographic and economic spatial dimensions.

Whilst the Department supports a whole of society dimension for economic interventions, focus will be placed on the industries identified as key economic drivers:

- Oil and Gas Servicing Industry
- Productive Economy including Agro-Processing
- Financial and Professional Services, which includes the Business Process Outsourcing Industry
- Visitor Economy

The industries listed above form the bedrock upon which the Department will land the cross-cutting enabler programs of skills development, design and innovation, green economic stimuli and catalytic infrastructure. In addition, the Department's key responsibility of providing economic leadership will enable the linkages both horizontally and vertically between the cross-cutting programs and the businesses within the various industries, to ensure optimisation of government effort and activities.

The Department's key strategic objectives over the next five years will be to:

Provide Economic Growth Leadership

It is incumbent upon the Department to provide the vertical and horizontal leadership within the economy in order to enable all economic stakeholders to pull together to make the Western Cape a growing, resilient and inclusive economic leader in South Africa. In order to effectively discharge this mandate, the Department will:

- Strategically engage with businesses in order to ensure that businesses partner with government for the betterment of the region's economy.
- Provide innovative and responsible economic policy development which will link and align the economic change approaches within the economic spatial and geographic platforms.
- Stimulate the promotion of collaboration for economic benefits with various economic stakeholder organisations inter alia, Business, Government and Academia.
- Promote the provision of inter-governmental lobbying, advocacy and influence for economic growth.

Reduce the cost and improve the ease of doing business

Red tape is the primary inhibitor of successful economic growth and is largely caused by 2 fundamental issues, namely economic unfriendly legislation and inefficient processes and procedures. It is the Department's objective to effectively address both these primary underlying causes of red tape and therefore the Department will:

- Implement a Regulatory Impact Assessment process to determine the economic impact of new and existing legislation within the province.
- Identify, investigate and fix problematic bureaucratic processes.
- Lobby and provide advocacy for a business-friendly and competitive legislative environment particularly within the SMME environment.
- Identify, investigate and bring about change to key inhibiting red tape enhancing legislation.

Establish and promote an innovative and competitive business environment

The Western Cape must be seen as the economic hub which promotes and drives innovative and creative methods for economic resilience, inclusion and growth. There is already a thriving design and creative ethos within the region and it is the Department's intention to continue and expand its interventions within this exciting arena. The key actions of this strategic objective will be to:

- Promote creativity and innovation within the economy to meet the new challenges facing key job propelling and labour absorbing industries, trade orientation, investment and export promotion.
- Actively engage in the expansion of the Green Economy, thereby creating sustained and integrated solutions to many economic challenges and to ensure job creation opportunities.
- Establish a design-orientated approach to the economy through the establishment of design solutions which will establish the region as both competitive and dynamic.
- Develop collaborative partnerships between industry, government and university to enable optimum research capabilities.

Develop key skills to match the growing demand for appropriate skills for the economy and thereby to enhance regional competitiveness

This will necessitate a review of the systemic and underlying causes of the challenges facing business when the matching of available talent to skills demand is vastly inappropriate. In order to reduce the gap between the skills demanded by the economy and those supplied by the various education institutions, the Department will specifically focus on the following key areas over the next five years:

- Artisan Development;
- Innovative, creative and design capabilities;
- Financial, business outsourcing and Digital Economy skills;
- Constant assessment and re-assessment of the skills gap;
- Systemic interventions to improve the science, technology, engineering and maths qualifications;
- Develop entrepreneurial skills set, particularly aimed at young people; and
- Placement of young people in workplaces in order to address the challenges of experiential learning.

Invest in key economic catalytic infrastructure

Effective and efficient infrastructure is critical for ensuring the effective functioning of the economy. It is critical that there is continued investment in key catalytic economic infrastructure since this will enable an ongoing economic activity and growth which underpins increased economic benefits. The Department will therefore focus on:

- The support and development of key catalytic infrastructure projects which promote medium to long term economic gains.
- Provision of input to the roll out of Broadband to the communities and businesses especially within industries which require access to big data.
- Identification of the spatial infrastructure needs which will underpin the rural economy.
- The development of a provincial energy strategy which provides energy dependency security within the region.

Promote the global profile of Cape Town and the Western Cape

The promotion of Cape Town and the Western Cape as both a visitor and investment destination is a key strategic objective which will ensure that both our tourism industry and the direct investment sectors sustain impressive growth trajectories. In order to achieve this objective, the Department will:

- Effectively utilise the assets of the Western Cape as a springboard for greater continental and global investment.
- Utilise and build upon Cape Town's global brand attraction as a destination puller and hub for regional growth.
- Implement actions to promote Cape Town as a business tourism destination and to develop new tourism niche markets for expanded growth.
- Promote the City and the Region as an attractive centre of excellence for key industry hubs (Visitor, Medical, Oil and Gas Servicing, Financial and other business services).
- Promote direct access between Cape Town and key market destinations.

Promote Trade and Investment for Africa's Growth and Development

Whilst the region has many and varied markets in which trade and investment is, and will continue to be promoted, it is a strategic imperative to have a specific focus on the African Market as a key investment and trade destination. Cape Town is uniquely positioned between the East and West and given the inherent geographical and resource assets, it has the potential to add significantly to economic growth for global firms seeking to invest in Africa.

It is therefore incumbent upon the Department to finalise the Africa Trade and Investment Strategy and to ensure that programs are put in place which will add significantly to the positioning of the Western Cape as a key trading region for Africa. This will be particularly focused on the export readiness of small and medium enterprises for trade into Africa, promotion of the region's capabilities to be a hub for African trade and a centre of excellence for housing global headquarters for multi-national firms wanting to do business on the African continent.

5. UPDATED SITUATIONAL ANALYSIS

5.1 PERFORMANCE DELIVERY ENVIRONMENT

The global and national environment impacts the Western Cape delivery environment. The drought conditions, changes in inflation, exchange rate, interest rating downgrades and changes in global commodity prices will in one way or the other impact on the regional economy. Global and national developments influences our exports, capital flows, number of tourists visiting and costs of capital for investment. Understanding the environment under which the Department operates in helps to appreciate different policy instruments and interventions pursued. To this end, a brief overview of the global, national and provincial key economic performance is presented to give context to the performance delivery environment for the Department.

Global Economy

The International Monetary Fund's (IMF) World Economic Outlook (WEO) forecast projected that world growth will increase by 3.9% in 2018. The outlook to global growth shows signs of sustained recovery with rising world trade volumes. The key developments in support for this projected expansion are the firming up in global demand and buoyant financial markets (spurred by continued policy support in China and fiscal expansion and deregulation in the United States). The Bureau of Economic Analysis (BEA) which produces economic statistics of the U.S. economy revealed in their advance estimates that the real gross domestic product (GDP) increased at an annual rate of

0.7% in the first quarter of 2017, which is 0.4 percentage points lower than the 2.1% recorded in the fourth quarter of 2016. The key sectors driving economic growth in the fourth quarter of 2016 were: finance and insurance, retail trade and professional, scientific, and technical services. The BEA also noted that 19 of the 22 industry groups contributed to the overall 2.1% GDP growth in the fourth quarter of 2016. On the monetary front, the US Fed is expected to maintain its moderate pace of tightening, dependent to some degree on the size and nature of possible fiscal reforms. On the labour market, the Bureau of Labour Statistics shows that the total non-agriculture employment in the US increased by 211 000 in April 2017. The sectors which created employment include: leisure and hospitality, health care and social assistance, financial activities, and mining. The rate of unemployment decline by 0.6 percentage points between March and April, to 4.4% in April 2017. As the unemployment rate declined, the number of unemployed persons also dropped by 854,000 persons to 7.1 million in April. The Bureau of Labour Statistics also shows that the labour force participation rate was 62.9%, and the employment-population ratio was 60.2% in April 2017.

The IMF growth projection for the Euro Area for 2017 is 1.7%. The Germany economy which is projected to grow by 1.6% will mainly be driven by strong external demand, solid developments in construction and rising business confidence. In France, voters decided on the 7th of May to give their mandate to President-elect Emmanuel Macron, more details on policy direction will crystalize as the new administration takes office and pronounce their vision in terms of policy. The IMF growth projection before the outcome of the election was a growth rate of 1.4% in 2017. Growth in Spain is expected to expand by 2.6% in 2017. In the first quarter of 2017, the economy grew by 0.8%. Growth will be underpinned by households which are ably supported by positive labour market. As for the UK, IMF project 2% growth rate for the UK in 2017, this is a 0.2 percentage points increase from the estimated 1.8% for 2016. The UK remains one of the fastest growing economies in Europe. Although it initially declined after the Brexit vote due to a growing expectation of a possible increase in barriers to trade and migration, coupled with a potential downsizing of the financial services sector as a result of potential barriers financially transacting with members of the European Union (EU). The decision to call for a snap election on 8 June saw the Pound gaining significantly.

Growth forecasts for emerging markets and developing economies is 4.7% in 2017. Although the IMF has reviewed their growth forecasts downwards for India, it remains high at 7.1%. In China, growth is projected at 6.6% for 2017 and 6.6% for 2018. The key transitions in these two economies are the impact of demonetisation in India and strong performance in the Chinese financial markets spurred by continued policy support. Current political uncertainty in Brazil may undermine the expected recovery. Russia is expected to ease out of recession. In sub-Saharan Africa economic growth is projected to recover slightly to 2.7% in 2017 which is an increase from the 1.4% estimated for 2016. The forecast for the expansion in growth in 2017 for **sub-Saharan Africa** is mainly based on rebound in oil production in Nigeria, higher public spending in Angola ahead of an election and easing of drought conditions in South Africa. In Kenya, Ivory Coast and Senegal, growth is expected to remain above 5% in 2017.

National Economy

Although the global economy showed signs of recovery, the domestic economy growth performance deteriorated in 2016, recording a low of 0.3%. This was the lowest annual growth rate since the financial crisis induced recession of 2008/09. Economic data released by Statistics South Africa has shown that the national economy expanded by 0.3% in 2016. The economy is projected to grow by 0.9% in 2017 (IMF). This projection is 0.6 percentage points above the 2016 estimated growth of 0.3%. The South African Reserve Bank (SARB) revising growth forecast to 0.5% for 2017. The key economic developments underpinning the growth forecast are the GDP contraction in the first quarter of 2017 which put the economy into a technical recession (two successive contractions that is, the -0.7% in the first quarter of 2017 and -0.3% in the fourth quarter of 2016), the credit rating downgrade, policy uncertainty, decline in business confidence, and poor investment and capital formation (SARB). Another key economic performance indicator, average annual inflation rate, shows that In 2016/17 the rate was outside the target band of 3% - 6%, but is however expected to ease back within range in the second quarter of 2017. On the labour market, the national average rate of unemployment remained high at 26.3% in 2016, rising to 27.7% in the first quarter of 2017 and remained at the same rate (27.7%) in the both the second and third quarters of 2017.

At sectoral level, the sectors which recorded significant contraction in the first quarter were trade, catering and accommodation (-5.9%), manufacturing (-3.7%) and electricity, gas and water (-4.8%). Of great concern is the successive contraction in the manufacturing sector, after having also declined in the fourth quarter of 2016. The table below tracks GDP performance in the last five quarters:

Sector	2016Q3	2016Q4	2017Q1	2017Q2	2017Q3
Agriculture	-0.2	-0.1	23.1	38.7	44.2
Mining	4.2	-11.5	13.1	8.2	6.6
Manufacturing	-3.3	-3.1	-3.7	1.5	4.3
Electricity	-2.5	2.4	-4.8	8.8	-5.5
Construction	0.7	0.4	-0.8	-0.3	-1.1
Trade, Catering & Accommodation	-2.0	2.1	-5.9	0.6	-0.4
Finance & Real Estate	1.7	1.6	-1.2	2.2	0.6
Transport & Communication	1.3	2.6	-1.6	2.5	1.2
General Government	2.0	0.9	-0.7	-1.1	-0.7
Personal Services	1.4	1.0	-0.1	1.3	0.9
GDP @ Market Prices	0.4	-0.3	-0.6	2.8	2.0

[Source: Statistics South Africa]

The two primary sectors, Mining and Agriculture expanded in the first quarter of 2017 by 13.1 and 23.1% respectively.

The South African Reserve Bank (SARB) revealed that year-on-year inflation rate moderated to 5.3% in April 2017, thus falling within the 3% - 6% target range. The Bank also reviewed its Inflation forecast for 2017 by 0.2 percentage points from the initial forecast of 5.9% to 5.7%. The inflation outlook for 2018 is projected at 5.3%. The Bank's inflation key developments informing the inflation outlook projection are: downward revisions to international oil price, domestic electricity tariff assumptions (based on a 4.0% tariff increase with effect from July 2017, down from 8.0%), less appreciating exchange rate assumption, and easing of drought conditions contributing to a slower decline in food price inflation.

Business confidence is one of key economic indicators used to measure the amount of optimism or pessimism that senior managers of businesses feel about the prospects of their companies given the economic, political and social environment, current and perceived for the future. A confidence below 50 index points reflects pessimism whilst that above 50 suggests optimism. In the first quarter of 2017, the only sector where senior managers expressed optimism was the retail sector. Business confidence at national level remains at below 50 index points, with confidence manufacturing sector falling below 30 index points. The BER further noted that the business confidence in manufacturing has been stuck below 50 points since the first half of 2011.

Provincial Economy

The Western Cape Province is estimated to have grown by 0.7% in 2016 (IHS Markit) which is 0.4 percentage points above the national average of 0.3% during the same period. IHS Markit project that the province will expand by 1.3% in 2017 and 1.7% in 2018. The impact of the drought conditions continues to be felt in the province, critically with dam water levels reaching record lows in May 2017. A review of growth rates by districts shows that the highest growth rate in 2016 was recorded in the City of Cape Town (1.3%). The table below shows annual average growth rates (constant 2010 prices).

Average annual growth (Constant 2010 Prices) - Percent							
	Western Cape	CPT City of Cape Town	West Coast	Cape Winelands	Overberg	Eden	Central Karoo
2012	2.8	3.0	1.8	2.3	2.3	2.9	2.3
2013	2.6	2.5	2.4	2.5	2.8	3.5	2.6
2014	2.1	1.9	2.0	2.4	2.6	2.9	2.5
2015	1.5	1.7	0.9	1.6	0.9	0.3	1.2
2016	1.0	1.3	-0.2	-0.1	0.0	0.6	-0.5

The BER Business Confidence in the Province, a key economic indicator that measures the amount of optimism or pessimism that senior managers of businesses feel about the prospects of their companies, show a drop in first quarter from 48 index points in December 2016 to 44 index points in March 2017. Although the total business confidence in the province declined in the first quarter of 2017, confidence in the building sector remains positive at 60 index points.

Employment data released by Statistics South Africa (StatsSA) showed that at national level, a total of 113 000 jobs were lost in the second quarter of 2017, wherein the Western Cape Province accounted for 4 000. The sectors which lost more jobs in the second quarter in the Province were: Agriculture, Manufacturing, Transport and private household. In the informal sector (non-agriculture), Western Cape, the sector, on a quarter-on-quarter basis lost 12 000 jobs (contracting by 4.4%) and expanded by 16.8% on year-on-year basis.

Other key labour market indicators for the Western Cape show that:

- The rate of unemployment declined from 21.5% in 2017Q1 to 20.7% in 2017Q2 before rising to 21.9% in 2017Q3.
- The number of people employed in the province decreased by 0.1% on a quarter-to-quarter basis which was a net employment decline of 4 000. On a year-on-year basis, employment increased by 6% (137 000).
- The number of unemployed people declined by 4.8% on a quarter-to-quarter basis and 2.7% on a year-on-year basis.
- The labour participation rate declined by 1.1 percentage points on a quarter-to-quarter basis and increased by 1.3 percentage points on a year-on-year basis.
- The labour absorption rate decreased by 0.3 of percentage point on a quarter-to-quarter basis and increased by 2 percentage points on a year-on-year basis.

The Western Cape Province is the only province with an expanded unemployment rate below 30%, at 24.6% [2017Q2]. The Western Cape Province also recorded the lowest rate of non-metro unemployment at 17.1% in 2017 Q2.

The Department

Within this decidedly challenging economic context, the Department continues to align its operations and drive a number of initiatives as interventions to create an environment that embraces the above key strategies to unlock employment opportunities and propel economic growth. The Department strives to make it easy for businesses to grow and the labour force to be absorbed in the labour market. Among these initiatives are: skills development, support for catalytic infrastructure growth, improving the ease of doing business, and priority sector support (Agri-processing and Tourism). These initiatives are implemented in an economic environment which is greatly constrained.

The clearer picture to view the operating environment is vividly illustrated by the SWOT analysis below:

Strengths	<p>Province specific:</p> <ul style="list-style-type: none"> • The region has four universities contributing to deep domain skills. • The enabling business environment in the form of economic and political stability reduces business risk. • Modern infrastructure like the efficient transport and telecommunication networks offer reliability. • For Business Process Outsourcing, the region offers cost competitiveness of up to 60% against source markets. It has a large English language talent pool with a neutral accent and the Western Cape's cultural affinity with UK gives it a distinctive strength in offering a superior customer experience • The province has positioned itself as a financial hub which can support business expansion to the rest of the Sub-Saharan African region. <p>Department specific:</p> <ul style="list-style-type: none"> • The Department has a unit to promote the ease of doing business through such initiatives as red tape reduction, lobbying to tackle economic unfriendly legislation, inefficient processes and procedures. • Proactive skills development – tackle unemployment through skills development aimed at making the labour force relevant to the labour market requirements. • Vibrant investment promotion unit aimed at promoting the province and provide expert advice to regional businesses. • A clearly defined sector intervention strategy to propel growth as well as promote labour absorption. • A focus on developing and expanding catalytic infrastructure (viz. broadband etc.) to propel growth and create employment opportunities.
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Weaknesses	<p>Province specific:</p> <ul style="list-style-type: none"> • Critical water constraint with a potential to impact on agriculture, agri-processing and household water requirements. • Similar to the national trend, a high rate of youth unemployment. • Struggling with skills shortages. <p>Department specific:</p> <ul style="list-style-type: none"> • Absence of a regional tourism brand. A tourism strategy that does not articulate a sufficiently clear selling proposition. A lot is happening in the tourism space but there is an absence of a clear and well-coordinated strategy that brings together all role players, providing clear mandate to each in order to avoid efforts duplication and competition. • Tourism is impacted by limited direct flights to the region from various international source markets – needed to accelerate air access initiatives. • An agri-processing sector which is facing challenges in accessing export markets, access to energy and water, logistics and infrastructure, and inadequate skills and investment in Research and Development.
Opportunities	<p>Province specific:</p> <ul style="list-style-type: none"> • Strong growth in Africa presents an opportunity for the Department to promote export to these markets. • The currency depreciation offers an opportunity for the Department to promote exports and tourism through price competitiveness – locate specific sectors/subsectors with 'low hanging fruits'. • The strong agricultural capability of the region offers an opportunity to promote the agri-processing. The sector is considered labour absorbing and encourages growth within the agriculture sector which promotes spatial development.
Threats	<p>Province specific:</p> <ul style="list-style-type: none"> • The risk of a credit rating downgrade may impact on plans for major infrastructure expansion (e.g. Eskom etc.) • Contraction in economic growth may impact on consumer demand. • Subdued commodity prices. • South Africans possess high household debt, meaning that the majority of the consumers finance many of their purchases through credit, making them very exposed to interest rate fluctuations.

5.2 ORGANISATIONAL ENVIRONMENT

The Department's strategy has been developed within the context of the Provincial Strategic Plan (PSP) and in accordance with the objectives set in Provincial Strategic Goal 1 (PSG1).

The Department under the direct leadership of the Minister of Economic Opportunities, expressed its commitment to and will continue in taking the lead role in driving the Western Cape Government's agenda for Provincial Strategic Goal 1 (PSG1), namely to create opportunities for growth and jobs. PSG1 will be delivered in collaboration with its sister departments such as Agriculture, Transport and Public Works and Environmental Affairs and Development Planning.

The Department of Economic Development and Tourism will enhance its 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 supporting existing markets for Western Cape firms and key sectors wanting to export;
- Ensuring our economic, social and environmental sustainability; and
- Demonstrating leadership which promotes an improved regional economic eco-system (governance) and embraces innovation.

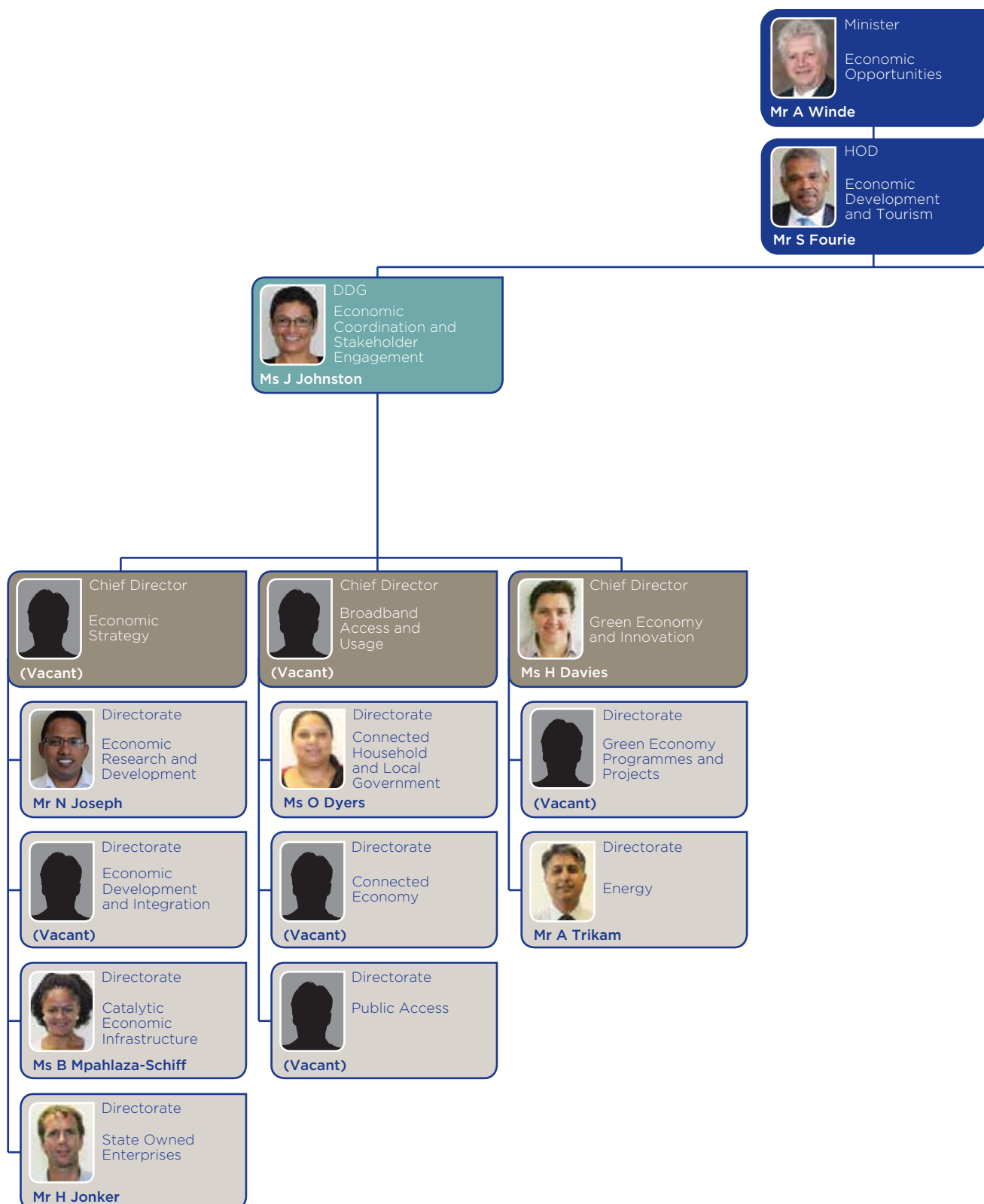
Given the broad and transversal nature of the aforementioned strategies and given the current fiscal framework and the setting of an upper limit for Compensation of Employees, the Department has taken a proactive approach to ensure that critical posts are filled in order for the Department to be better positioned to respond to the mandate of PSG1.

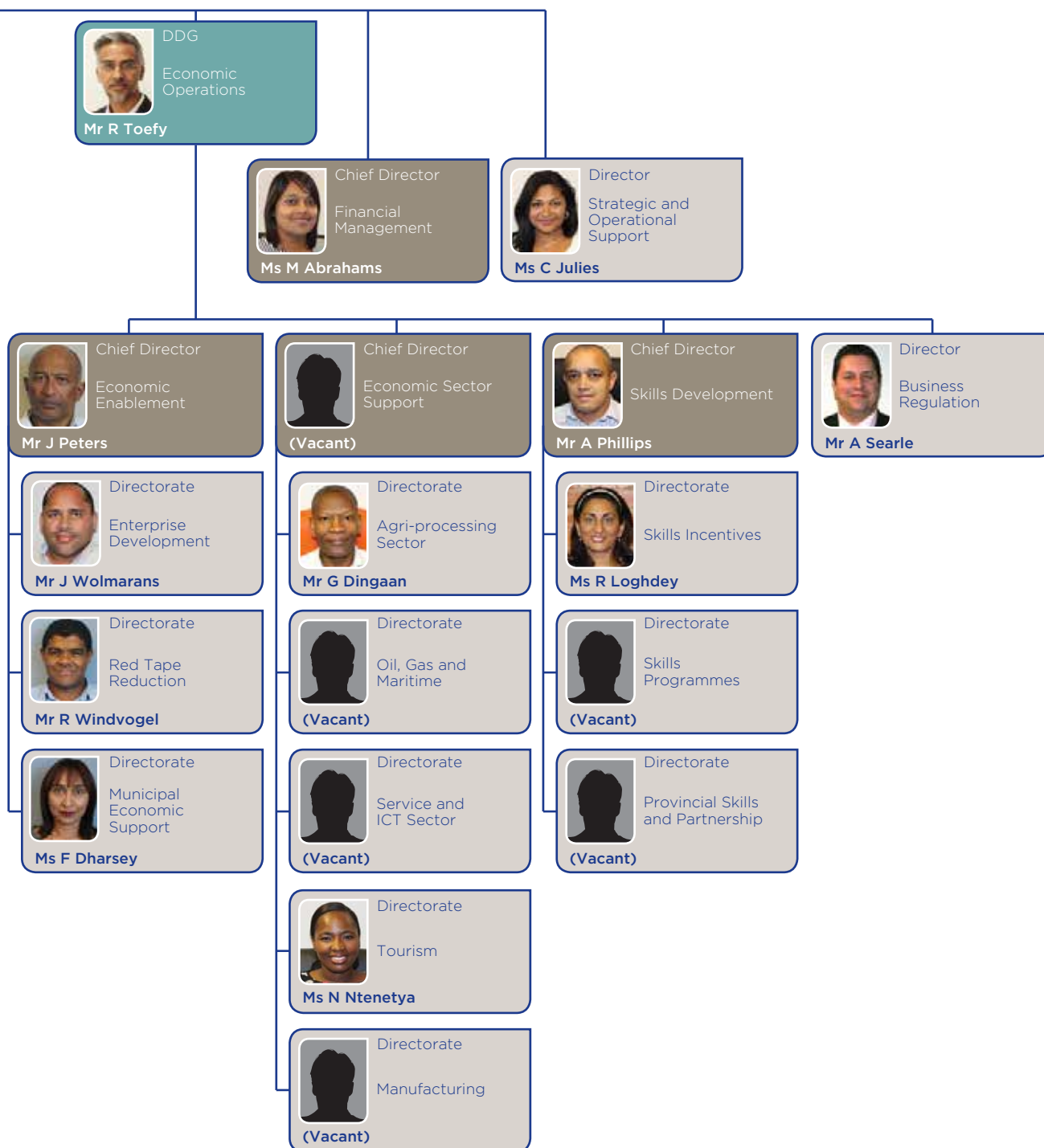
In this regard, the Department has successfully filled strategic Senior Management posts across all programmes. These posts include the appointment of two Deputy Director Generals (Branch Heads) as well as two Chief Directors to manage the Energy and Apprenticeship Game Changers within the Department. It is trusted that these appointments will further shape and enhance the delivery within the Department's strategic mandate.

In order to ensure that the Department adheres to the budget requirements, a Committee dealing with the management of compensation of employees upper limits has been established to ensure that posts that are absolutely critical for service delivery, are filled. As the departmental organisational structure is an intricate, interlinked system, several factors have to be considered when deciding which posts are deemed critical.

As a result of the drought facing the Province, the Department had to reprioritise its resources to ensure it can continue to drive economic growth.

Organisational Structure of the Department of Economic Development and Tourism





5.3 DESCRIPTION OF THE STRATEGIC PLANNING PROCESS

Provincial Strategic Plan (PSP)

In order to rationalise and streamline the Province's strategic agenda for more effective delivery, the Provincial Strategic Plan (PSP) was developed in 2014. The PSP is a five-year plan that sets out the Western Cape Government's strategies and plans for the next five years. It consists of 5 Strategic Goals, namely:

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.

Provincial Strategic Goal 1

Flowing from the Provincial Strategic Plan, the Department has been tasked with leading Provincial Strategic Goal 1 (PSG1): Create opportunities for growth and jobs. In giving articulation to PSG1, Project Khulisa - which means 'to grow' in isiXhosa - was initiated. The purpose of Project Khulisa was to accurately identify parts of the Western Cape economy with the greatest potential for accelerated and sustained growth and job creation. The strategic structure for the project consisted of a steering group comprising of Western Cape's Ministers of Economic Opportunities, Transport and Public Works, Environmental Affairs and Development Planning and the Deputy Mayor and 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.

Strategic Goal 1 lists three major objectives. These include (i) Make it easier to do business in the Western Cape, (ii) Boost the competitiveness of the economy and (iii) Promote our region in national and international markets. In previous years, the Department intervened across a wide breadth of the economy through 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 and recognised that governments often attempt to do too much with too few resources, often leading to sub-optimal outcomes. As the Game Changer of the Provincial Strategic Goal 1, Project Khulisa focuses on maximising job creation and growth within a 5-year timeframe to address the pervasive unemployment challenge of the region. Having undertaken an extensive analysis of historical trends and consultations with targeted stakeholders, Agri-processing, Tourism and the Oil and Gas industries emerged from Project Khulisa as the sectors with the maximum job-creation potential.

Department's Role

In critically examining the Department's role in achieving PSG1, the Department has agreed to shift its focus from an interventionist model to one of economic leadership, in which the Department will concentrate on enabling economic growth, rather than intervening in the economy. This will involve partnerships, advocacy, and the leveraging of funding, and will be introduced in a phased manner over three to five years.

6. STRATEGIC OUTCOME ORIENTATED GOALS OF THE INSTITUTION

In unpacking the Department's strategic goals, the Department's five-year strategy uses a simple taxonomy to review current baselines and to inform strategic imperatives. It is within the taxonomy where strategic goals and outcomes are articulated. The taxonomy organises interventionable domains as Productive, Enabling and Social sectors.

- Productive sectors are specific and contribute to the region's competitive environment. The three key productive sectors that will be supported within the first 3 to 5 years are Oil & Gas, Tourism and Agri-processing. A further three sectors will be focused on from year 5 to year 10. These sectors include Business Process Outsourcing, Renewables and Film. Roadmaps and intervention articulation for the second set of sectors will be defined within the next 5 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.

In articulating areas of intervention within the context of the taxonomy, Figure 1 describes the enabling sector interventions within the productive sectors. The figure below also describes the overlapping enablers across productive sectors.

Figure 1: Enablers within Productive Sectors

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

Tourism

Tourism is one of the significant job creating sectors in the province but, has not achieved its growth and job creation potential. As a tourist destination, the province demonstrates obvious advantages but, also challenges that will be addressed by the Department within the next five years which include:

- **Awareness.** The Western Cape will develop a clear tourism brand and co-ordinate tourism marketing efforts within the province amongst 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. Within the province, the Department will address issues regarding tourist logistical issues and impediments for tourists to move easily within the province.
- **Attractiveness.** It is recognised that the province attractiveness is underdeveloped, particularly its cultural and heritage components that accentuate its unique history. Over the following five years, the Department will develop its attractiveness as a tourist destination.
- **Seasonality.** It is recognised that a sustainable tourism industry has to address counter seasonality. In doing so the Department will grow winter tourism to supplement peak tourism times through further niche development.

Agri-Processing

Agri-processing is a large GVA and employment contributor. Directly, it contributes more than R12 billion and 79 000 jobs to the regional economy. More importantly, it absorbs low-skilled employment in rural areas. Low skilled workers and rural geographies are areas with the highest levels of unemployment. The analysis team estimates that within a high growth scenario, GVA could increase to R26 billion and could add a further 100 000 formal direct jobs.

The current drought, the worst drought since record-keeping, will severely impact agricultural-based commodity production and subsequent agri-processing. The province is likely to see short-term decline in agri-output, agri-processing activity, employment and trade. The length of the drought will determine the extent to which the employment and output will be affected. Notwithstanding the impact the devastating drought is having on the sector, the Department will not adjust its targets during the 2018/19 financial year.

In achieving the sector's growth potential, the following areas, in partnership with the Provincial Department of Agriculture, will be actioned over the next 5 years.

- **Market Access.** Significant barriers to market access are experienced by the local industry. The split of responsibilities between the DTI, DAFF, Provincial Government and other national bodies complicates matters in addressing market access. An approach will be developed and actioned within the next 5 years to address issues regarding market access by strengthening the promotion and support for Western Cape agri-products.
- **Access to energy and water.** South Africa and the Western Cape are a relatively water scarce country and 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. Electricity is very much a national problem. However, 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 in addressing logistical issues experienced by the sector. Furthermore, the Department will explore the feasibility of the development of specialised agro-processing parks that provide improved infrastructure, R&D skills development facilities and other shared services.

Oil and Gas

The Western Cape Oil and Gas sector employs 35 000 direct formal jobs, mainly in an Oil and Gas servicing capacity. It is estimated that the sector could add a further 60 000 jobs within the next five years. Historically key impediments to growth in the sector were supply side constraints such as infrastructure and skills shortages.

The depressed oil price has severely impacted oil and gas activity along the African coast. The region's primary source market for the rig repair industry is oil and gas activity along the African coast. The abatement of oil and gas activity has impacted on the ability for the local marine services to meet their targets. Notwithstanding a curtailment of rig activity along the African coast, ship repair and fabrication fared better than the rig repair sub-sector. Notwithstanding the impact the oil price had on the sector, the Department will not adjust its targets for the 2018/19 financial year.

- **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 growth of the sector is beyond its responsibility and mandate. The Department will monitor current plans to expand rig repair infrastructure in Saldanha by the TNPA and agitate for further infrastructure improvements required to support sector growth. It will further 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.** Suitably qualified and experienced skills are a significant drag on industry growth. The Department will facilitate the development of suitable skills programs accompanied by apprenticeship support to ensure the availability of an experienced workforce.

Strategic goal of the Department

Strategic Objective	Create opportunities for growth and jobs.
Objective 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 developed 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 (PSG1).
Baseline	<p>5 Year baseline: 318 000 jobs and GVA of R30bn in Khulisa sectors.</p> <p>Annual baseline: 318 000 jobs and GVA of R30bn in Khulisa sectors.</p>

Strategic risks to the strategic goals of the Department

The Department's top management has identified key strategic risks for 2018/19 which may negatively impact on the attainment of the Strategic Goals. Mitigation plans are being put in place in order to minimise the impact and likelihood of these risks becoming real threats to the operations. The management of these risks are captured in the Department's risk register. The risks are as follows:

- Financial Misconduct.
- Inability of the Western Cape Province to respond to digital disruption (threats/opportunities).
- Inability to access IT systems and related information in the event of a significant disruption or disaster. This may result in a negative impact on the DEDAT business processes that are dependent on the use of IT.
- The inability to effectively deliver on the leadership and enabling role in key delivery areas.
- Inability to sustain and grow the economy and human well-being due to energy insecurity and accessibility.
- Inability to sustain and grow the economy due to water scarcity.
- Inadequate information security measures due to low implementation of the Provincial Information Security Standards, resulting in a limited ability to protect sensitive information (as required by POPI legislation) and potential reputational damage.
- Ineffective and inefficient organisational systems and processes.
- Lack of a fully functioning "M&E system" within the Department.
- Lack of adequate staff to deliver on the PSG1 mandate.
- Lack of a fully integrated and seamless skills development value chain.
- Lack of adequate staff to deliver on the PSG1 mandate.
- Lack of a fully integrated and seamless skills development value chain.
- Lack of application of design and innovation processes and principles to find new solutions as needed for economic growth in light of changing environment.
- Change in DEDAT's operations during the intensification of the water crisis.

OVERVIEW OF THE 2018/19 BUDGET AND MTEF ESTIMATES

Subprogramme		Audited			Main ap- propria- tion	Adjusted ap- propria- tion	Revised estimate	Medium-term estimate		
R'000		2014/15	2015/16	2016/17	2017/18	2017/18	2017/18	2018/19	2019/20	2020/21
1.	Administration	35 529	40 330	51 656	61 046	58 302	58 302	65 221	65 000	69 057
2.	Integrated Economic Development Services	59 269	53 802	41 661	37 173	35 792	35 792	44 053	46 772	49 863
3.	Trade and Sector Development	71 248	57 663	55 591	51 434	51 853	51 853	48 769	47 810	50 636
4.	Business Regulation and Governance	10 021	10 868	10 479	11 919	11 569	11 569	10 803	11 627	12 486
5.	Economic Planning	205 725	138 785	296 135	146 031	130 323	130 323	140 853	148 648	124 753
6.	Tourism, Arts and Entertainment	45 099	39 882	49 341	56 506	56 960	56 960	54 782	57 528	60 899
7.	Skills Development and Innovation	43 015	52 544	54 522	63 236	60 545	60 545	68 981	65 336	69 135
Total payments and estimates		469 906	393 874	559 385	427 345	405 344	405 344	433 462	442 721	436 829
Economic classification R'000										
Current payments		193 513	210 110	218 257	243 185	221 042	220 985	243 112	241 010	254 211
Compensation of employees		95 483	98 052	104 660	125 655	118 055	118 055	136 246	136 559	144 070
Goods and services		98 030	112 058	113 597	117 530	102 987	102 930	106 866	104 451	110 141
Interest and rent on land										
Transfers and subsidies		272 808	177 948	337 424	179 613	177 285	177 314	185 842	198 429	179 156
Provinces and municipalities		500					1 500			
Departmental agencies and accounts		76 827	86 459	204 453	123 004	125 634	125 634	143 333	153 362	131 623
Universities and technikons										
Foreign governments and international organisations										
Public corporations and private enterprises		5 587	2 831	5 950	3 750	3 750	3 750	10 500	11 088	11 698
Non-profit institutions		175 840	75 693	117 866	33 241	34 311	34 311	24 009	25 670	27 091
Households		9 444	12 965	9 155	19 618	12 090	12 119	8 000	8 309	8 744
Transfers and subsidies to Capital										
Government Motor Trading Account										
Payments for capital assets		3 497	5 692	3 528	4 547	6 917	6 945	4 508	3 282	3 462
Buildings and other fixed structures										
Machinery and equipment		3 450	5 426	3 516	4 435	3 955	3 976	3 536	2 256	2 380
Heritage assets										
Specialised military assets										
Biological assets										
Land and subsoil assets										
Software and other intangible assets		47	266	12	112	2 962	2 969	972	1 026	1 082
Payments for financial assets		88	124	176		100	100			
Total economic classification		469 906	393 874	559 385	427 345	405 344	405 344	433 462	442 721	436 829

Programme 1: Administration



DEPARTMENT OF ECONOMIC DEVELOPMENT AND TOURISM

7. PROGRAMME 1: ADMINISTRATION

7.1 Purpose

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

7.2 Programme structure

The Programme is structured as follows:

Subprogramme 1.1: Office of the Head of Department

- To manage and direct the Departmental transversal administrative programmes that give leadership to the Department.
- To effectively maintain an oversight function of the whole Department's mandate and function.

Subprogramme 1.2: Financial Management

- To provide an effective financial management function.
- To ensure implementation of the PFMA and other related financial regulations and policies.
- To provide planning and budgeting support to the Department.
- To make provision for the maintenance of assets.

Subprogramme 1.3: Corporate Services

- To provide a strategic support function to the Department.
- To ensure the rendering of ICT, human capital, corporate assurance, legal and communication support services to the Department.
- To render communication services to the Department.
- To monitor and evaluate Departmental performance.
- To develop and manage knowledge and information systems, records and co-ordinate ICT.

7.3 Subprogramme 1.2: Financial Management

7.3.1 Performance Delivery Environment

As noted in the Department's Five Year Strategic Plan, 2015-2020, it is incumbent on this Programme to offer a world class corporate services function - including Financial Management, Communication, Knowledge Management, Monitoring and Evaluation and Strategic Coordination services to the entire Department. This corporate services function is to be delivered in a manner that espouses the principles as enshrined in Chapters 10 and 13 of the Constitution of the Republic of South Africa (Act 108 of 1996). This compels all spheres of Government to ensure that the principles of a high standard of ethics are promoted and maintained and that efficient use of resources is promoted. According to the Act, the state should also be encouraged to be development-orientated, 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, which has as its main aims:

- 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 (PSG1) – Project Khulisa

The Department supports both, Provincial Strategic Goal 1 (PSG1): *Create opportunities for growth and jobs* and PSG5: *Embed good governance and integrated service delivery through partnerships and spatial alignment*.

Programme 1 however, in its unique position as the support structure, must endeavour to integrate its processes into the two goals in a manner that allows for equal support and implementation of both PSGs. In other words, the aim is to achieve service delivery through financial governance.

At the forefront of sound financial governance is value for money and the stewardship for this principle, although vested with each public servant, rests with Financial Management as the last guardian that must enable an environment that strictly disallows wastage and advocates prudent and efficient spending.

7.3.2 Strategic Objectives

Strategic Objective	To achieve the highest level of financial governance and to maximise service delivery through excellence.
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	2016/17: Unqualified Audit Opinion

Public financial management concerns the effective management of the collection and expenditure of funds by government. 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, the allocative efficiency of resources, financial management competency, sound legislative structures and ultimately the modernisation of the public finance for the benefit of citizens.

As one of the most valued indicators of good financial governance, the achievement of an unqualified audit opinion as an objective for Financial Management compels the effective and efficient management of all processes as effectively and efficiently as possible.

Characteristic of all effective support functions is the convergence of efforts of those that the function supports. In lieu of this, the Financial Management directorate takes cognisance that the achievement of the highest level of financial governance is only possible once the aforementioned requirements are met.

In an ever-changing public sector environment where the one constant is the need and consequent drive towards using less and achieving more for the people, the public sector financial management's compulsion for compliance has long since been dusted off as the accepted norm and the congruent drive to service delivery has been cemented. In lieu of this and in moving in symmetry to its service delivery programmes, the directorate has pervasively integrated its processes, structures and systems that will contribute to the achievement of its overarching strategic objective.

One of these governance structures is the establishment of a Departmental Governance Committee supported and institutionalised by the directorate Financial Management. 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.

Furthermore, the Governance Committee is chaired by the Accounting Officer and is comprised of the senior managers, the Department of the Premier's risk management partners. Its mandate includes matters relating to internal audit, forensic services and information technology and this comprehensiveness allows for governance matters to be elevated as strategic matters to also ensure the Department adopts a best fit for the execution of PSG5, which ultimately better enables the delivery of PSG1.

As another means to extract value for money, leveraging of funding through increased partnering with industry and other governmental bodies is set for 2018/2019, where foundational discussions were had and the actualisation of projects are coming to the fore in the new financial year. The subsequent management of these donor fund accounts will be undertaken by the directorate through the fortification of financial systems and processes.

Lastly, but not as the only plan to achieve its strategic objective, the directorate will extend its arm to its implementing agents to assist and further entrench financial governance systems and structures that will not only allow for more efficient and effective delivery of the Department's oversight responsibility to these entities but also improve their structures which would inevitably benefit their investment profile.

Outcomes

The expected outcomes of this strategy are:

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

Strategies to be implemented

The focus areas over the MTEF 2015 – 2020 will include:

- 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.

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 more 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.

Becoming the custodian of credible financial data and information

Benjamin Franklin coined the phrase: "Time is money". This statement made nearly 300 years ago still holds true today. In fact, with the fiscal uncertainty facing all governments around the globe the need to ensure greater value for money cannot be emphasised more. In this regard, it is imperative that Financial Management be the custodian of financial information that is useful to make the everyday decisions required to ensure services rendered to the general public are consistent with the value for money imperatives placed on public servants.

In this regard, the Financial Management component will be ramping up its information systems to ensure that consistent, reliable and accurate information is provided to decision-makers thereby reducing costs to the state. It should be noted that value for money is not an indictment on quality, rather it emphasises that the highest standard of quality is espoused.

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 are paramount to ensuring that the manual remains a user-friendly reference document that is practically implementable within the Department and provides a sound financial legislative structure.

The premise and therefore intent of the public sector financial management policy environment, although seemingly rigid, is to allow for the practical, effective, efficient, economical, transparent and accountable application of policies into processes that will support service delivery. The directorate's policy base, the Financial Manual, aims to achieve this. Its implementation programme is the roll-out of training interventions throughout the year, always tailored according to the current and pressing issues that the Department experiences and always seeking to capacitate Departmental service delivery field staff.

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.

Similarly, Financial Management staff must have a good understanding of all projects and programmes within 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 proper cross-training of staff that will enable the preservation of intellectual capacity, competence and credibility of the workforce.

A further step that will be undertaken is to develop staff to understand and embrace their social responsibility to the broader community. The implementation of this strategy will be undertaken through the volunteering of both time and efforts to needy organisations. This strategy will benefit the Department in the following ways, namely:

- The volunteering of time and efforts can build stronger teams and enhance teamwork;
- Staff can see the direct impact of their work undertaken; and lastly
- Staff can see the need, the reason for doing the work they are doing and for whom the need is greatest.

7.3.3 Strategic objective annual targets for 2018/19

Outcome Indicator	Audited/Actual performance			Estimated performance	Medium-term targets		
	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Audit Opinion obtained from the AGSA in respect of the previous financial year.	Unqualified Audit Opinion	Unqualified Audit Opinion	Unqualified Audit Opinion	Unqualified Audit Opinion	Unqualified Audit Opinion	Unqualified Audit Opinion	Unqualified Audit Opinion

7.3.4 Performance indicators and annual targets for 2018/19

Programme Performance Output Indicator		Audited/Actual performance			Estimated performance	Medium-term targets		
		2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Subprogramme: Financial Management								
1.1	The processing of payments to creditors within 30 days	Payment to creditors within 30 working days	Payment to creditors within 17.12 days	Payment to creditors within 17.26 days	Payment of creditors within 30 days	Payment to creditors within 30 days	Payment to creditors within 30 days	Payment to creditors within 30 days
1.2	Percentage of bids processed within 60 days (No of bids processed within 60 days/total number of bids)	-	-	-	70%	70%	80%	80%
1.3	Cumulative expenditure as a percentage of the budget (Actual expenditure/ Adjusted budget)	99.71%	97.41%	97.58%	98%	98%	98%	98%
1.4	Number of financial efficiency interventions implemented	9	5	4	4	4	4	4
1.5	Number of financial manual training sessions conducted	20	14	21	12	12	12	12

7.3.5 Quarterly targets for 2018/19

Programme Performance Output Indicator		Reporting period	An-nual target 2018/19	Quarterly targets			
				1st	2nd	3rd	4th
Subprogramme: Financial Management							
1.1	The processing of payments to creditors within 30 days	Quarterly	Payment to creditors within 30 days	Payment to creditors within 30 days	Payment to creditors within 30 days	Payment to creditors within 30 days	Payment to creditors within 30 days
1.2	Percentage of bids processed within 60 days (No. of bids processed within 60 days/total number of bids)	Annually	70%	-	-	-	70%
1.3	Cumulative expenditure as a percentage of the budget (Actual expenditure/Adjusted budget)	Annually	98%	-	-	-	98%
1.4	Number of financial efficiency interventions implemented	Annually	4	-	-	-	4
1.5	Number of financial manual training sessions conducted	Annually	12	-	-	-	12

7.3.6 Risk Management

Strategic Objective: To achieve and maintain the highest level of financial governance	
Risk Statement	Risk Mitigation Strategies
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, and Audit on predetermined objectives and Supply Chain Management as a result of an ineffective or inadequate control environment.	<p>An approved Departmental Financial Manual and delegations of authority updated and maintained annually.</p> <p>Internal Control audits on Transfer payments, Predetermined objectives, financial statements, reconciliations, Supply Chain Management.</p> <p>Transaction checklists.</p> <p>Financial Management task team for Transfer Payments and Supply Chain Management transactions.</p> <p>Financial Management training to line functions to ensure competency.</p> <p>Training for Financial Management staff to ensure competency.</p> <p>Standard operating procedures updated annually and as required.</p> <p>Establishment of a Departmental Governance Committee to ensure sound governance structures.</p> <p>Programme monitoring and evaluation frameworks.</p> <p>Auditor General Action plan to monitor and manage all auditable and high risk areas to ensure an unqualified audit opinion.</p>

7.4 Subprogramme 1.3: Corporate Services

Performance Delivery Environment

The Corporate Services component comprises of Corporate Services Relations, Departmental Communication, Departmental Performance Monitoring and Knowledge Management.

7.4.1 Departmental Communication Service

The Communication Unit's main objective is to effectively communicate Departmental activities. The Unit essentially offers a support service to the rest of the Department as it supports the achievements of the Department's strategic outcomes. To this end, the Unit participates on various strategic committees to get direct information and to ensure Departmental communication initiatives are aligned to Western Cape Government communication policies.

However, it is important to note that effective communication is not limited solely to communication staff as various Departmental officials play a role in the Department's communication efforts.

Communication plans for specific programmes and initiatives are developed and signed off by the appropriate authorities. These Departmental communication plans are underpinned by fundamental values of openness, transparency and participation.

Moreover the objectives of these plans are to:

- Inform the public of Departmental policies, services, programmes and initiatives;
- To make information about Departmental activities widely accessible;
- To consult with, educate and empower stakeholders to participate in Departmental plans and initiatives;
- To make residents aware of their rights; and
- To report on and showcase the Department's progress and to build awareness of "how government works".

The increasing demand on the Department to deliver an effective communication service necessitates the Department to access global best practice standards and specialist communication services to enhance service delivery.

The unit will provide uniformity in communicating the Departmental initiatives, successes and challenges to internal and external clients and stakeholders.

The Department develops campaigns to promote a sustainable, growing, labour-absorbing and competitive economy. The unit will provide an effective and efficient communication and marketing service to the Department and its stakeholders through events, publications, access to web-based information and other media.

The communication plan aims to:

- Ensure that communication within the Department is managed in a coherent, coordinated and consistent manner to enable effective government-citizen dialogue;
- Provide uniformity in communicating Departmental messages, initiatives, successes and challenges;
- Provide effective internal and external communication services; and
- Ensure continued dialogue between the Department and its stakeholders.

7.4.1.1 Strategic Objectives

Strategic Objective	To adequately inform and empower stakeholders of the Department by providing access and connectivity to Departmental activities through communication initiatives which are aligned to Western Cape Government Communication strategic imperatives.
Objective Statement	To develop five communication plans by 2020.
Baseline	2017/18 communication plan; 6 initiatives in 2017/18 (estimate).

7.4.1.2 Strategic objective annual targets for 2018/19

Outcome Indicator	Audited/Actual performance			Estimated performance	Medium-term targets		
	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Departmental Communication Plan in place to ensure effective communication	-	-	1	1	1	1	1

7.4.1.3 Performance indicators and annual targets for 2018/19

Programme Performance Output Indicator		Audited/Actual performance			Estimated performance	Medium-term targets		
		2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Departmental Communication								
1.1	Number of Departmental events calendar developed and updated	-	-	-	1	1	1	1
1.2	Number of official documents translated	29	29	14	20	10	10	10
1.3	Number of communication initiatives supported	-	-	21	7	8	8	8

7.4.1.4 Quarterly targets for 2018/19

Performance indicator		Reporting period	Annual target 2018/19	Quarterly targets			
				1st	2nd	3rd	4th
Departmental Communication							
1.1	Number of Departmental events calendar developed and updated	Annually	1	-	-	-	1
1.2	Number of official documents translated	Quarterly	10	2	3	3	2
1.3	Number of communication initiatives supported	Quarterly	8	2	2	3	1

7.4.1.5 Risk Management

Strategic Objective: To adequately inform and empower stakeholders of the Department by providing access and connectivity to Departmental activities through communication activities which are aligned to the Western Cape Government Communication Strategy	
Risk Statement	Risk Mitigation Strategies
Poor communication due to insufficient human resource capacity to deliver on service demands.	Compiling an events calendar and communication plan to anticipate demands on service. Training and recruitment to fill vacant posts.
The reputation of the Department can be at risk if inappropriate information or incorrect information is released.	Press engagements are funneled through one central, expert point (Media Liaison Officer within Ministry) to ensure consistency and quality control of responses.

7.4.2 Departmental Performance Monitoring

Performance Delivery Environment

Aligned to the public policy frameworks governing M&E, the medium term objective for the Unit is to institutionalise a departmental 'M&E' system, as described in as described in the Government-Wide M&E System Framework (2007) as, "a set of organisational structures, management processes, standards, strategies, plans, indicators, information systems, reporting lines and accountability relationships which enables departments to discharge its M&E functions effectively."

Since 2015/16, the budgetary constraints have had the effect that the Department has had to re-direct its fiscal resources to those programmes most capable of delivering on the economic mandate. And, in late 2017, with the drought prioritised as a serious provincial threat, it is probable that more emphasis and resourcing are needed to be directed to this programmatic priority for 2018/19 and beyond.

One consequence of the above-mentioned fiscal re-prioritisation is that evaluations were deferred to the outer MTSF years, which necessitated a downward adjustment to the Unit's five-year target; from five to a foreseeable two evaluations by 2020 and an MPAT level 2 in the Evaluations area for DEDAT.

7.4.2.1 Strategic Objectives

Strategic Objective	Outcomes-based monitoring, evaluation and measurement of the Department's implementation of strategies, programmes and projects 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 (Monitoring), MPAT Level 2 (Evaluation), delivering 10 monitoring reports, 2 evaluation reports, maintaining a 'Departmental M&E System' and delivering technical M&E support to programme and project managers.
Baseline	2014/15: 'M&E system' via MPAT: M&E Level 4. 2014/15: 20 Evaluation Reports. 2014/15: 44 Monitoring Reports.

7.4.2.2 Strategic objective annual targets for 2018/19

Outcome Indicator	Audited/Actual performance			Estimated performance	Medium-term targets		
	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Functional M&E system aligned to national/provincial standards.	MPAT: M&E Level 4	MPAT: M&E Level 4	MPAT: M&E Level 4	MPAT: Monitoring Level 4 & Evaluation Level 2	MPAT: Monitoring Level 4 & Evaluation Level 2	MPAT: Monitoring Level 4 & Evaluation Level 3	MPAT: Monitoring Level 4 & Evaluation Level 3

7.4.2.3 Implementation Plan

The following components of the departmental M&E system will be prioritised for the 2018/19 year:

Evaluation capacity and reports

For the 2018/19 year, the Department intends to commission a multi year, complex evaluative study of the Java Schools Programme; a strategic programme implemented in the Skills Development division, with financial support from the Provincial Treasury. This evaluation is structured for completion in two phases, over the 2018/19 and 2019/20 years, with the former producing a design evaluation and the 2019/20 planned evaluation, assessing the progress and results of the skills programme at the mid-term point of completion.

Further evaluation - system activities include:

- Departmental evaluation approved as part of the Provincial Evaluation Plan 2018/19 (through the planned evaluations outlined above);
- Approval of a Departmental Evaluation Plan as a multi-year plan summarising intended evaluations for the 2018/19 to 2020/21 period; and
- Adherence of the evaluation products and processes to the DPME's National Evaluation Policy Framework (2011) and associated guidelines.

Performance monitoring and reporting

Monitoring Reports

In the Department, it may not be feasible to evaluate any or all programmes or projects. Hence, monitoring reports is a mechanism whereby the Department's management can:

- Track the results or effects of our projects, against the stated outcome or impact;
- Track how well activities and inputs are being used to deliver the outputs;
- Track the results of the project on the beneficiaries;
- Assess, quality assure, verify and advise on the availability, adequacy and integrity of the performance data generated through the implementation of projects and programmes; and
- Prepare projects and initiatives to be in a state of readiness to be evaluated; i.e. 'evaluability'.

For 2018/19, the substantive focus of the monitoring reports could focus on:

- Tracking the progress of PSG1 or Game Changer – affiliated programmes, projects or priorities to prepare for prospective evaluations as from 2018/19;
- Tracking the performance of departmental objectives ratio inform or support the strategic management processes;
- Assessing the monitoring data of strategic projects or initiatives with recommendations to improve;
- Supporting the monitoring initiatives by Programmes relative to their Service Delivery Improvement Plan output or targets.

This function entails the Unit assuming the role for managing the Department's performance information management system to produce the QPR. The specific responsibilities include:

- Collect then collate programme performance into the Department's QPR;
- Verify the source data to ensure that the reported performance information was validated;
- Ensure the timeous production of the QPR and end year performance reports;
- Document and record the quarterly performance information approach and procedures;
- Annually, support the Department in the audit on non-financial performance information.

Managing MPAT – annual assessment of management processes in departments

The M&E unit has two key responsibilities related to MPAT; firstly, it co-ordinates the Department's participation in the assessment and secondly, it uses the scores achieved in the monitoring and evaluation performance standards as a measure of its M&E system.

Indicator development

The National Treasury Framework for Strategic Plans and Annual Performance Plans requires departments, in its APPs to identify the performance indicators and targets we seek to achieve. Programmes identify and select those indicators most appropriate to the measurement of their outcomes and longer term objectives which is then agreed to through the business planning processes.

Once indicators are approved for selection in the APP, the M&E Unit conducts various assessments on the proposed indicators, including alignment, SMART and technical soundness checks, during the course of the year. This will culminate in the production and publication of the Department's Indicators (through a consolidated Technical Indicator Report) for public accountability purposes onto the Departmental website.

7.4.2.4 Performance indicators and annual targets for 2018/19

Programme Performance Output Indicator		Audited/Actual performance			Estimated performance	Medium-term targets		
		2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Departmental Performance Monitoring								
1.1	Number of monitoring reports	6	4	1	2	2	1	-
1.2	Manage the Department's MPAT	-	1	1 MPAT improvement report	Departmental scorecard approved by AO by 30 September	On time delivery of both phases of the Annual Assessment	On time delivery of both phases of the Annual Assessment	-
1.3	Manage the Department's Non-Financial Performance Reporting function	-	-	4 Quarterly Performance Reports submitted	4 Quarterly Performance Reports submitted	4 Quarterly Performance Reports submitted	4 Quarterly Performance Reports submitted	4 Quarterly Performance Reports submitted
1.4	Department publishes approved Technical Indicator Descriptions	-	-	-	Consolidated Technical Indicator or Report for Departmental programmes submitted	Published on website before 31 March 2019	Published on website before 31 March 2020	Published on website before 31 March 2021
1.5	Number of evaluation reports	-	-	-	-	1	1	-

7.4.2.5 Quarterly targets for 2018/19

Programme Performance Output Indicator		Reporting period	Annual target 2018/19	Quarterly targets			
				1st	2nd	3rd	4th
Departmental Performance Monitoring							
1.1	Number of monitoring reports	Bi-Annually	2	-	1	1	-
1.2	Manage the Department's MPAT	Bi-Annually	On time delivery of both phases of the Annual Assessment	Department submits approved DEDAT MPAT Improvement Plan in respect of previous year's assessment	MPAT Self-Assessment approved by HOD on 30 September	-	Department submits challenges during MPAT Moderation phase
1.3	Manage the Department's Non-Financial Performance Reporting function	Quarterly	4 Quarterly Performance Reports submitted	1	1	1	1
1.4	Department publishes approved Technical Indicator Descriptions	Quarterly	Published on website before 31 March 2019	-	First draft DEDAT TIR assessed and submitted to DotP	Second draft DEDAT TIR assessed and submitted to DotP	Approved DEDAT TIR published on website
1.5	Number of evaluation reports	Annually	1	-	-	-	1

7.4.2.6 Risk Management

Strategic Objective: Outcomes-based monitoring, evaluation and measurement of implementation of strategies, programmes and projects are conducted to determine the effectiveness and impact of economic development policies and priorities	
Risk Statement	Risk Mitigation Strategies
Lack of a fully functioning M&E system within the Department.	<p>Project Khulisa monitoring and evaluations are done by ManCom, Steercom, Stocktake & PSG1.</p> <p>Game Changers monitoring and evaluations are done by the Delivery Support Unit in the Department of the Premier.</p> <p>Investigate the possibility of funding for the procurement of outside service providers for evaluations.</p> <p>OD investigation on staff for strategic and operational support (includes M&E).</p>

7.4.3 Subprogramme 5.3: Knowledge Management

Performance Delivery Environment

The delivery, knowledge management capability and expectations continue to rise with the plethora of ICT projects requiring implementation in the Department, including Enterprise Portfolio Management, Enterprise Content Management, Business Intelligence System, Enterprise Project Management, Business Process Optimisation, Electronic Content Management and Document Management.

There is enormous pressure on the Department to align its knowledge management resources to the technical and strategic advancements brought about by PSG1 and ICT initiatives. Along with the ICT and PSG1 initiatives, programmes are at various levels of change management around their processes and procedures which affects how knowledge is managed. As a result, there is a need for additional resources to strengthen the ability to give expression to knowledge management goals.

7.4.3.1 Strategic Objectives

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 unified knowledge repository to capture, store and provide access management for organisational learning.
Baseline	2015/16: Enterprise Content Management System

Objectives

To strengthen the institutional governance and knowledge management for improved service delivery through the development and maintenance of a knowledge management repository to capture, store and provide access management for institutional knowledge.

7.4.3.2 Implementation Plan

A Fully Functioning Resource Centre

The Resource Centre will provide a platform to gather, store and disseminate reliable economic data from all available economic data sources and stored on a unified system. The Resource Centre provides easy access to the structured data for all staff. The action of dissemination of data will primarily be via electronic media.

A Fully Implemented Enterprise Content Management (ECM) System

The system is to ensure that institutional knowledge is stored in a unified knowledge management system which is easily accessible and timeously made available to Departmental users by using proper design sourcing, storage and dissemination technologies which contributes to the achievement of the Department's strategic mandate.

In relation to its work on the Enterprise Content Management system, the unit will focus on building and strengthening platforms and tools on which the knowledge is digitally captured, stored and available to relevant stakeholders with access control as per legislation.

Given that the ECM will have record management functionality, all records management requirements on the ECM will be effected in accordance with the provincial records management guidelines.

Much of DEDAT's institutional memory sits within the projects that it manages. The project information is stored across the BizProjects and MyContent systems. This combined effort across two transversal applications demonstrates the success of the technology integration in producing a unified Enterprise Content Management System.

The quarterly performance review documentation is stored on MyContent. From this secure and managed location, the information is presented for auditing.

Emphasis will be placed on capacitating the Department to enable staff to use the ECM system effectively.

Facilitation of Learning Networks

Knowledge Management will facilitate a number of learning networks. These networks will cover a range of topics focusing on the available knowledge management tools and or topics of interest.

7.4.3.3 Strategic objective annual targets for 2018/19

Outcome Indicator	Audited/Actual performance			Estimated performance	Medium-term targets		
	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Maintenance of the centralised knowledge management system (ECM) to achieve electronic data governance and institutional memory	-	System Established	ECM System Maintained (Named My Content)	Maintenance of the ECM	Maintenance of the ECM	Maintenance of the ECM	Maintenance of the ECM

7.4.3.4 Performance indicators and annual targets for 2018/19

Programme Performance Output Indicator		Audited/Actual performance			Estimated performance	Medium-term targets		
		2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Knowledge Management								
1.1	% of Departmental records stored on ECM out of the total records received	-	86% of records received stored and disseminated	93 % content stored and disseminated of all programmes (N=1 434)	85 % of content stored and managed (N=2 000)	90% of content stored and managed (N=2 000)	90% of content stored and managed (N=2 000)	90% of content stored and managed (N=2 000)
1.2	Number of Learning networks facilitated	4	5	4	4	4	4	4

7.4.3.5 Quarterly targets for 2018/19

Programme Performance Output Indicator		Reporting period	Annual target 2018/19	Quarterly targets			
				1st	2nd	3rd	4th
Knowledge Management							
Sector Specific Indicators							
1.1	Enterprise Content Management System implemented and data stored	Annually	90 % content stored and disseminated of all programmes (N=2 000)	-	-	-	90 % content stored and managed (N=2 000)
1.2	Number of Learning networks facilitated	Quarterly	4	0	1	1	2

7.4.3.6 Risk Management

Strategic Objective: To strengthen institutional governance for improved service delivery	
Risk Statement	Risk Mitigation Strategies
The lack of credible centralised information management processes (storage and dissemination) leading to intellectual/institutional knowledge not stored or used for the benefit of the Department. This leads to the loss of institutional memory.	The implementation of systems and processes that centralise economic intelligence and facilitate the management of information and institutional memory.

7.5 Reconciling performance targets with the Budget and MTEF

7.5.1 Expenditure estimates

Subprogramme		Audited			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimate		
R'000		2014/15	2015/16	2016/17	2017/18	2017/18	2017/18	2018/19	2019/20	2020/21
1.	Office of the HOD	2 221	5 423	7 417	7 297	5 926	5 959	16 056	15 738	15 969
2.	Financial Management	24 714	24 847	26 714	32 639	32 323	32 189	36 419	37 653	41 472
3.	Corporate Services	8 594	10 606	17 525	21 110	20 053	20 154	12 746	11 609	11 616
Total payments and estimates		35 529	40 330	51 656	61 046	58 302	58 302	65 221	65 000	69 057
Economic classification R'000										
Current payments		32 713	36 666	49 421	57 633	53 839	53 797	61 719	62 780	66 715
Compensation of employees		18 836	22 264	33 492	39 031	35 902	35 902	43 809	47 028	50 167
Goods and services		13 877	14 402	15 929	18 602	17 937	17 895	17 910	15 752	16 548
Transfers and subsidies		41	16	35	2	27	56	2	2	2
Provinces and municipalities										
Departmental agencies and accounts		1	1	3	2	3	3	2	2	2
Universities and technikons										
Foreign governments and international organisations										
Public corporations and private enterprises										
Non-profit institutions										
Households		40	15	32		24	53			
Transfers and subsidies to Capital										
Government Motor Trading Account										
Payments for capital assets		2 755	3 648	2 125	3 411	4 385	4 398	3 500	2 218	2 340
Buildings and other fixed structures										
Machinery and equipment		2 754	3 488	2 123	3 311	3 793	3 806	3 500	2 218	2 340
Heritage assets										
Specialised military assets										
Biological assets										
Land and subsoil assets										
Software and other intangible assets		1	160	2	100	592	592			
Payments for financial assets		20		75		51	51			
Total economic classification		35 529	40 330	51 656	61 046	58 302	58 302	65 221	65 000	69 057

Programme 2: Integrated Economic Development Services



DEPARTMENT OF ECONOMIC DEVELOPMENT AND TOURISM

8. PROGRAMME 2: INTEGRATED ECONOMIC DEVELOPMENT SERVICES

8.1 Purpose

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

8.2 Programme structure

The programme is structured as follows:

- **Subprogramme 2.1: Enterprise Development**
To contribute to the creation of an enabling business environment that empowers small business and entrepreneurs to develop and grow.
- **Subprogramme 2.2: Regional and Local Economic Development**
To provide support in the improvement of local business-facing services that contributes to the creation of enabling business environments at municipal level.
- **Subprogramme 2.3: Economic Empowerment**
To facilitate the process of empowerment and creation of an enabling business environment for PDLs. This Subprogramme has been taken up in Subprogramme 2.1
- **Subprogramme 2.4: Red Tape Reduction**
To improve the business environment by reducing the regulatory burden on businesses through improved legislation, processes and communication.
- **Subprogramme 2.5: Management: Integrated Economic Development Services**
To conduct the overall management and administrative support to the programme.

8.3 Performance Delivery Environment

The public discourse on economic policy is overwhelmingly focused on fiscal measures (e.g. spend on infrastructure), monetary interventions, welfare programmes and other highly visible instruments of government action. Thus, when an economy performs poorly, a disproportionate amount of our debate centres around whether or not it needs a fiscal stimulus, whether there should be a liquidity easing or tightening or whether its welfare programmes have been too proliferate or too paltry. What gets much less attention but is equally and, in some situations, even more important for the success or failure of an economy are the nuts and bolts that hold the economy together and the plumbing that underlies it.

The laws and processes that determine how easily a business can be started and closed, the efficiency with which government (across all spheres) responds to development and growth initiatives of the private sector, the efficiency of the rules of government administration, etc., are all examples of the nuts and bolts that are rarely visible. Their malfunctioning can thwart the progress of an economy and render the government's economic policy instruments less effective.

To foster a vibrant private sector with firms making investments, creating jobs and improving productivity and hence promoting growth and expanding opportunities, governments around the world have implemented wide-ranging reforms, including price liberalisation and macroeconomic stabilisation programmes. However, governments committed to the economic health of their country and opportunities for its citizens 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. Accordingly, improving the business environment or climate has in recent years become an important topic in the international discourse on private sector development.

The key public policy objective is to manage the regulatory environment to keep regulatory costs to a minimum, without reducing the regulatory benefits. It is significant to note that the OECD countries and selected Western economies consider the regulatory environment the single most important element of an economic growth strategy. It remains high on the economic agenda of these economies.

Against this backdrop, the Western Cape Government (WCG) acknowledged that there is an urgent need to enhance and promote a more favourable business climate within the Western Cape. Making it easier to do business is a key driver for the achievement of a business environment that promotes inward investment, enables businesses to be established and expanded, and enhances a culture of entrepreneurship. Ease of doing business (EDB) has therefore been identified as a critical enabler for not only PSG1 programmes and projects, but also for other relevant programmes in the other PSGs.

Defining the Ease of Doing Business (EDB)

An enabling business environment is one that favours the establishment and growth of businesses, and ultimately broader economic growth and labour absorption.

An enabling, business-friendly regulatory environment is widely recognised as a mechanism through which greater development outcomes can be achieved. A sound enabling environment is critical for private sector led growth. Private firms are at the heart of the development process. Their contribution to these processes is largely determined by the investment climate for both domestic and international firms. The investment climate shapes the costs and risks of doing business, as well as barriers to competition, all of which strongly influence the role of the private sector in social and economic development.

Inextricably linked to an enabling business environment is the concept of "the ease of doing business" (EDB). The World Bank Group defines EDB as the extent to which the regulatory environment is conducive to the starting and operation of a local firm. The Bank's EDB factors include starting a business, dealing with construction permits, trading across borders, registering property and getting electricity.

For our purposes, we define the Ease of Doing Business as the extent to which the factors of (1) legislation (e.g., acts, regulations and by-laws), (2) processes, procedures and systems, (3) communication, (4) government co-ordination and co-operation, and any other government-controlled factors are conducive to the ability of new and existing businesses to grow and/or absorb labour.

Provincial Strategic Plan

The Provincial Strategic Plan: 2014-2019 (PSP) sets out the Western Cape Government's vision and strategic priorities together with action plans. The PSP sets out five strategic goals of which Strategic Goal One: Creating Opportunities for Growth and Jobs, resides primarily with the Department of Economic Development and Tourism. This however, does not preclude the Department's engagement and involvement with the other strategic goals (PSGs) such as PSG 4: Enabling a Resilient, Sustainable, Quality and Inclusive Living Environment, and the priority projects (the "Game Changers") such as Skills Development and Energy Security.

PSG1: Create Opportunities for Growth and Jobs

As a key component of the PSP, the primary role of PSG1 is to create an enabling environment for businesses to grow and create jobs. This role is underpinned by two levers within the PSG – firstly, Economic Development, and secondly, Infrastructure and Land Use for Growth. It is envisaged that through these two levers – to be delivered across the economic cluster departments [the Departments of Transport and Public Works; Agriculture; Environmental Affairs and Development Planning; Finance (Provincial Treasury) and this Department], in conjunction with the private sector – will ultimately lead to growth in employment.

PSG1 comprises seven strategic objectives of which the strategic objective for "Improve the regulatory environment to enhance the ease of doing business" is not only key on its own, but critical for the efficiency and effectiveness of the other seven strategic objectives. For example, the ease of doing business through its regulatory outlook is critical for the objective "Help ensure sufficient water and energy for growth" and "Optimise land use".

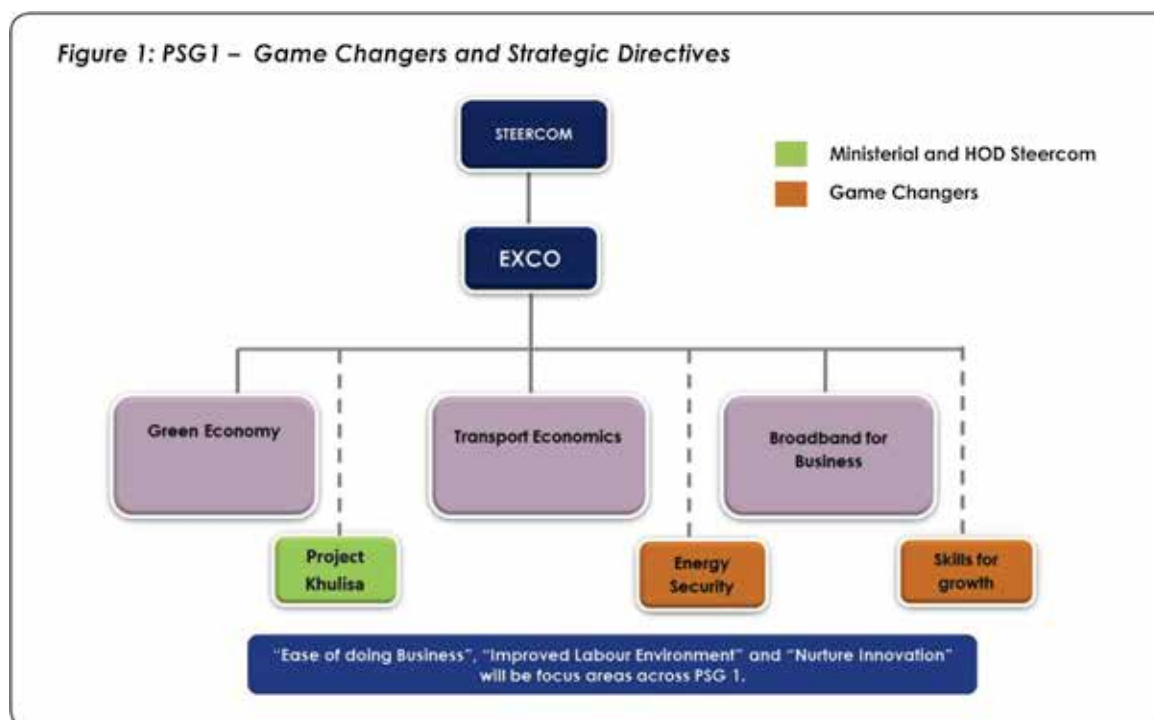
PSG1: Strategic Priority: Ease of Doing Business

The Ease of Doing Business (EDB) as a Strategic Priority within PSG1 has evolved to include not only red tape reduction, but also other key elements (e.g. government co-operation and co-ordination) in effecting an environment conducive to business development and growth. This decision was made by the PSG1 Executive Committee.

Approach: Proactive and Responsive

An additional amendment has been the adoption of two components of the EDB, namely proactive and responsive. The former refers to changes or improvements as a result of proactive action on the part of government, for example the improvement of the system for approving and issuing film permits within two weeks instead of the existing six weeks. The responsive aspect essentially entails the response to individual requests for assistance related to red tape and other blockages, e.g. a business owner requesting assistance in unblocking the process of securing an import permit, or an agri-processing development being delayed because of a disparate approach by different spheres of government.

Figure 1 below represents an exposition of the location of the EDB within the broader context of PSG1.



The Responsive component draws its activities from requests/enquiries received through various channels (e.g. the Business Support Helpline and ministerial requests) and entails resolving growth-constraining issues mostly on an *ad hoc*, individual basis.

The Proactive component will engage on a much more structured basis and will compile its agenda based on the inputs received from:

- The Khulisa sectors (i.e. Tourism, Oil and Gas and Agri-processing);
- Other relevant game changers within PSG1 (e.g. Energy Security);
- Other relevant strategic directives both within PSG1 and other PSGs (e.g. Water for Growth);
- The Provincial Spatial Development Framework that identifies key nodes and corridors as growth hubs (e.g. the Eden tourism/leisure corridor and the George/Mossel Bay functional region); and
- Any other sectors where systemic and or *ad hoc* blockages inhibit development and growth.

The Proactive component will comprise interventions in terms of legislative reform (e.g. amendment or repeal of growth-inhibiting regulations), process or systems improvement (e.g. a better permitting system), or co-ordinated government mechanisms of dealing with development and growth opportunities.

Problem Statement

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. This in turn interferes with key elements that include the ability of business to compete in a global market place as a result of unnecessary costs and or delays the development of new enterprises and the sustainability and or growth of existing enterprises. This ultimately impacts negatively on the ability of the economy to reduce unemployment and alleviate poverty.

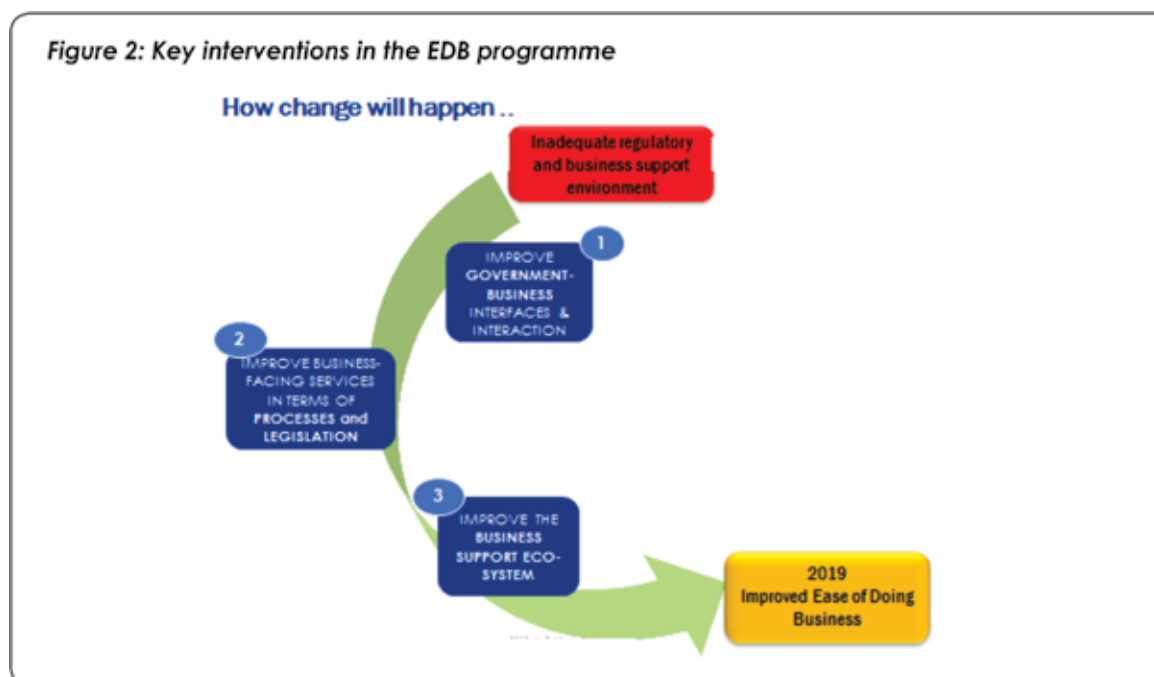
Red tape within government has consistently been identified as one of the core elements which restrict business development and growth. Research into the ease of doing business has revealed interesting and disturbing facts, which include:

- Developing countries can improve their annual growth rates by creating a more enabling environment;
- Red tape cost South Africa R79 billion in 2004. This was equivalent to 6.5% of GDP or 16.5% of the total wage bill in 2003; and
- South Africa has been consistently dropping in its ranking in the annual Doing Business Report compiled by the World Bank, from 34th in 2011 to 74th in the latest report (Doing Business 2017).

The problem statements that can be derived from the above are as follows:

- Uncoordinated and fragmented approaches by government and the private sector to addressing economic development and growth opportunities;
- Unnecessary and or ill-conceived legislation and policy inhibit development and growth;
- Inefficient processes and systems and poor client interfaces add unnecessary costs to doing business; and
- Inadequate platforms to facilitate government-business interaction regarding the business regulatory environment.

This section will deal with the target-setting in relation to the key areas of intervention to be pursued by the Programme. Figure 2 below provides an overall view of the key areas of intervention that should lead to the achievement of the strategic objectives of the Programme.



Improve Government-Business Engagement and Interaction

Given the uncoordinated and fragmented approach by government and the private sector in addressing economic development and growth, the Department fully supports a more decisive approach to integrating planning and delivery of economic development and growth opportunities.

Partnerships are central to the fulfilment of the WCG's mandate. In the context of making it easier to do business, partnerships will be focused on public and private organisations, institutions, and businesses.

By facilitating government and business engagement, we will assist in strengthening understanding and cooperation on a specific growth and jobs agenda, by unpacking how to make it easier for businesses to operate and getting more businesses involved in stimulating economic activity and participating in the market.

The private sector will be encouraged to play an active partnership role in advising government of key interventions needed to achieve the objectives of unblocking red tape hurdles and creating the environment necessary to expand the economy and enabling an increase in job opportunities.

Programme action

In addressing Key Intervention 1, the EDB programme will:

- Facilitate more frequent interaction with business on issues affecting the legislative environment;
- Internalisation of the full Red Tape Reduction Case Management system within the Department;
- Facilitate the improvement in and increased frequency of engagement between municipalities and businesses.

Improve business-facing services in terms of processes and legislation

Poorly developed government processes and legislation have negatively impacted the cost and ease of doing business. It is necessary to address government processes and legislation that makes it unnecessarily cumbersome for firms to conduct business.

As with agri-processing, land use change and development for tourism many a time involve not only all three spheres of government, but also multiple departments within a sphere of government. For example, the layout and designation of a cycling route that straddles multiple municipalities could also involve, besides the affected municipalities, the Department of Environmental Affairs and Development Planning, and the Department of Agriculture. Co-ordinated government is key. However, in most cases, this remains elusive resulting in prolonged applications and unnecessary delays – ultimately leading to extended planning processes which compromise the project before it has even started.

Tourism signage plays a major role in local economic development, as they direct both local and international tourists to destinations such as bed and breakfast establishments, restaurants, wine estates and business service centres, such as fuel stations. Challenges regarding tourism road signage approvals as a result of, e.g. local or provincial government delays have been identified as major constraints for the sector across the province. The benefits of the intervention will be improved business environment with potential for increased patronage and revenue for the business in the sector.

The cost, timeframes and administrative burden relating to statutory application processes such as environmental impact assessments (EIA), waste management licenses, water-use registrations and licensing and municipal approvals affect not only start-up enterprises but also those businesses looking to expand their downstream activities. In effect these regulations can seriously challenge business's establishment and growth and ultimately the growth of the sector.

Programme action

In addressing Key Intervention 2, the EDB programme will:

- Legislatively review and comment on relevant legislation and policies affecting the business environment, especially in the Khulisa-priority sectors;
- Work towards simplifying the application and approval processes relating to building plan and event management permitting and approvals, and tourism signage. Whilst all processes will be reviewed, those within the control of provincial government departments and municipalities will be prioritised, as they hold the greatest potential for successful intervention;
- Implementation and application of the Ease of Doing Business Costing Tool that will quantify both ad hoc and systemic red tape reduction interventions; and
- Implement a Municipal-Service-To-Business (MS2B) programme that will target improving municipal business-facing services across the province in a manner that supports systemic change required to positively and methodically impact local business environments.

Improving the business support eco-system

Small, Medium and Micro Enterprises play a critical role in absorbing labour, penetrating new markets and generally expanding economies in creative and innovative ways. The complexity of the SMME landscape and the challenges (e.g. access to finance, access to markets and business development support) it is confronted with, necessitates the optimal utilisation of resources, coordination and alignment of strategies and through collaborative thinking and effort ensure a positive effect on the support ecosystem.

The business support eco-system refers to the elements – individuals, organisations, financial and professional resources – that entrepreneurs and businesses need to develop and grow. Integral to this eco-system are government policies that encourage and safeguard entrepreneurs. This eco-system plays a crucial role in the creation and maintenance of a supportive environment that is conducive to entrepreneurship and business growth.

Given limited resources at the disposal of the Programme and Department, our strategic business support will be limited to the areas of access to markets (including supply chain linkages); finance and incentives and entrepreneurship recognition and business development support. These interventions are focused on contributing to the future viability and sustainability of SMMEs in the province.

Programme action

In addressing key intervention 3, the EDB programme will:

- Conduct supplier development programmes with a focus on the Khulisa sector priorities of Oil and Gas, and Agri-processing;
- Facilitate access to potential new and existing supply chains;
- Facilitate access to finance which will include:
 - Facilitation of access to public sector financial incentives;
 - Increasing awareness of available funding sources; and
 - Support to enterprises during pre- and post- application stages of finance.
- Develop a policy that will enable the WCG to use public sector procurement as a tool for economic transformation and growth;
- Provide access to accredited business training programmes for SMMEs and entrepreneurs; and
- Implement a holistic public sector procurement promotion programme aimed at enabling access to economic opportunities.

8.4 Subprogramme 2.1: Enterprise Development

8.4.1 Strategic Objectives

Strategic Objective	To increase the sustainability and growth of SMMEs
Objective Statement	To facilitate support to 500 SMMEs through access to entrepreneurial promotion and business support interventions by 2020
Baseline	2015/16 – 100 businesses expanded

8.4.2 Strategic objective annual targets for 2018/19

Outcome Indicator	Audited/Actual performance			Estimated performance	Medium-term targets		
	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Subprogramme: Enterprise Development							
Number of businesses expanded	339	100	50	20	50	50	50

8.4.3 Performance indicators and annual targets for 2018/19

Programme Performance Output Indicator		Audited/Actual performance			Estimated performance	Medium-term targets		
		2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Subprogramme: Enterprise Development								
1.1	Number of entrepreneurship promotion and business support interventions	-	10	5	5	5	5	5

8.4.4 Quarterly targets for 2018/19

Programme Performance Output Indicator		Reporting period	Annual target 2018/19	Quarterly targets			
				1st	2nd	3rd	4th
Subprogramme: Enterprise Development							
1.1	Number of entrepreneurship promotion and business support interventions	Quarterly	5	1	-	1	3

8.4.5 Risk Management

Strategic Objective: To improve the business regulatory environment for entrepreneurs and businesses to develop and grow in the Western Cape	
Risk Statement	Risk Mitigation Strategies
Lack of strategic cohesion between government departments and business development support organisations which inhibits effective programme implementation aimed at developing SMMEs.	<p>Facilitate engagements between public sector organisations to enhance implementation outcomes.</p> <p>Identify and partner established organisations with the capacity to deliver quality services to SMMEs.</p> <p>Develop a comprehensive media awareness campaign through various mediums involving all identified stakeholders.</p> <p>Strengthen relationships with DFIs (e.g. IDC) in order to increase the uptake of financial products.</p>
Lack of participation by relevant SMME role-players, inadequate participation of businesses and commitment by private sector partners around the implementation of SMME programmes, undermines the ability to improve the ease of doing business and the creation and maintenance of an enabling business environment.	<p>Ensure buy-in and commitment through consultation with relevant stakeholders and partners, timeously and consistently.</p> <p>Ensure regular communication with relevant stakeholders and partners to keep them abreast of developments, maintain awareness and reinforce buy-in and commitment.</p> <p>Effective utilisation of all relevant existing platforms (public and private), to ensure partners are kept informed.</p> <p>Targeted beneficiaries to be requested to confirm participation.</p>

8.5 Subprogramme 2.2: Regional and Local Economic Development

8.5.1 Strategic Objectives

Strategic Objective	To improve local business environments by improving municipal business-facing services that will contribute towards a cost saving or benefit (to government and business) of R1bn by 2019 in the regional economy.
Objective Statement	To facilitate the improvement in 50 local government business-facing services in terms of procedures, legislation and or convenience by 2020.
Baseline	4 local government business-facing services [baseline established in 2016/2017].

8.5.2 Strategic objective annual targets for 2018/19

Outcome Indicator	Audited/Actual performance			Estimated performance	Medium-term targets		
	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Subprogramme: Regional and Local Economic Development							
Number of municipal business-facing services improved (in terms of either time, complexity and/or cost)	-	-	-	4	6	8	16

8.5.3 Performance indicators and annual targets for 2018/19

Programme Performance Output Indicator		Audited/Actual performance			Estimated performance	Medium-term targets		
		2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Subprogramme: Regional and Local Economic Development								
1.1	Number of local government specific business processes and/or legislation improvements developed and proposed.	-	-	79	52	55	60	65

8.5.4 Quarterly targets for 2018/19

Programme Performance Output Indicator		Reporting period	Annual target 2018/19	Quarterly targets			
				1st	2nd	3rd	4th
Subprogramme: Regional and Local Economic Development							
1.1	Number of local government specific business processes and/or legislation improvements developed and proposed).	Annually	55	-	-	-	55

8.5.5 Risk Management

Strategic Objective: To improve the business environment in non-metro areas through effective LED co-ordination that supports growth of the regional economy	
Risk Statement	Risk Mitigation Strategies
Lack of commitment and participation by relevant municipalities to action implementation plans to improve services undermines the ability to improve the ease of doing business and the creation and maintenance of an enabling economic environment.	<p>Ensure buy-in and commitment through consultation with relevant role-players and partners, timeously and consistently.</p> <p>Targeted beneficiaries to be requested to confirm participation. Obtain formal commitment of participation by leadership of targeted departments, entities and municipalities.</p> <p>Ensure regular communication with relevant role-players and partners to keep them abreast of developments, maintain awareness and reinforce buy-in and commitment. Ensure buy-in and commitment through timeous and ongoing consultation with departmental, entity and municipal leadership.</p> <p>Effective utilisation of all relevant existing engagement platforms to ensure partners are kept informed.</p> <p>Timeous notification of intended implementation.</p> <p>Obtain as much information as possible ahead of going into the As-Is workshops.</p> <p>Ensure that the right stakeholders participating in workshops, ensuring that the appropriate stakeholders responsible for sign-off of decisions are committed.</p> <p>Ensure that key decisions are signed off before To-Be mapping commences.</p>

8.6 Subprogramme 2.4: Red Tape Reduction

8.6.1 Strategic Objectives

Strategic Objective	To facilitate improvement of the business environment in the Western Cape through improvement of national, provincial or local government business-facing services, in order to contribute towards cost savings or benefit (to government and business) of R1bn by 2019 in the provincial economy.
Objective Statement	To facilitate the improvement of at least 26 business-facing services in the national, provincial and/or local national government sphere in terms of legislation or policy, processes, and/or communication by 2020.
Baseline	R587m (Baseline established in 2016/17).

8.6.2 Strategic objective annual targets for 2018/19

Outcome Indicator		Audited/Actual performance			Estimated performance	Medium-term targets		
		2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Subprogramme: Red Tape Reduction								
1.1	Monetary value of savings by, and benefits to, government and business resulting from red tape reduction initiatives.	-	-	R587m	R200m	R300m	R500m	-
1.2	Closure rate of cases referred for investigation.	-	-	-	-	85%	85%	85%

8.6.3 Performance indicators and annual targets for 2018/19

Programme Performance Output Indicator		Audited/Actual performance			Estimated performance	Medium-term targets		
		2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Subprogramme: Red Tape Reduction								
1.1	Number of red tape reduction initiatives supported.	-	-	-	-	15	20	20

8.6.4 Quarterly targets for 2018/19

Programme Performance Output Indicator		Reporting period	Annual target 2018/19	Quarterly targets			
				1st	2nd	3rd	4th
Subprogramme: Red Tape Reduction							
1.1	Number of red tape reduction initiatives supported.	Quarterly	15	5	5	3	2

8.6.5 Risk Management

Strategic Objective: To improve the regulatory environment to enhance the ease of doing business in the Western Cape	
Risk Statement	Risk Mitigation Strategies
Lack of buy-in and/or participation by provincial and/or national government departments (and their agencies, public entities and regulators) and/or municipalities due to perceptions of unmandated interference and lack of jurisdiction.	<p>Ensure buy-in and commitment through timeous and ongoing consultation with departmental or municipal leadership.</p> <p>Obtain formal commitment to participation by leadership of targeted departments and municipalities, or in relation to the EDB, Cabinet approval.</p> <p>Regularly communicate with departments and municipalities to keep them abreast of developments and reiterate the need to participate.</p> <p>Give timeous notification of intended implementation and possible changes.</p>
Delay in appointment of service providers compromises timeous project completion.	<p>Commence procurement process early.</p> <p>Develop sound specifications for service provision.</p> <p>Regularly engage with the SCM division to ensure smooth delivery on the critical path.</p>
Lack of buy-in and commitment by government departments, entities or agencies to action implementation plans to improve business-facing services undermines the ability to improve the ease of doing business and the creation and maintenance of an enabling economic environment.	<p>Obtain formal commitment to participation by leadership of targeted departments, entities and municipalities.</p> <p>Ensure buy-in and commitment through timeous and ongoing consultation with departmental, entity and municipal leadership.</p> <p>Obtain as much information as possible ahead of going into the As-Is workshops.</p> <p>Ensure that the right stakeholders participating in workshops, ensuring that the appropriate stakeholders responsible for sign-off of decisions are committed.</p> <p>Ensure that key decisions are signed off before To-Be mapping commences.</p>

8.7 Reconciling performance targets with the Budget and MTEF

8.7.1 Expenditure estimates

Subprogramme		Audited			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimate		
R'000		2014/15	2015/16	2016/17	2017/18	2017/18	2017/18	2018/19	2019/20	2020/21
1.	Enterprise Development	38 200	32 728	23 496	19 249	18 670	20 761	25 413	27 193	28 927
2.	Regional & Local Economic Development	8 138	5 583	6 415	8 024	7 357	6 868	8 234	8 780	9 345
3.	Economic Empowerment	4 032	1 019							
4.	Red Tape	8 899	14 472	11 750	9 900	9 765	8 163	10 406	10 799	11 591
Total payments and estimates		59 269	53 802	41 661	37 173	35 792	35 792	44 053	46 772	49 863
Economic classification R'000										
Current payments		32 415	39 701	29 016	31 567	29 984	29 984	31 083	33 076	35 414
Compensation of employees		19 153	16 793	16 184	19 324	18 010	18 010	20 419	21 814	23 533
Goods and services		13 262	22 908	12 832	12 243	11 974	11 974	10 664	11 262	11 881
Interest and rent on land										
Transfers and subsidies		26 621	13 232	12 375	5 376	4 850	4 850	12 500	13 200	13 926
Provinces and municipalities										
Departmental agencies and accounts		2 000	1 900	2 900	951					
Universities and technikons										
Foreign governments and international organisations										
Public corporations and private enterprises		5 577	2 831	5 950	3 750	3 750	3 750	7 500	7 920	8 356
Non-profit institutions		16 276	6 448	1 500				5 000	5 280	5 570
Households		618	2 053	2 025	675	1 100	1 100			
Transfers and subsidies to Capital										
Government Motor Trading Account										
Payments for capital assets		220	869	256	230	943	943	470	496	523
Buildings and other fixed structures										
Machinery and equipment		215	802	255	225	73	73			
Heritage assets										
Specialised military assets										
Biological assets										
Land and subsoil assets										
Software and other intangible assets		5	67	1	5	870	870	470	496	523
Payments for financial assets		13		14		15	15			
Total economic classification		59 269	53 802	41 661	37 173	35 792	35 792	44 053	46 772	49 863

Programme 3: Trade and Sector Development



DEPARTMENT OF ECONOMIC DEVELOPMENT AND TOURISM

9. PROGRAMME 3: TRADE AND SECTOR DEVELOPMENT

9.1. Purpose

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

9.2 Programme structure

The Programme is structured as follows:

- **Subprogramme 3.1: Trade and Investment Promotion**

To provide resources to the tourism, trade and investment promotion public entity to enable it to deliver on its mandate, as defined in the Western Cape Investment and Trade Promotion Agency Act, 1996 (Act 3 of 1996), as amended.

- **Subprogramme 3.2: Sector Development**

To implement key initiatives in the Khulisa targeted sectors and provide support to priority sectors in order to stimulate growth and job creation in the Western Cape economy.

9.3 Subprogramme 3.1: Trade and Investment Promotion

9.3.1 Performance Delivery Environment

Legislative mandate:

Wesgro's (a schedule 3 public entity) strategic powers, as provided for in the Western Cape Investment and Trade Promotion Agency Act, 1996 (Act 3 of 1996) (as amended), include:

- To furnish tourism, trade and investment marketing assistance and expert and specialised advice, information and guidance to any business, company or association of persons who so request it from the Agency or would assist the Agency in achieving its objects.
- To act as the tourism, trade and investment promotion agent on behalf of the province and to facilitate co-ordinated destination marketing activities for the Western Cape.
- To develop, implement and promote a provincial tourism, trade and marketing strategy and implement any project that realises growth in the economy of the Western Cape.

Strategic mandate

The Western Cape Government's strategic mandate provides that Wesgro:

- Promote trade and investment opportunities for the Western Cape and realise trade and investment projects directly into the region.
- Ensure that priority focus is given to the three productive sectors identified by Project Khulisa which have the most potential to accelerate growth and job creation in the region by 2020.

In response to Project Khulisa, Wesgro will be responsible for direct implementation of the following key initiatives in the 2018/19 financial year:

Project Good Hope

Project Good Hope is a communications plan with the key objective of inspiring confidence in the economy of Cape Town and the Western Cape. The first phase of the project, which commenced in the 2017/18 financial year, delivered an international investor perception research study that focused on several key international markets. On the basis of this research, key messaging aligned to strategic focus areas that contribute to confidence in the economy will be designed. The second phase will include the execution of a campaign to ensure this messaging achieves the volumes it needs to shift perception, and help inspire confidence in the region. This will likely be done through international and local advertising.

Oil and Gas

Strategic intent 1: Strategic marketing campaign to attract marine vessels for servicing.

- Trade and investment promotion in key markets.
- Joint oil and gas marketing plan.

Agri-processing

Strategic intent 1: Grow the Western Cape's share of the global Halal market from <1% to 2% by 2025:

- Halal Export Promotion Plan: Promote SA Halal products in key markets.

Strategic intent 2: Double the value of wine and brandy exports to China and Angola by 2025 (as finalised through the Khulisa process):

- Develop and implement a campaign to promote SA wine and brandy in China.
 - Develop and implement a campaign to promote SA wine and brandy in Angola.
- * Please refer to the detailed 2018/19 Annual Performance Plan tabled by the public entity.

9.3.2 Strategic Objective

Strategic Objective	To provide resources to the trade and investment promotion public entity to enable it to deliver on its legislative and strategic mandate for trade and investment promotion.
Objective Statement	To provide strategic leadership and the necessary resources which will enable the public entity to recruit and facilitate between R4.3 billion and R9.3 billion in investment and between 2 970 and 6 240 jobs into the Western Cape by 31 March 2020.
Baseline	2016/17: R2 127.9 billion investment realised and 696 jobs facilitated.

9.3.3 Strategic objective annual targets for 2018/19

Outcome Indicator	Audited/Actual performance			Estimated performance	Medium-term targets		
	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Subprogramme: Trade and Investment Promotion							
Rand value of committed investments into the province	R986.7m	R2.045.8bn	R2 127 932 000	R1.050bn - R1.8bn	R1.1bn - R2.1bn	R1.15bn - R2.3bn	R1.15bn - R2.050bn
Number of jobs facilitated from committed investments into the province	1442	681	696	600 - 1250	620 - 1300	640 - 1370	640 - 1370
Estimated rand value of business agreements signed (trade)	-	-	R9 054 638 854	R100m - R200m	R200m - R500m	R206m - R525m	R106m - R220m

9.3.4 Performance indicators and annual targets for 2018/19

Programme Performance Output Indicator		Audited/Actual performance			Estimated performance	Medium-term targets		
		2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Subprogramme: Trade and Investment Promotion								
1.1	Number of investment projects realised	7	10	12	13	14	16	16
1.2	Number of business agreements signed (including distributors and funders)	-	-	41	20	25	30	30

9.3.5 Quarterly targets for 2018/19

Programme Performance Output Indicator		Reporting period	Annual target 2018/19	Quarterly targets			
				1st	2nd	3rd	4th
Subprogramme: Trade and Investment Promotion							
1.1	Number of investment projects realised	Quarterly	14	3	5	2	4
1.2	Number of business agreements signed	Quarterly	25	5	8	5	7

9.3.6 Risk Management

Strategic objective: To provide resources to the tourism, trade and investment promotion public entity to enable it to deliver on its legislative and strategic mandate for trade and investment promotion	
Risk Statement	Risk Mitigation Strategies
Failure to provide strategic leadership and the necessary resources, which may lead to misaligned strategy and delivery on the WCG's strategic priorities.	Strategic direction provided by the Executing Authority, the Accounting Officer and the relevant Senior Managers in the Department. The necessary resources agreed upon between the Board, the CEO and the Executive of Wesgro and the Executing Authority, the Accounting Officer and the relevant Senior Managers in the Department.
Failure to effectively ensure and oversee that the allocated funds are utilised as per the transfer payment agreement, which may result in the non-delivery of pre-determined output and outcome targets.	Improved and co-ordinated interaction between the Department and Wesgro to monitor progress via quarterly progress meetings and reports (including management accounts). Monthly updates of the operational plan and the agreed upon evidence framework.

9.4 Subprogramme 3.2: Sector Development

9.4.1 Performance Delivery Environment

Project Khulisa defines a multi-year approach, which focuses on sectors that will maximise stated economic outcomes by 2020. It also phases in additional sectors that maximise employment and growth opportunities across a 15-year horizon.

The sectors with each of the horizons are:

Horizon 1 – Driving impactful sectors

Through extensive data analysis (focusing on gross value add and employment creation) and targeted stakeholder engagements, Project Khulisa identified Tourism, Oil and Gas and Agri-processing as the three productive sectors with the most potential to accelerate growth and job creation in the region by 2020.

Horizon 2 – Expanding scope sectors

The BPO and Film sectors have been identified as “expanding the scope” sectors following horizon 1 for the next 5 to 10 years.

Horizon 3 – Build on the eco-system sectors

The ICT and Manufacturing sectors have been identified for the following 10 years and beyond.

Project Khulisa is a transversal approach with a number of provincial government departments and other entities like Wesgro, Saldanha IDZ, SAOGA and WCFFI working together to reach the goal statement. This transversal approach will ensure that the following regional outcomes are met:

- To grow GVA from R1 billion to R3 billion and facilitate 60 000 additional formal jobs within the Western Cape's Oil and Gas sector by March 2020.
- To grow GVA from R12 billion to R26 billion and to facilitate 100 000 additional formal jobs within the Western Cape's Agri-processing sector.

9.4.2 Strategic Objective

Oil and Gas

Strategic Objective	To provide strategic leadership and the necessary resources to deliver on the key initiatives needed to grow the Oil and Gas sector.
Objective Statement	To grow GVA from R1 billion to R3 billion and facilitate 60 000 additional formal jobs within the Western Cape's Oil and Gas sector.
Baseline	Impact evaluation will be conducted by the end of the 2018/19 financial year.

Problem statement

Despite a clear local advantage, available port land and a relatively sophisticated engineering base, South Africa has a lack of appropriate port and back of port infrastructure, with the right operating environment, to attract the rig repair and oilfield related marine engineering and logistic services as well as a lack of local skills and SME capability to optimally grow employment and value add by locally owned businesses.

Challenges

- Port Infrastructure – industry growth is impeded by insufficient infrastructure suitable for rig repair.
- Bulk Services.
- Local Skills – the lack of suitably qualified and experienced skilled workers is a significant drag on the industry.

Strategic intents

Project Khulisa identified five strategic intents that have focused and prioritised activities and outputs for delivery by 2020. These activities and outputs contribute to the outcomes of increased GVA and direct jobs for the Oil and Gas sector. The five strategic intents are:

- Develop suitable infrastructure.
- Co-develop and coordinate skills development across the sector.
- Enterprise Development.
- Ease of Doing Business.
- Marketing Coordination.

Key initiatives

Strategic intent 1: Facilitate the development of infrastructure suitable for marine servicing activities.

- Back of port land development.
- Port land development.
- Strategic marine infrastructure.
 - Berth 205 – deep water rig repair quay.
 - Jetty for repairs, load-out, ship building.
 - Off-shore supply base.
- Bulk services.
- Bring strategic stakeholders together to drive co-ordinated planning and implementation.

In response to the facilitation of the key initiatives as part of the Western Cape Government's transversal approach, Programme 3 will specifically be responsible for facilitation of the following key initiatives in the 2018/19 financial year:

Strategic intent 2: Strategic marketing campaign to attract marine vessels for servicing.

Stakeholder management – bring strategic stakeholders together to drive co-ordinated planning and implementation of specific interventions.

- Trade and investment promotion in key markets by Wesgro.
- Joint marketing plan.

Agri-processing

Strategic Objective	To provide strategic leadership and the necessary resources to deliver on the key initiatives needed to grow the Agri-processing sector.
Objective Statement	To grow GVA from R12bn to R26bn and to facilitate 100 000 additional formal jobs within the Western Cape's Agri-processing sector.
Baseline	Impact evaluation will be conducted by the end of the 2018/19 financial year.

Problem statement

South African agricultural and agri-processing sectors are advanced, globally competitive, significant contributors to GDP, significant job creating and highly sophisticated. A significant percentage of the South African primary produce is exported in its fresh form to Europe and the US. Recently however, the South African agricultural and agri-processing sectors have been faced with a myriad of challenges which have led to the local producers being unable to take full advantage of improving economic conditions in the local market and African and Eastern markets.

South Africa is a net importer of processed agriculture, forestry and fishery products, which proves that there is unsatisfied demand for processed products in South Africa. Supporting local producers to access strategic markets will enable them to increase their output, earn more revenues in foreign currency, expand their operations and create more job opportunities throughout the entire value chain, including the support industries. Strengthening local production is key to increasing agri-processing outputs aimed at servicing both local markets and the rest of the continent.

Challenges

- Tariff and non-tariff barriers to export – lack of trade agreements with the BRIC countries in Africa, certification and other requirements in export markets.
- Scarcity and high cost of energy and water – which is already holding up the growth of the industry and affecting the cost competitiveness of an energy-intensive industry.
- The water scarcity challenge has now been compounded by the persistent drought which has significantly reduced farm yields, thus also reducing quantities of available produce to be processed.
- Lack of adequate and competitive infrastructure – including machinery and equipment; logistics; transport and export infrastructure.
- Lack of industry knowledge and skills – scarcity of skilled labour at all levels which increases labour costs.
- Poor quality and inadequate agri-processing data to generate intelligence that will inform market selection by the producers.
- Inadequate agri-processing sector specific funding mechanisms, especially incentive support.
- Uncompetitive regulatory framework.
- Fragmented industry structure – with a few big firms and a large number of SMMEs facing challenges in terms of access to finance, access to markets and the ability to comply with regulations.

Strategic intents

Project Khulisa identified three strategic intents that have focused and prioritised activities and outputs for delivery by 2020. These activities and outputs contribute to the outcomes of increased GVA and direct jobs for the Agri-processing sector. The three strategic intents are:

- Grow the Western Cape's share of the global Halal market from <1% to 2% by 2025 (as finalised by Khulisa).
- Double the value of wine and brandy exports to China and Angola by 2025.
- Increase local capacity to process agricultural goods for the domestic and international market.

Key initiatives

The following initiatives are the main outputs for each of the three strategic intents:

Strategic intent 1: Grow the Western Cape's share of the global Halal market from <1% to 2% by 2025:

- Establish appropriate governance structures in the Halal sector.
- Establish a Halal certification standard.
- Establish a Halal processing hub.
- Promote SA Halal products in key markets.
- Ensure SMME and PDI access to the Halal value chain.

Strategic intent 2: Double the value of wine and brandy exports to China and Angola by 2025:

- Develop and oversee the implementation of the campaign to promote SA wine and brandy in China.
- Develop and oversee implementation of the campaign to promote SA wine and brandy in Angola.
- Domestic promotion of high end brandy.
- Develop appropriate irrigation infrastructure to grow production for future export (e.g. Brandvlei).
- Facilitate transformation in the wine and brandy industries.

Strategic intent 3: Increase local capacity to process agricultural goods for the domestic and international market:

- Develop a database of products which can be produced in the Western Cape.
- Build residue and quality testing facilities.
- Develop an incentive package to encourage investment in agri-processing.
- Innovate and gain efficiencies in agri-processing.
- Construct sterilisation and product consolidation facilities.
- Build skills required to grow the agri-processing sector.
- Enhance access for emerging farmers.

The implementation of Khulisa Agri-processing initiatives has been scaled up based on the achievements in the previous financial years. The collaborative approach between various government Departments and Agencies has led to successful implementation of planned initiatives. In spite of the challenges, progress was made on a number of key areas to date, and in view of the balancing act required in soliciting private and public stakeholders to support and remain engaged in the initiatives to create an enabling environment for business to thrive, shows marked achievement over a relatively short period.

In response to the facilitation of the key initiatives as part of the Western Cape Government's transversal approach, Programme 3 will specifically be responsible for the facilitation of the following key initiatives in the 2018/19 financial year:

Strategic intent 1: Grow the Western Cape's share of the global Halal market from <1% to 2% by 2025, in partnership with Wesgro and the relevant sector body.

In order for the economy of the Western Cape province to benefit from the growing global Halal economy, a number of initiatives have been identified and will be implemented during the 2018/2019 financial year. The identified initiatives that will be implemented are:

- **Promote SA Halal products in key markets.**

Western Cape based agri-processing companies will be supported to visit strategic Halal markets to exhibit products at trade shows; to participate in promotional activities and other international Halal platforms. The overall objective of this project is to increase exposure of the Western Cape's Halal offering as a province to strategically selected markets, through which the exports will grow. Inward Halal buying missions will also be hosted, including inviting buyers from strategic markets to visit Cape Town and facilitate business-to-business meetings. The Outward Selling Missions will also be for gathering market intelligence which will be made available to the Western Cape Based companies through various local Halal platforms and also workshops. The implementation of this project started in 2016/17 financial year, and it has been a great success with many companies wanting to attend.

- **Promote investment in a Halal processing hub.**

The efforts to promote and position the Western Cape as the reputable Halal hub have been underway since 2015/16 and a lot has been done. The pre-feasibility and feasibility studies into the establishment of the Halal Industrial Park (HIP) have been successfully concluded, and the post-feasibility implementation plan will be rolled out through 2018/2019. The next phase will be focusing on recruiting a developer and potential investors, and this will be done both locally and internationally. Outward Investment Recruitment Missions (OIRM) will be conducted, and some strategically identified local and international potential developers and investors will be targeted and invited to come to the Western Cape Province.

- **Establish appropriate governance structures in the Halal sector.**

The Halal Intergovernmental Task Team and the Halal Stakeholder Forum are the two important governance structures that have been established to guide the implementation of all the Halal initiatives. The aforementioned governance structures meet quarterly. The Halal stakeholder forum in a structure comprising government officials and the private sector, and the Intergovernmental Task Team comprise only the officials from all the Provincial and National government Departments. These structures will continue to meet quarterly to guide the working groups on specific topics that have been setup.

- **Strengthen the domestic Halal certification environment.**

Given the global market access challenges associated with the increased usage of non-tariff barriers by markets, the Western Cape government decided to also partner with the South African Halal certifiers to proactively address potential system weaknesses. A study to review the local Halal certification processes, benchmarked against processes of other global Halal certifiers and the recommendations for bridging any existing gaps was done in 2017/18. The project in 2018/19 will focus on the implementation of the recommendations in the gap analysis report, and all this will be done in partnership with the local Halal certifiers.

Strategic intent 2: Double the value of wine and brandy exports to China and Angola by 2025 (implementation by Wesgro).

A number of in-market initiatives have been identified to increase the presence of South African wines in both these markets – Angola and China. The project will be implemented in partnership with Wesgro and the wine industry's marketing arm – Wines of South Africa (WOSA), which will bring their expertise and existing in-market and trusted marketing network. The projects are:

- Develop and implement a campaign to promote SA wine in China. The initiatives to be implemented include an outward mission to this market; facilitation of an inward buying mission; organising in-market networking events with media and select consumers; and other industry support promotional activities that will ensure increase in the SA wine presence in this market.
- Develop and implement a campaign to promote SA wine in Angola. The initiatives planned for this market include facilitating an outward trade mission; an inward buying mission, partnering with established SA retailers in the market for improved logistics and providing wine tasting platforms; inviting to the Western Cape key buyers from this market; and other strategic industry support initiatives with which to increase the market penetration of SA wines.

9.4.3 Strategic objective annual targets for 2018/19

Outcome Indicator	Audited/Actual performance			Estimated performance	Medium-term targets		
	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Subprogramme: Sector Development							
Estimated value of trade and investment facilitated	-	-	-	DEDAT Research unit to establish baseline	R500m	R750m	-

9.4.4 Performance indicators and annual targets for 2018/19

Programme Performance Output Indicator		Audited/Actual performance			Estimated performance	Medium-term targets		
		2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Subprogramme: Sector Development								
1.1	Number of Khulisa initiatives supported	-	-	2	2	2	2	2

9.4.5 Quarterly targets for 2018/19

Programme Performance Output Indicator		Reporting period	Annual target 2018/19	Quarterly targets			
				1st	2nd	3rd	4th
Subprogramme: Sector Development							
1.1	Number of Khulisa initiatives supported	Annually	2	-	-	-	2

9.4.6 Risk Management

Strategic Objective: To provide strategic leadership and the necessary resources to deliver on the key initiatives needed to grow the Oil and Gas and Agri-processing sectors	
Risk Statement	Risk Mitigation Strategies
Failure to provide strategic leadership and the necessary resources, which may lead to misaligned strategy and delivery on the WCG's strategic priorities.	Strategic direction provided by the Executing Authority, the Accounting Officer and the relevant Senior Managers in the Department. The necessary resources agreed upon between the Department and the relevant role-players.

9.5 Reconciling performance targets with the Budget and MTEF

9.5.1 Expenditure estimates

Subprogramme		Audited			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimate		
R'000		2014/15	2015/16	2016/17	2017/18	2017/18	2017/18	2018/19	2019/20	2020/21
1.	Trade and Investment Promotion	19 235	23 000	28 417	30 420	34 020	34 020	36 200	34 320	36 208
2.	Sector Development	52 013	34 663	27 174	21 014	17 833	17 833	12 569	13 490	14 428
3.	Strategic Initiatives									
Total payments and estimates		71 248	57 663	55 591	51 434	51 853	51 853	48 769	47 810	50 636
Economic classification R'000										
Current payments		17 003	11 502	14 119	15 153	12 138	12 138	11 069	11 906	12 757
Compensation of employees		11 848	10 815	9 533	9 489	9 489	9 489	9 339	10 079	10 830
Goods and services		5 155	687	4 586	5 664	2 649	2 649	1 730	1 827	1 927
Interest and rent on land										
Transfers and subsidies		54 169	46 069	41 413	36 095	39 695	36 695	37 700	35 904	37 879
Provinces and municipalities										
Departmental agencies and accounts		19 235	23 000	28 417	30 420	34 020	34 020	37 700	35 904	37 879
Universities and technikons										
Foreign governments and international organisations										
Public corporations and private enterprises		10								
Non-profit institutions		33 922	23 000	12 996	5 675	5 675	5 675			
Households		2	69							
Transfers and subsidies to Capital										
Government Motor Trading Account										
Payments for financial assets		73	85	26	186	5	5			
Buildings and other fixed structures										
Machinery and equipment		67	81	24	186	5	5			
Heritage assets										
Specialised military assets										
Biological assets										
Land and subsoil assets										
Software and other intangible assets		6	4	2						
Payments for financial assets		3	7	33		15	15			
Total economic classification		71 248	57 663	55 591	51 534	51 853	51 853	48 769	47 810	50 636

Programme 4: Business Regulation and Governance



DEPARTMENT OF ECONOMIC DEVELOPMENT AND TOURISM

10. PROGRAMME 4: BUSINESS REGULATION AND GOVERNANCE

10.1 Purpose

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

10.2 Programme structure

Subprogramme 4.1: Consumer Protection

To develop, implement and promote measures that ensure the rights and interests of all consumers

10.3 Subprogramme: Consumer Protection

10.3.1 Performance Delivery Environment

The Business Regulation and Governance programme primarily executes regulatory mandates that are imposed by the Constitution of the Republic of South Africa, 1996 (Act 108 of 1996) as well as provisions of both provincial and national legislation. In respect of Consumer Protection, Part A of Schedule 4 to the Constitution prescribes that the area of Consumer Protection is a functional area of concurrent national and provincial legislative competence. As such, both the national and provincial sphere of government both have legislative competence on the area of consumer protection. As a result of the aforementioned the provincial department has promulgated the Western Cape Consumer Affairs (Unfair Businesses Practices) Act, 2002 (Act 10 of 2002). This legislation establishes the Office of the Consumer Protector as a provincial authority responsible for the investigation and resolution of unfair business practices.

From the above, it therefore appears that the OCP has an extremely broad mandate to investigate conduct that may have had a prejudicial effect on consumers within the province. On a national level however we have the Consumer Protection Act, 2008 (Act 68 of 2008) which was fully implemented on the 1st of April 2011. This legislation further entrenched the provincial OCP's role and mandate within the arena of consumer protection. The national legislation furthermore concretises certain illegal practices and also prescribes the various roles and functions which provincial offices and provincial tribunals will now need to play to ensure the effective implementation of the national legislation. In practical terms this translates into the OCP conducting inquiries or investigations into complaints lodged by consumers against the conduct/product/service of a business. An additional statutory mandate is the important aspect of consumer education and the imperative to make ordinary consumers aware of their consumer rights and obligations. In a country where large scale consumer abuse still occurs this is an important mandate. It must be noted that both these mandates are performed in terms of provincial and national legislation.

In terms of the operational practice of the OCP it is important to note the manner in which services are provided to citizens. From a complaints management perspective the operating practice of the OCP is to receive consumer complaints via the following two main avenues:

- Toll Free Call centre: The OCP has a toll free call centre that is operated and managed by the Western Cape Government's internal contact/call centre service under the auspices of the Department of the Premier. Consumers within the Western Cape are therefore able to lodge a formal complaint via the call centre. The matter is officially recorded and thereafter investigated by the OCP;
- Walk in centre: The OCP also operates a "client walk in centre" in central Cape Town and consumers are able to visit the centre and lodge a formal complaint in person.

In terms of the delivery environment, the regulatory institutions within DEDAT were often seen as being somewhat of a misplaced entity within the economic development space. This was predominantly since regulation was generally viewed a barrier in an environment seeking to grow the economy. Regulation has however, in recent years come to be seen as an enabling factor, ensuring that all the economic role-players (consumers, enterprises and the various levels of Government) co-operate in a legally secure and predictable environment, structured towards economic growth and transformation. There is a growing realisation on the part of the business sector that economic growth should not be at the expense of fair treatment to its customer base – after all it is the base that will determine whether a business succeeds or not. Fairness to consumers and the espousal of responsible trading and production practices can serve as competitive advantages that will stand them in good stead in a globalised economy, where competition will increasingly be against foreign rivals as opposed to local ones. Recent and emerging technological changes, trading methods, patterns and agreements have brought and

will continue to bring, new benefits, opportunities and challenges to the market for consumer goods and services within South Africa. As a result, it was deemed desirable to promote an economic environment that supports and strengthens a culture of consumer rights and responsibilities, business innovation and enhanced performance.

The recent literature on international consumer protection has indicated that reputation and fear of bad publicity are extremely important as drivers for compliance – supporting the conclusion that attracting and retaining customers is increasingly becoming the top business priority. This is especially relevant with the advent of social media and the power thereof to negatively or positively impact on a brand. Reputation therefore emerges as an extremely important factor influencing compliance to both large and small firms. It is noted that a number of agencies now advocate the use of publicity to inform the public, and consequently to encourage improved levels of compliance. In engagements with businesses on the issue of compliance with the provisions of the Consumer Protection Act it has become apparent that many of them (especially SMMEs) have identified that maintaining excellent relations and reputational capital with local communities can promote ongoing business success, whilst loss of reputation (for example, because of a customer service problem) can be damaging to the business. It is therefore evident that the failure to comply with the law and the possibility of therefore being subject to poor public perception and/or enforcement action is now also increasingly being seen by businesses to have the potential to damage reputation.

Some regulators and enforcement partners considered that, with reputation a major driver, it was crucial for businesses to avoid any adverse publicity, especially during a time when economic growth is an issue of national importance. This therefore presents an ideal opportunity for a regulatory institution such as the OCP to stimulate this "willingness to comply" environment and ensure that the benefits of consumer protection are extended to not only consumers but also to businesses.

It is therefore evident that an effective consumer protection environment is one which must provide a mechanism through which consumers can address illicit business behaviour but one which also acknowledges the importance of a growth orientated economy. In this manner, the OCP can now effectively find its niche within the Western Cape Government since its redress services and its consumer education services for consumers will go a long way in contributing towards the national outcome of ensuring that an "efficient and effective development orientated public service and an empowered, fair and inclusive citizenship" is developed.

10.3.2 Strategic Objectives

Strategic Objective	To provide an effective and efficient consumer protection service within the province which is aligned to the objectives and functions as 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, resulting in a financial saving of at least R15m.
Baseline	R10 051 162

10.3.3 Strategic objective annual targets for 2017/18

Outcome Indicator	Audited/Actual performance			Estimated performance	Medium-term targets		
	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Subprogramme: Consumer Protection							
Number of strategic consumer NGO and other relevant partnerships established	31	35	30	32	30	30	50
Monetary value saving to consumers	R6.8m	R10 051 162.05	R1.5m	R2.5m	R2m	R2m	R3m

10.3.4 Implementation Plan

Consumer Redress

The projects and operations linked to the services of the OCP are primarily geared towards a citizen centric service since they provide dispute resolution services between consumers and suppliers. The aforementioned services can only be effectively provided if the correct and optimal human resources, ICT services and customer focused interventions are in place. It is our contention that the various initiatives i.e. toll free call centre, ADR services, referral mechanisms, are all focused on ensuring that the objectives as set in PSG1 are achieved. By providing effective services to citizens that ultimately results in them obtaining a benefit, e.g. refunds, repairs of defective products etc., the unit plays its part in ensuring that citizens of the Western Cape have a first-hand experience of the WCG's commitment towards quality service provision.

Strengthened self-regulation mechanisms and increased awareness of consumer rights among businesses will also create favourable conditions for the promotion and development of mechanisms of amicable resolution of consumer disputes. The experience of the past years has proven that out-of-court alternative dispute resolution mechanisms are an effective and cheap method of obtaining consumer redress, particularly in smaller cases, when courts of law fail to deliver the desired outcomes due to lengthy proceedings, high costs, formalised procedures and psychological barriers related to getting involved in a court action. The development of the systems of amicable dispute resolution is, however, not possible without the cooperation and willingness to collaborate from business. Consequently, the development of amicable dispute resolution systems must be included in the concept of treating customers fairly. Naturally, to achieve the aforementioned objective there is also a critical need to engage with and foster strong working relationships with the business sector, especially SMME's. These engagements are not aimed at creating a quasi-industry association but are more focussed on enhancing awareness amongst business about the important role and function performed by the OCP and its ability to intercede in disputes with consumers. These engagements have borne fruit since we experience many businesses advising consumers to engage with us where disputes arise and we thereafter mediate the dispute. In the SMME sector this assistance is invaluable as it reduces a business's compliance costs since our free service can be used to resolve a dispute. Previous legal costs that would have accrued to the business are now removed and long running disputes can be effectively resolved in a timeous fashion.

Greater co-operation between the provincial consumer affairs offices and the National Consumer Commission has resulted in the production of consolidated reports on the status of consumer protection (with an emphasis on complaints resolution and compliance and enforcement) in South Africa. From these reports it is evident that the Western Cape OCP is one of the busiest, if not the busiest, consumer protection offices in the country. This is largely due to the utilisation of both a call centre and an electronic complaints management system for the lodgement and management of consumer complaints, systems not used in any of the other provinces. In addition, the cooperation has seen a significant increase in the number of joint national consumer awareness campaigns conducted.

Continued priority focus areas

Support of SMMEs

In previous financial years, the primary role of the OCP as far as business (including SMMEs) was concerned related to the investigation of consumer complaints lodged against such businesses. It has however become necessary for the OCP to realign itself especially in light of the Department's strategic priorities especially with regards to the role which SMMEs can play within the arena of job creation.

As a result, a continued focus for the OCP will be the role of supporting and capacitating SMMEs with regard to the legislative imperatives as created by the Consumer Protection Act. During the past financial years it has become evident that a vast majority of consumer complaints received by the OCP relate to the products/services provided/offered by SMMEs. The resolution of such disputes have proven to be challenging especially since many of the SMMEs are not aware of the obligations placed on them by the Consumer Protection Act and as a result rely on outdated policies and procedures as far as customer rights are concerned.

As a result, there is often reluctance amongst SMMEs to engage and address issues of dispute. It is internationally accepted that substantial reputational damage can be caused to a business due to perceptions amongst consumers that their consumer rights are not protected. This reputational damage translates into loss of consumer confidence in a business or brand which further translates into loss of turnover and subsequent profit. The knock on effect of this reputational damage is vast since it will impede a business's ability to grow and ultimately create jobs and thus limit the economic growth of a region. The role and importance of basic principles such as customer

care, customer rights/obligations, new law and policy on consumer protection is therefore crucial in order for a business to maintain consumer confidence and thus flourish. The OCP also views these interventions as part of the department's contribution towards skills development within the sector since customer care and other front of house skills are issues on which SMME's require assistance. As such, there will be a link with other Programmes within the Department to ensure that the OCP effectively contributes towards these departmental objectives.

As such, the OCP will be actively engaging with SMMEs, sector bodies, government departments, municipalities, industry bodies and business groupings to provide support on this issue. One of the approaches that will be followed in this financial year is working with municipalities and SMME's within that articular municipal area and address consumer protection issues with affected SMME's.

Consumer Education Services

The education and information activities carried out in the previous years have shown that the OCP's activity in this area brings positive results and is received with great interest by consumers and entrepreneurs. Consumer education is a long-term and continuous process, especially in a country where consumers are affected by various challenges relating to the quality and standard of either services provided or products purchased. It is widely accepted that consumers are reluctant to take up a dispute with a business. This is especially relevant in the vulnerable and less informed sector of our population. One of the reasons for this apathy is the feeling that businesses have more resources to defend a dispute and as such it is not worthwhile to pursue a dispute. This is a mindset that must be changed amongst consumers since we have various pieces of consumer protection legislation which were specifically designed and implemented to protect the most vulnerable members of society. In this regard, specific mention can be made of the National Credit Act and the Consumer Protection Act. The challenge is however that many citizens are unaware of their rights as enshrined in law and ultimately fall victim to illicit practices. The need is therefore to address this lack of awareness and engage more robustly with citizens, especially the vulnerable citizens, who have limited access to resources which other citizens have. At the same time there is a need to expand the information and education activity, covering new thematic areas and using new communication methods. With relation to the changing market situation and an increasingly widespread application of new communication techniques by businesses, it seems necessary to strengthen the activities of the OCP aimed at educating consumers with regard to the traps and risks they face. The impact of new technology in the transactional process between consumer and business also dictates that new strategies must be developed and implemented in order to keep trend with this new form of consumerism.

The OCP intends to continue basing consumer protection interventions on regularly obtained, reliable information about South African and specifically Western Cape consumers. Supporting consumer interventions with the data about the type and scale of problems faced by consumers in the market, the barriers preventing consumers from fully adapting to the modern market and about the current level of knowledge and awareness of consumers will enable the Office to implement systemic solutions aimed at eliminating or limiting market changes which are unfavourable to consumers.

The OCP's consumer education activities

Over the coming years the OCP will continue to carry out an active educational and information activity, focusing mainly on the education of various groups of consumers. The education programme will include the basic issues, the knowledge of which facilitates the functioning on the market, acquiring everyday consumer competencies, knowledge of redress options and other relevant matters.

The OCP's campaigns will also be executed in cooperation with the National Consumer Commission (NCC), various regulatory authorities and Ombudsman Schemes that are either statutory or that will be established in terms of the Consumer Protection Act, 2008. It is essential that during this time of fiscal constraint we maximise and leverage fully on the various partnerships we have with other regulatory institutions. A well-functioning and cooperative consumer protection regulatory environment can only benefit the various stakeholders and enable them to meet objectives despite having less resources. Partnership development and cooperation therefore becomes a key consideration during this period.

The educational and information campaigns will be addressed to various consumer groups: the youth, adults, elderly people and the business sector. Over the medium term, the OCP will also develop a more focused and sustained campaign specifically aimed at SMMEs. This is especially since a need has been identified to support SMMEs on the issue of consumer rights and obligations in terms of the relevant legislation.

Continued Priority Focus: Financial Literacy Education

Financial literacy or the lack thereof has long been recognised as a major problem in poor households and communities. This is not only because of the generally lower levels of access to, and inferior standards of formal education but also because of a lack of access to information. This is particularly the case in South Africa where the formal education system has fallen short of achieving acceptable literacy levels. However, it is not only low income communities who demonstrate low levels of financial literacy in South Africa. As highlighted in the various research studies undertaken by the Financial Services Board (FSB), the lack of financial literacy remains a major challenge in South Africa with the vast majority of respondents to the studies indicating a high level of 'confusion' on basic financial literacy matters. Even among what one would consider the more sophisticated consumer a high percentage of correspondents indicated a level of confusion on financial matters. However, lower income households and pensioners remain the most vulnerable to poor planning and exploitative schemes, as it is often more difficult (if not impossible) for them to recover after a financial set-back. South Africa is also known as a country with low household savings rates. Personal savings dropped from 8% of personal income in the 1970s to around 2% by the early 1990s, while indebtedness has increased amongst the most vulnerable, as well amongst the most affluent income groups. A major behavioral shift is therefore required, away from a consumer and credit-oriented mindset, toward one of financial prudence. The need for saving is more important today than ever before, especially considering the state of the national economy and the various challenges facing citizens.

The low level of financial literacy in South Africa has been recognised by various community-based organisations, the financial industry, the government and other organisations, many of which have launched financial education projects. Financial literacy is also being incorporated into curricula developed by the Departments of Education and Labour. Furthermore, the financial sector has made a strong commitment to improving consumer financial literacy in the 2003 Financial Sector Charter (FSC) by explicitly committing 0.2% of its annual after-tax operating profits to financial literacy projects.

In light of the above, the Office of the Consumer Protector has decided to embark on a financial literacy awareness project by way of conducting an array of interventions with the most vulnerable members of our society. This target group will include ordinary citizens within the level 1-6 LSM. It is also intended that the interventions will be presented to the next generation of consumer's i.e. our youth. Many of the youth of today are already active consumers and the message of financial literacy, budgeting, saving, debt management etc., must be communicated to them in an effective and easily understandable format. Industrial theatre is deemed to be one of such mechanism. The 2018/2019 year will therefore see the OCP embark on this campaign amongst a cross section of consumers but with a very specific and intended audience namely the indigent.

It is widely acknowledged that financial education has become an important compliment to market conduct and prudential regulation, and improving an individual's financial behaviour(s) has become a long term policy priority in many countries. The National Treasury has thus identified financial literacy education as one of the components for a comprehensive solution for protecting consumers of financial services. South African consumers of financial services generally have limited resources and skills to understand the complexities of the financial sector. Compelling consumer issues, such as inability to evaluate the appropriateness of financial products in relation to personal circumstances; predatory lending; high levels of consumer debt; low savings rates; proliferation of pyramid schemes and financial scams; high product services; penalty fees; lack of accessible and comparable pricing information; and limited knowledge of recourse mechanisms have added to the urgency for financial literacy education.

The involvement of National Treasury through the formation of a National Financial Education Committee of which the Western Cape OCP is a represented member indicates the seriousness of the financial education programme. Other provinces such as the KZN have similarly taken the initiative to prioritise financial education. A financially healthy society is key to development. The innovation and subsequent manufacturing of products and services will be futile if consumers are unable to access finance due to negative listing/unfavourable credit reports in the credit bureau. By failing to access finance from financial institutions, this reduces the number of potential customers who would have sustained the manufacturing and services sector. This will subsequently affect the attainment of some of the underpinnings of PSG1.

Currently, there are more than 600 000 consumers who have applied for debt counselling since the National Credit Act came into effect in June 2007. It must be noted that consumers who seek debt counselling are removed out of the credit market as prescribed by the law. This reduces their level of participation in the economy as they cannot access credit. It can be argued that those who are removed from accessing further credit could have been potential customers of businesses in the Western Cape. This indirectly reduces demand for products that these consumers who are under debt review would have bought.

It is perhaps imperative for government to provide financial education to consumers as this will reduce the number of consumers who are in financial dire straits. The reduction in the number of indebted consumers will potentially address the demand and supply side of the market which could subsequently help in the stimulation of the economy.

The proposed financial educational programmes will therefore help to acquaint consumers in general about various financial products in the market and the implications of their choices.

10.3.5 Performance indicators and annual targets for 2017/18

Programme Performance Output Indicator		Audited/Actual performance			Estimated perfor- mance	Medium-term targets		
		2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Subprogramme: Consumer Protection								
1.1	Number of consumer education programmes conducted	274	235	120	173	60	100	120
1.2	Percentage of complaints managed/handled	-	-	-	-	100%	100%	100%
1.3	Number of consumer education booklets and/or information material distributed to citizens and business	4	19 357	1 000	1 765	10 000	10 000	12 000
1.4	Number of financial literacy workshops conducted	118	69	20	37	100	120	150
1.5	Number of SMME engagements conducted	-	25	10	17	20	20	20

10.3.6 Quarterly targets for 2018/19

Programme Performance Output Indicator		Reporting period	Annual target 2018/19	Quarterly targets			
				1st	2nd	3rd	4th
Subprogramme: Consumer Protection							
1.1	Number of consumer education programmes conducted	Quarterly	60	10	20	20	10
1.2	Percentage of complaints handled/ managed	Quarterly	100%	100%	100%	100%	100%
1.3	Number of consumer education booklets and/or information material distributed to citizens and business	Quarterly	10 000	2 500	2 500	2 500	2 500
1.4	Number of financial literacy workshops conducted	Quarterly	100	15	35	35	15
1.5	Number of SMME engagements conducted	Quarterly	20	3	7	7	3

A note regarding the national indicator for cases resolved:

The indicator which speaks to the number of cases received and resolved by the OCP is part of the so-called nationally agreed sector specific indicators. These indicators were adopted on a national level so as to enable a national picture on consumer protection to be developed. The specifics around this indicator were therefore agreed to by all provincial departments as well as the National Consumer Commission (NCC). In terms of the specifics, it was agreed that since all cases that were received would require some intervention, inquiry or action it was justifiable that all received cases – irrespective of the extent of the inquiry/assistance – would be recorded as a resolved case. As such, matters that for example would be referred to another body/institution, or be closed due to insufficient evidence, or due to jurisdictional issues, would be included in the resolved cases category. The number of received and resolved cases must therefore be seen in this context.

10.3.7 Risk Management

Strategic Objective: To provide an effective and efficient consumer protection service within the province which is aligned to the objectives and functions as prescribed by provincial and national consumer protection legislation	
Risk Statement	Risk Mitigation Strategies
Consumer education programmes The inability to implement effective and sustained consumer education programmes across the province due to insufficient resources (human, infrastructural and financial) which results in a decrease in the consumer rights awareness levels and the failure to achieve service standards.	Enhancement of strategic links with various stakeholders and partners within the consumer protection environment. Cooperation with the media will be continued so as to ensure that the exposure of the various events, projects and programmes of the OCP will be communicated to readers, listeners and watchers of the various media sources.
Consumer complaints The failure to resolve received cases due to the ineffective operationalization of the National Consumer Commission and the inconsistent interpretation of provisions within national and provincial Consumer Protection legislation which impacts on a consumer's right to obtain effective redress on a complaint and which hampers service delivery by a provincial office.	Establishment of a Standing Advisory Committee to the Consumer Protection Act by the National Commissioner. Quarterly case management engagements between provinces. Regular reporting to the National Consumer Commission on performance related matters. Position paper to be developed by the Department on legislative amendments related to inconsistent provisions and implementations of the Consumer Protection Act. Position paper to be escalated to the National Minister (DTI).
Policy and Legislation Lack of control which the Department has over the legislative environment due to the constitutional mandate (concurrent jurisdiction) which results in the implementation of policies and legislation that are unsuitable to the Department and which impacts on service delivery standards and brand reputation.	Establishment of a Consumer Protection Forum comprised of all 9 Provinces and Regulatory Authorities. Programme units tasked with evaluating proposed policy legislation and providing comments to the MEC. Issues and concerns escalated to the President and Premier Coordinating Forum. Departmental Red Tape Reduction Unit established. The Red Tape Unit will be engaged so as to lobby for any proposed legislative and/or policy amendments.

10.4 Reconciling performance targets with the Budget and MTEF

10.4.1 Expenditure estimates

Subprogramme		Audited			Main appropriation	Ad-justed appropriation	Revised estimate	Medium term expenditure		
R'000		2014/15	2015/16	2016/17	2017/18	2017/18	2017/18	2018/19	2019/20	2020/21
1.	Consumer Protection	10 021	10 868	10 479	11 919	11 569	11 569	10 803	11 627	12 486
Total payments and estimates		10 021	10 868	10 479	11 919	11 569	11 569	10 803	11 627	12 486
Economic classification R'000										
Current payments		9 966	10 765	10 361	11 834	11 557	11 557	10 798	11 622	12 481
Compensation of employees		7 590	8 159	8 033	8 389	8 119	8 119	8 573	9 272	10 001
Goods and services		2 376	2 606	2 328	3 445	3 438	3 438	2 225	2 350	2 480
Interest and rent on land										
Transfers and subsidies						7	7			
Provinces and municipalities										
Departmental agencies and accounts										
Universities and technikons										
Foreign governments and international organisations										
Public corporations and private enterprises										
Non-profit institutions										
Households						7	7			
Transfers and subsidies to Capital										
Government Motor Trading Account										
Payments for capital assets		40	103	70	85	5	5	5	5	5
Buildings and other fixed structures										
Machinery and equipment		40	98	68	80	5		5	5	5
Heritage assets										
Specialised military assets										
Biological assets										
Land and subsoil assets										
Software and other intangible assets			5	2	5		5			
Payments for financial assets		15		48						
Total economic classification		10 021	10 868	10 479	11 919	11 569	11 569	10 803	11 627	12 486

Programme 5: Economic Planning



DEPARTMENT OF ECONOMIC DEVELOPMENT AND TOURISM

11. PROGRAMME 5: ECONOMIC PLANNING

11.1 Purpose

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 strategies are developed, enhanced or applied to attain their intended objectives.

11.2 Programme structure:

The programme is structured as follows:

- **Subprogramme 5.1: Economic Policy and Planning**
To develop provincial economic policies and strategies.
- **Subprogramme 5.2: Research and Development**
To conduct economic research.
- **Subprogramme 5.3: Knowledge Management**
To contribute to the creation of a knowledge economy.
- **Subprogramme 5.4: Monitoring and Evaluation**
To determine the effectiveness and impact of provincial policy objectives and strategies.
- **Subprogramme 5.5: Enabling Growth Infrastructure and Initiatives**
To develop and/or stimulate an enabling economic environment through catalytic interventions.
- **Subprogramme 5.6: Broadband for the Economy**
To support and stimulate the usage, readiness and accessibility of broadband in the region.
- **Subprogramme 5.7: Green Economy**
To stimulate the development of green industries and facilitate resource-efficiency and sustainability to improve the competitiveness of the economy.

Context

The global economy is characterised by rapid change and innovation, technological advances, rapid improvements to production and service systems, and severe challenges to the resource-intensive sustainability and climate change threats. As such, four dominant international trends have emerged as critical in impacting on growth, namely economic infrastructure, broadband, resource sustainability and climate change, and design and innovation. For the Western Cape economy to compete, it requires a responsive economic environment which facilitates opportunities, shapes direction and overcomes challenges.

The aim of this programme is therefore to overcome critical inhibitors to economic growth, capitalize on economic opportunities which arise due to market forces or technological advances and to stimulate investment into the province. In addition to providing a coordinating platform and evidence-based support for strategic planning, the Programme therefore comprises of a suite of economic growth enablers/drivers that support the growth of the Western Cape economy. This suite of strategic growth enablers and accelerators are clustered under additional subprogrammes within Programme 5, namely (1) Enabling Growth Infrastructure and Initiatives, (2) the Broadband for the Economy (Digital Economy) and (3) the Green Economy.

The themes underpinning these subprogrammes have emerged as key components of South Africa's National policies, the Provincial Strategic Goal 1 and 5, OneCape 2040, the Western Cape Government Provincial Strategic Plan 2014 – 2019, finding specific expression in the Provincial Strategic Goal One's Game Changers and strategic priorities.

OneCape 2040

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

Provincial Strategic Plan 2014 - 2019

The Western Cape Government has synthesized its 12 Strategic Objectives into five Provincial Strategic Goals (PSGs). Of these five Strategic Goals, the following are relevant to the Programme:

Strategic Goal 1: Create opportunities for growth and jobs.

Strategic Goal 1 lists a number of major objectives. These include (i) Nurture Innovation through the economy, (ii) Improve Broadband rollout for the economy, and (iii) Help ensure sufficient water and energy for growth. All the projects within the Programme are aimed, in varying degrees of relevance and emphasis, at addressing these objectives.

Strategic Goal 4: Enable a resilient, sustainable, quality and inclusive living environment

This Strategic Goal encapsulates both the green/climate change principles as well as that of a supportive infrastructure which facilitates economic growth and social inclusion. The Game Changers which are assigned to this Strategic Goal are the Live-Work-Play project of Conradie Hospital site in which inputs and support are required by the Programme as well as the Better Living Challenge which was conceived within the Green Economy initiative and is currently managed within the Subprogramme 5:4 – Enabling Growth Infrastructure and Initiatives.

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

As a transversal cross-cutter, Connected Cape, which is the Broadband Strategy conceptualised by DEDAT, has been listed as a PSG5 Game Changer for the province. In order to achieve the WC Broadband vision and targets, the Programme of DEDAT is responsible within the wider Broadband Implementation Plan for improving broadband access, skills and usage to citizens and businesses for economic and social development.

Provincial Strategic Goal 1 Key Priority: Project Khulisa

As a key priority of the Provincial Strategic Goal 1, Project Khulisa focuses on maximising job creation and growth within a five year timeframe to address the pervasive unemployment challenge of the region. Having undertaken an extensive analysis of historical trends and consultations with targeted stakeholders, Agri-processing, Tourism and the Oil and Gas industries emerged from Project Khulisa as the sectors with the maximum job-creation potential. Some of the constraints identified within these sectors include challenges with the enabling business environment, including infrastructure and energy hurdles. In alignment with and support of Project Khulisa, the Programme will drive a number of infrastructure-related initiatives and energy interventions highlighted in the sector road-maps.

Provincial Strategic Goal 1 Game Changer: Energy Security

The ongoing electricity crisis in South Africa has served to underline the critical importance of having an energy-secure province which includes the need to diversify the regional energy mix and reduce energy intensity within the Western Cape. The Department's response and support of the objectives and projects of the Energy Game Changer is located within Programme 5.

Provincial Strategic Goal 1 Game Changer: Apprenticeship

There is a recognition that the greatest resource in the province is its workforce. The tools that arise from the work of the Programme will be leveraged where possible to support the realisation of the Apprenticeship Game Changer.

11.3 Subprogramme 5.1: Economic Policy and Planning

11.3.1 Performance Delivery Environment

The government's policy and planning environment was characterised and informed by the adoption of National Cabinet's endorsement of the National Development Plan (NDP). The NDP is supported by the provincial government and is given effect by the provincially adopted 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 province or municipalities. It is rather intended as a reference point and guide for all stakeholders in order to:

- Promote fresh thinking and critical engagement on the future;
- Provide a common agenda for private, public and civil society collaboration;

- Help align government action and investment decisions;
- Facilitate the necessary changes we need to make to adapt to our (rapidly) changing local and global context; and
- Address our development, sustainability, inclusion and competitiveness imperatives.

In expressing OneCape 2040, provincial strategic thrusts are unpacked through five Provincial Strategic Goals namely:

- 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: Enable a resilient, sustainable, quality and inclusive living environment
- Strategic Goal 5: Embed good governance and integrated service delivery through partnerships and spatial alignment

This department is tasked as the lead department in Provincial Strategic Goal 1: Create opportunities for growth and jobs, while supporting PSG2, PSG4 and PSG5. The purpose of this subprogramme is firstly to develop the strategic plan expressing PSG1 to be adopted by cabinet, then to align the department's strategy to that of the cabinet adopted PSG1.

In maximising economic and socio-economic outcomes as described in the PSP and PSG, suitable provincially adopted policies are required, which will be drafted by this subprogramme in collaboration with the Department of the Premier's policy unit.

11.3.2 Strategic Objective

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 through the development of 12 policy briefs by March 2020.
Baseline	Baseline at the start of the period under review is zero.

Objectives

To give effect to the integrated evidence based economic policy and strategy development, the Policy and Planning Unit supports province-wide cross-cutting economic development and facilitates the strategic planning processes for the DEDAT.

In other words, it facilitates the strategic goals and objectives in terms of the above policy and legislative mandates and ensures that the Departmental goals and objectives are translated into Departmental policies, programmes and projects, which are aligned to the Province's Strategic Goal 1.

Furthermore, the subprogramme aligns and integrates all economic policies and strategies emanating from all spheres of government.

11.3.3 Implementation Plan

In 2018/19 the subprogramme will focus on:

Economic Strategy Development

Project Khulisa, which was purposed to develop the strategic expression of PSG1 was completed and adopted by the cabinet in the 2014/15 financial year. In that year, the Department finalised its five year strategy that was aligned to the Cabinet adopted PSG1.

The current five-year strategy, underpinned by PSG1 Game Changers and phase one of Project Khulisa is entering its last phase of implementation. For the 2018/19 year, the subprogramme will focus on supporting the delivery of the 2020-2025 five-year strategy. While the Department is still in early scoping change of its five-year strategy development, new areas in which the subprogramme will offer support are Informal Sector Support, Youth Unemployment and the addition of new potential sectors for phase two of the Project Khulisa sector focus.

Economic Policy Development

Policy provides the foundation upon which strategy is expressed. 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.

In supporting PSG1 and its accompanying Project Khulisa roadmaps, integrated planning across spheres of government, within the Department and across provincial government is required. The subprogramme will review and comment on economic related governance frameworks, policies and strategies. It will support the delivery on policy and the preceding briefs where appropriate.

11.3.4 Strategic objective annual targets for 2018/19

Outcome Indicator	Audited/Actual performance			Estimated performance	Medium-term targets		
	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Subprogramme: Economic Policy and Planning							
Number of economic strategies or policies or governance frameworks signed off	-	-	2	2	1	1	1

11.3.5 Performance indicators and annual targets for 2018/19

Programme Performance Output Indicator		Audited/Actual performance			Estimated performance	Medium-term targets		
		2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Subprogramme: Economic Policy and Planning								
1.1	Number of strategies, policies or governance frameworks reviewed and/or supported	2	4	3	3	2	2	2

11.3.6 Quarterly targets for 2018/19

Programme Performance Indicator		Reporting period	Annual target 2018/19	Quarterly targets			
				1st	2nd	3rd	4th
Subprogramme: Economic Policy and Planning							
1.1	Number of strategies, policies or governance frameworks reviewed and/or supported	Annually	2	-	-	-	2

11.3.7 Risk Management

Strategic Objective: To provide economic strategy and policy leadership in the province	
Risk Statement	Risk Mitigation Strategies
Lack of strategic cohesion between government departments which inhibits effective policy development that facilitates growth of businesses within the identified priority sectors.	The programme will more widely and effectively engage with stakeholders.

11.4 Subprogramme 5.2: Research and Development

11.4.1 Performance Delivery Environment

Research and Development's mandate is to provide economic research support to the Department for policy and economic instrument development. This function emanates from the need to make evidenced based decisions and policies. Within fulfilling this mandate the Research and Development subprogramme will be providing support as the Department reviews and updates its five year strategy.

Data and information are key aspects for efficient decision making process. Furthermore, economic developments from time to time changes and strategies ought to track these changes if they are to remain relevant. Credible data provides a key foundation for strong policy and effective instruments. To this end, the Research Subprogramme will seek to provide economic intelligence necessary to assist the Department with key economic information, through a credible economic data repository that draws data from subscriptions and is accessible to the Department to enable them to make efficient and effective decisions.

11.4.2 Strategic Objective

Strategic Objective	To conduct and facilitate economic research and analysis to support economic strategy policy development within the Department's strategic framework.
Objective Statement	To develop 50 research reports aimed at shaping the development of economic interventions over five years (2015 - 2020) using credible provincial data.
Baseline	Baseline as at 2014 is zero.

Objectives

To conduct and facilitate economic research for policy development, strategy development and to shape economic interventions as described in Project Khulisa. The provisioning of centralised economic data which includes trade-related, price-related data and other economic data.

A second objective will be to provide relevant data alongside primary research and is aimed at aiding programmes to improve the effectiveness of the Department supported economic interventions.

11.4.3 Implementation Plan

In 2018/19 the subprogramme will focus on:

Research Reports

In support of other programmes, the subprogramme will develop research reports which will support the strategic activities of the Department. Furthermore, research reports will be developed in response to Departmental need.

11.4.4 Strategic objective annual targets for 2018/19

Outcome Indicator	Audited/Actual performance			Estimated performance	Medium-term targets		
	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Subprogramme: Research and Development							
Develop an economic research agenda	-	-	1	An implemented research agenda:1	An implemented research agenda:1	An implemented research agenda:1	An implemented research agenda:1

11.4.5 Performance indicators and annual targets for 2018/19

Programme Performance Output Indicator		Audited/Actual performance			Estimated performance	Medium-term targets		
		2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Subprogramme: Research and Development								
1.1	Number of Economic research reports developed	10	12	16	10	10	10	10

11.4.6 Quarterly targets for 2018/19

Programme Performance Indicator		Reporting period	Annual target 2018/19	Quarterly targets			
				1st	2nd	3rd	4th
Subprogramme: Research and Development							
1.1	Number of Economic research reports developed.	Quarterly	10	1	2	4	3

11.4.7 Risk Management

Strategic Objective: To conduct and facilitate economic research to support policy and strategy development within the framework described by Project Khulisa	
Risk Statement	Risk Mitigation Strategies
Due to curtailing of external service providers, the development of research reports that relies on gathering primary data impact the delivery of quality research reports.	The Programme will, more widely and effectively, use economic subscriptions.

11.5 Subprogramme 5.3: Knowledge Management

11.5.1 Performance Delivery Environment

Western Cape Economic Development Partnership (WCEDP)

The WCEDP was established and launched in 2012 to lead, co-ordinate and drive the economic growth, development and inclusion agenda for Cape Town and the Western Cape Province. It provides a new way of working together to redesign the regional economy and deliver different outcomes. The WCEDP aims to lead, co-ordinate and drive the Western Cape economic delivery system to achieve greater levels of inclusive growth. The Membership of the Western Cape Economic Development Partnership Act was passed by Provincial Cabinet in December 2013.

External to the WCG, the work of the WCEDP has become increasingly demand-driven from municipal, business, academic and civil society partners and stakeholders. For example, diverse stakeholders have approached the WCEDP for partnering support and advice, such as the Cape Town Concerned Citizens Group (on urban land issues), Independent Philanthropy Association of South Africa (IPASA), McKinsey Global Institute, Western Cape Informal Traders Coalition, Black Management Forum, Airports Company South Africa (ACSA) and the Construction Industry Development Board (CIDB), amongst others.

The WCEDP is thus increasingly able to fulfill its role as a public benefit organisation, supporting diverse role-players within the regional economic development system on both the demand side and supply side, rather than operating as a traditional service provider to government.

Within WCG, WCEDP programmes and projects are diversifying around a number of transversal development issues at the request of various Provincial Strategic Goals (PSGs), departments and programme managers. WCEDP projects and activities have become more focused and targeted, with more emphasis on outputs and outcomes, including the role of partnering and partnerships within the delivery chain.

The WCEDP focuses on both tangible partnering outcomes, such as helping partners to agree on common agendas and to devise processes and platforms to enable joint action and delivery, as well as intangible outcomes, such as changes to institutional cultures, relationships and trust building, behavioural changes and collaborative mindsets.

It is widely acknowledged that government cannot deliver services effectively on its own - hence the 'Better Together' slogan of the WCG. Much more can be achieved if the energy, resources and mandates of other spheres of governments and related agencies, as well as non-government roleplayers, are leveraged to assist the WCG fulfil its constitutional mandate. This underpins the WCG's 'Whole-of-Society' approach to policy-making and implementation. Due to increasing constraints on public sector funding, government programmes will be required to leverage resources and mandates outside their control in order to deliver on the Provincial Strategic Plan (PSP).

As a result, an increase in partnering behaviour and the formation of partnerships is necessitated across departments, jurisdictional boundaries and spheres of government and with external sectors, i.e. the private sector, civil society, academia, in order to achieve socio-economic developmental goals and objectives.

Furthermore, the scale and complexity of the challenges faced are beyond any single sector, discipline or sphere of government. The complexity of transversal projects requires public sector managers to rely more on the skills and activities of convening, facilitating, negotiating, mediating, and collaborating across boundaries. An integrated partnership and partnering system is needed to facilitate and support these public sector programmes.

The WCEDP supports the development of this system by providing tailored **partnering solution initiatives**, both issue-based and area-based, to support the implementation of public sector development objectives within the local and regional economic development system.

These initiatives can take the form of any of the following activities, without being limited to those listed below:

- Identifying the types of partnering required, e.g. identifying transversal, inter-governmental, cross-boundary, or cross-sector partnering;
- Facilitating Partnering Readiness Assessments (PRAs), which include identification and assessment of actual and potential partners;
- Facilitating Partnering Impact Assessments (PIAs), which evaluate existing partnering arrangements for the effectiveness of their partnering practices;
- Co-designing customised partnering solutions, e.g. offering ongoing support in the initiation, management and assessment over time; and
- Assisting the mainstreaming of partnering practices as part of Integrated Management in the strategic planning and budgeting processes of WCG.

11.5.2 Strategic Objective

Strategic Objective	To strengthen the understanding and practice of partnering for service delivery impact and integrated planning amongst public sector stakeholders.
Objective Statement	To provide tailored partnering solution initiatives, both issue-based and area-based, to support the implementation of public sector development objectives within the local and regional economic development system.
Baseline	2016/2017: 15 partnering solution initiatives provided (i.e. PIA's and joint plans/projects between the Western Cape Economic Development Partnership and its partners).

Key to the delivery of complex transversal projects is the ability of public sector managers to utilise the skills and activities of convening, facilitating, negotiating, mediating, and collaborating across boundaries. The WCEDP is used as the vehicle to provide partnering solutions initiatives to achieve this.

11.5.3 Implementation Plan

The WCEDP is mandated to provide partnering solution initiatives either through focusing on area-based partnering challenges, or on those centred on particular issues.

Within these two categories, WCEDP deliverables are categorised into a suite of programmes that address partnering challenges. Each of these programmes are driven by a specific, signed mandate, from the public sector authority responsible for service delivery in that area or with respect to that issue, in response to priority initiatives arising from the Provincial Strategic Plan.

Furthermore, the WCEDP has developed specific diagnostic tools, namely, a Partnering Readiness Assessment (PRA), which is being used to test a range of projects and initiatives that may need a partnering approach, as well as a Partnering Impact Assessment (PIA), which is used to assess the impact of established partnerships.

11.5.4 Strategic objective annual targets for 2018/19

Outcome Indicator	Audited/Actual performance			Estimated performance	Medium-term targets		
	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Subprogramme: Knowledge Management							
Reports on percentage improvement in partnering maturity	5	2	8	5	5	5	5

11.5.5 Performance indicators and annual targets for 2018/19

Programme Performance Output Indicator		Audited/Actual performance			Estimated performance	Medium-term targets		
		2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Subprogramme: Knowledge Management								
1.1	Number of joint plans/projects between the Western Cape Economic Development Partnership and its partners	-	2	10	10	30	30	35

11.5.6 Quarterly targets for 2018/19

Programme Performance Output Indicator		Reporting period	Annual target 2018/19	Quarterly targets			
				1st	2nd	3rd	4th
Subprogramme: Knowledge Management							
1.1	Number of joint plans/projects between the Western Cape Economic Development Partnership and its partners	Quarterly	30	0	7	16	7

11.5.7 Risk Management

Strategic Objective: To promote economic development collaboration through effective economic partnership of regional economic players	
Risk Statement	Risk Mitigation Strategies
Failure to secure buy-in from the stakeholders due to the lack of a common understanding, vision and communication which could negatively impact on co-delivery of strategies.	Increase the frequency and depth of collaboration between the WCEDP and Departmental Top Management.

11.6 Subprogramme 5.4: Monitoring and Evaluation

The activities for Subprogramme 5.4: Monitoring and Evaluation will be incorporated into Subprogramme 5.2: Research and Development.

11.7 Subprogramme 5.5: Enabling Growth Infrastructure and Initiatives

11.7.1 Performance Delivery Environment

This subprogramme conducts project preparation and implementation of infrastructure-orientated interventions and incubates economic initiatives which have a transversal impact on the economy. Infrastructure required for economic development has to be customized to address the competitive issues facing the economy and

designed to overcome barriers or to catalyse growth and development. However, the Programme is cognisant that the existence of infrastructure does not mean that facilities are optimally utilized. Therefore additional support is required to maximize the impact that the infrastructure has on the economy. The role of the Department, therefore, is not only just about new infrastructure developments but also about improving access to existing infrastructure in a manner that supports the economic objectives of the province. Furthermore, the Department will stimulate, support and co-ordinate, where relevant, new projects and initiatives which have arisen as a result of initial interventions. Mindful that many infrastructure projects fail to live up to expectations primarily because of poor post-construction support, the subprogramme will also provide support for off-take as and when relevant.

One of the initiatives which is being incubated within the subprogramme includes Design and Innovation Intervention. International research reveals that the application of Design can unlock innovation; improve efficiencies, products, systems services, therefore leading to competitive advantage. Similarly, if Innovation is nurtured, it can increase R&D spend in the region, drive the knowledge economy; improve products and services for citizens; improve productivity; and enhance the regional brand in order to attract investors and tourists. This in turn will result in increased jobs and growth for the economy.

It has therefore become vital that DEDAT elevates its approach to Innovation and Design to ensure that the Khulisa sectors and the economy more broadly can unlock their true potential. WCG understands that an emphasis on this dynamic changing landscape is important and that prioritising innovation and design can improve not only private sector growth, but enhance government processes and delivery, which in turn can further stimulate global procurement of local innovations.

11.7.2 Strategic Objective

Strategic Objective	Grow and develop the provincial economy through the development of catalytic interventions and economic drivers.
Objective Statement	To facilitate R4.65 billion investment into catalytic interventions and initiatives.
Baseline	Baseline is zero.

11.7.3 Implementation Plan

In 2018/19, the major initiatives which underpin the subprogramme strategic priority include:

Saldanha Industrial Development Zone and the West Coast Industrial Plan. The development of the Saldanha Industrial Development Zone will continue as a key driver of the Project Khulisa's Oil and Gas and Marine Engineering Sector with the first elements of the customised infrastructure of the Oil & Gas and Marine Engineering hub in place in Saldanha Bay. The first investors have been recruited and 2018/19 will be the first year of operation. In conjunction, further infrastructure investment will be made and support services will be established to complete the value offering of the Free Port concept. The IDZ is playing a catalytic role to unlock the industrialisation potential of the West Coast and Saldanha in particular. The West Coast Industrial Plan is also seeing the first real investments in new infrastructure (LPG terminals, expansion of access roads, and operation of first processing plant). The Saldanha Bay IDP Support Group and Ministerial Mandating Committee is now starting to implement the coordinated application of development initiatives in the region, including Enterprise Development, Education and Skills Development, enabling infrastructure and other social service.

Improved Air Access Network. The Department has partnered with the National Department of Transport (DoT), under its Air Network Strategy, towards ensuring that airports development is done with a coherent process in alignment with demand. To this end, DEDAT has supported the Airports Company South Africa (ACSA) in its runway re-alignment and property development project and will continue to do so in the 2018/19 financial year. Related to this, the Programme is also participating in the various ACSA platforms that are guiding developments in the immediate surrounds of Cape Town International Airport, with the Programme's involvement particularly focusing on economic development infrastructure.

Cape Health Technology Hub/Park. Utilising Biovac as one of the anchor tenants, the Cape Health Technology Hub is a joint initiative of DST and DEDAT, with the project management of the pre-implementation stage being housed by Wesgro. Set to come on line in the latter part of the 5-year strategic time-frame, the Park will provide the necessary stimulus for the growth of the health technology sector, which has been identified as a medium-term Game Changer by Project Khulisa. In 2018/19 the initiative will focus on property transfer; recruitment of funding and tenants; and further cluster development, leveraging off the successful establishment of the Western Cape Medical Devices cluster in 2016/17.

Cape Town International Convention Centre Expansion. The CTICC expansion commenced in 2013/14 and launched in the 2017/18 financial year. This project forms a core part of the tourism destination offering and in particular, the business tourism niche market and will therefore transfer to Programme 6 in the 2018/19 financial year to help stimulate uptake of the expanded Convention Centre footprint.

Strategic Economic Development Infrastructure Company (SEDIC) and Atlantis Special Economic Zone (ASEZ). There are a number of infrastructure projects which form part of the other enabling drivers but which can be grouped under the methodology and principles used within the Enabling Growth and Infrastructure subprogramme. This includes the ASEZ and SEDIC, which is jointly managed by subprogramme Green Economy. With the ASEZ, which has a green technology focus, expected in the near future; the focus in 2018/19 will be on attracting manufacturing and service companies in the green technology space to the Zone, establishing an operator for the SEZ and ensuring that effective support is provided to potential investors in the SEZ including accessing SEZ funding for the building of top structures. The Atlantis SEZ project forms part of the Special Economic Development Infrastructure Company (SEDIC), the entity being established by the Department to hold multiple infrastructure programmes being supported by the Department's Enabling Growth and Infrastructure subprogramme.

Design and Innovation. The industry-interfacing Design interventions seek to develop holistic support programmes for designers and industries that can improve their products, services and overall business' competitiveness. The "Design through Implementation" interventions concentrate on the development and implementation of collaborative projects in businesses, communities and government to galvanize and showcase the positive effects of design, within the Western Cape. This includes embedding locally designed products, services, methodologies or skills into traditional businesses to improve industrial competitiveness through catalytic projects, exhibition and skills programmes. To address this challenge, traditional business must become aware of the advantages of design, how to use it successfully and how to recruit the right designers to affect the positive outcome of increased competitiveness. Collaboration projects using design through Challenges Methodologies seek to find new solutions and innovations, through co-design and design-thinking, to socio-economic challenges facing the Western Cape. One of these projects, the Better Living Challenge, is implemented in partnership with the Craft and Design Initiative (CDI) and various design and industry stakeholders. The 2018/19 financial year will see the completion of the Better Living Challenge 2 project that seeks to address the challenges of finance and improvements for informal and low income housing.

While design is both inward and outward facing, Innovation has been identified as a key enabler within the Western Cape Government, with the recognition that government itself has to embrace innovation as a principle and a key outcome of its own operations. Embedding locally designed products, services, methodologies or skills into WCG will not only stimulate demand and broaden the market but ensure that the design and innovation methodologies result in better government service delivery and efficiencies. To this end, an Innovation Strategic Framework was developed in the 2016/17 financial year, focused particularly on the Economic Cluster Departments. This focus intends to identify government challenges in key area and utilise appropriate methodological tools to achieve innovation within government. In the 2017/18 financial year, the Provincial Top Management agreed to broaden the scope of the Forum to provide for all WCG Departments. The Forum will therefore continue to develop the Innovation Framework and roll-out of the communications plan in 2018/19.

The purpose of the Nurturing Innovation Programme is therefore to unlock opportunities by establishing the basis for a holistic DEDAT and PSG1 Innovation strategy and short-, medium- and long term plans that define which existing or new initiatives should be supported/ driven by Government based on their ability to lead to economic growth.

To this end, the year will also see the initiation of a third Better Living Challenge process that makes use of design and systems process towards addressing a challenge identified by the Nurturing Innovation Forum for WCG purposes.

11.7.4 Strategic Objectives annual targets for 2018/19

Outcome Indicator	Audited/Actual performance			Estimated performance	Medium-term targets		
	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Subprogramme: Enabling Growth Infrastructure and Initiatives							
Value of investment	R1 040m	0	0	R130m		R800m	R200m

11.7.5 Performance indicators and annual targets for 2018/19

Programme Performance Output Indicator		Audited/Actual performance			Estimated performance	Medium-term targets		
		2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Subprogramme: Enabling Growth Infrastructure and Initiatives								
1.1	Number of infrastructure projects supported	8	8	7	3	4	4	4
1.2	Number of design and innovation projects supported	-	5	4	2	3	3	3

11.7.6 Quarterly targets for 2018/19

Programme Performance Output Indicator		Reporting period	Annual target 2018/19	Quarterly targets			
				1st	2nd	3rd	4th
Subprogramme: Enabling Growth Infrastructure and Initiatives							
1.1	Number of infrastructure projects supported	Annually	4	-	-	-	4
1.2	Number of design and innovation projects supported	Annually	3	-	-	-	3

11.7.7 Risk Management

Strategic Objective: To provide economic strategy and policy leadership in the province	
Risk Statement	Risk Mitigation Strategies
The dependency on stakeholders to support and fund the projects may lead to a delay in project (progress and implementation) and cancellation of projects.	<ol style="list-style-type: none"> 1. Participation and/or manage platforms with which the programme can engage with the leadership. 2. Provide capacity and project support to stakeholders as relevant to facilitate buy-in into projects. 3. Stakeholder co-ordination and relationships which improves strategic alignment and synergies.
The fiscally constrained environment of the Government results in budget cuts within projects, impacting on the ability of the subprogramme to implement its projects, affecting the MTEF and 5 year objectives and targets.	<ol style="list-style-type: none"> 1. Assess different ways of implementing projects, including greater collaborative support from external stakeholders. 2. Advise leadership of the impact of the budget cuts on the project deliverables and overall targets to allow for informed budget prioritisation. 3. If relevant, revise project and subprogramme targets and goals downwards.

11.8 Subprogramme 5.6: Broadband for the Economy

11.8.1 Performance Delivery Environment

A number of studies conducted over the recent past have shown a causal link between increased broadband penetration and a resultant growth in GDP, jobs, educational outputs and more effective service delivery, whilst contributing to greener imperatives of a smart and efficient economy. The most commonly cited statistic is that of the World Bank which correlates every 10% broadband penetration to 1.38% GDP growth in developing countries.

The World Economic Forum, in its most recent 2016 publication of the Global IT review, has highlighted the concept of digital disruption and the impact that converging digital technologies will have on economies throughout the world. They assert that we have entered the Fourth Industrial Revolution and as such, governments, business and citizens will need to adapt to increased automation, digital innovation and a workforce more versed in the knowledge-based skills and competencies.

National Broadband Strategy, "South Africa Connect." In December 2013 the cabinet adopted the country's National Broadband Policy, also known as "SA Connect". From the onset, SA Connect sets out the economic rationale for a robust telecommunications environment in the country. SA Connect asserts that the beneficiation of broadband infrastructure can only reap economic fruits if four key elements are dealt with, namely:

- "Broadband must reach a critical mass of South Africans;
- Access to broadband must be affordable;
- Demand-side skills must be developed to ensure that broadband services are used effectively; and
- Supply-side skills must be developed so that the economic and innovative potential of broadband can be exploited" (SA Connect, 2013).

Western Cape Broadband Strategic Framework and Initiative (WCBBI). The WC Broadband Strategic Framework, which preceded the adoption of SA Connect, sets out an holistic approach to broadband deployment in the province encompassing all of the recommendations of the national broadband policy. This provincial broadband strategy has developed into a cogent transversal initiative across various departments in the Western Cape and demonstrates the understanding of the interrelated dependencies between the provision of telecommunications infrastructure, the readiness of user groups and the content/usage required for the productive use of broadband. Collectively, these aspects give effect to the economic outcomes associated with the digital economy.

The vision is that of a Western Cape where every citizen in every town and village has access to affordable high speed broadband infrastructure and services, has the necessary skills to be able to effectively utilize this infrastructure and is actively utilizing this in their day to day lives.

The Western Cape strategy aims to build a catalytic broadband environment driving coordinated and integrated action across three programme areas viz. Connected Government, Connected Citizens and Connected Economy with three key objectives i.e. the development of infrastructure, ensuring readiness to be able to utilize the infrastructure (skills, applications, services, etc.) and driving usage of the infrastructure and services.

As part of the provincial implementation strategy the WCG has adopted a **multi-stream** implementation plan. The Western Cape Broadband Initiative is made up of a suite of interdependent thematic areas which together aims to achieve the objectives of a connected Western Cape province and achieve the vision, with each of the project suites focusing on all or some of the aspects of readiness, usage and infrastructure. The Department of Economic Development and Tourism is responsible for Stream 2, with a mandate to ensure that the Economic/Value Added Stream (VAS) goals of the WCG are realised. Managed by the DEDAT and specifically the subprogramme: Broadband for the Economy, it is primarily geared towards outwardly oriented programmes focusing on citizens and businesses.

During the 2017/18 financial year, the WCG introduced two new frameworks underpinning the focus of the coming five years within the WC Broadband Initiative, namely, the Digital Government Strategy, driven by Centre for e-Innovation (CeI) and the Digital Opportunities Implementation Framework, which is led by DEDAT. The Digital Opportunities Implementation Framework is a response to the fast-paced acceleration of digital disruption and the Fourth Industrial Revolution. It aims to support the economy as it gears for the opportunities and challenges brought on by a hyper-connected Broadband for the Economy and society.

In parallel, the Department of the Premier is driving the Digital Government strategy and taking fuller responsibility for driving the provision of citizen access and infrastructure, which allows for synchronisation and optimisation of provincial programmes within this space.

11.8.2 Strategic Objective

Strategic Objective	Grow and develop the provincial economy through the support of broadband usage, infrastructure and readiness by businesses and citizens to stimulate the broadband uptake in order to improve competitiveness.
Objective Statement	To support the usage, readiness and accessibility of broadband to increase broadband uptake to 65% in the Western Cape.
Baseline	Uptake of broadband in the Western Cape = 57%.

11.8.3 Implementation Plan

During the 2017/18 financial year, the focus of the Broadband for the Economy subprogramme shifted away from the provision of Wi-Fi-hotspots to citizens. Having been one of the 8 major interventions managed by the Programme, the Wi-Fi Hotspot project was transferred to the Centre of e-Innovation in accordance with the Integrated Broadband Model that sought to better leverage internal WCG skills sets and synergised delivery. The new WCG public Wi-Fi project will see the number of hotspots greatly increased, providing more citizens and businesses with access to limited free internet.

With the conclusion of its research on the anticipated impact of digital disruption on key Western Cape sectors, the Department has refined and accelerated its programmatic focus on stimulating digital readiness and uptake within our businesses and our workforce, through its Digital Opportunities Implementation Framework. In 2018/19, the subprogramme will support and implement the following key projects, namely:

Digital Business Toolkit initiative aims to increase business awareness about the benefits of technology and the internet to improve business competitiveness through digital embeddedness and technology integration. During 2018/19, the focus will be on the further integrations of the system into SMME support ecosystems, crowding in digital resources and funding from the private sector to enhance the service offering and the development of complementary support areas with partner organisations.

Bandwidth Barn Khayelitsha will receive on-going support from the Department as Cape IT Initiative continues to manage their suite of programmes in their community-based ICT incubator in Khayelitsha, aiming to nurture the current and future generation of young ICT entrepreneurs. A key focus will be to support the Barn in its efforts to improve the service offering and its sustainability.

Global Positioning and Promotion. The new areas for 2018/19 includes the **global positioning** of the Western Cape as a leading global digital hub. The emphasis will be on establishing the baseline positioning, finalising the unique digital proposition for the Western Cape region, development of the promotional and marketing collateral & messaging and the coordination of efforts within targeted external and internal markets.

Specialised Incubation/ 'dash-tech' hubs will see the establishment and/or support of an **EdTech Hub**, providing support to entrepreneurs specialising within these sectors. The Education sector offers a unique proposition in the Western Cape context as they drive innovation, develop localised digital solutions and promote excellence in software and digital development. Coordination across the ecosystem will enhance partnerships and integration in the ecosystem. Ed-Tech forms a critical component in supporting the education and skills development agenda and supports the objective of the E-learning Game Changer.

Digital Skills. Within the connected citizens focus, the emphasis of the Programme had been traditionally on both skills and access. With one of the key 'access' projects (namely Wi-Fi Hotspot) having moved to Cel at the Department of the Premier, the Department will prioritise Digital Skills. This is particularly relevant as digital skills is a fundamental requirement in 90% of all jobs in the future. The Interactive Community Access Nodes (I-CAN) Initiative, as a delivery mechanism to proliferate digital skills and uptake, remains a critical programmatic focus of the department. 2018/19 will see the I-CAN Learn model enabling a number of I-CAN-licenced centres, with libraries as a key starting point to provide internet and device access for citizens to access digital skills training. The objective with this programme is to increase digital skills and capabilities for citizens, in order to improve their work and business prospects. In addition, the I-CAN Elsies River, which has shifted from the proof-of-concept will continue to be used as an excellent model for localised digital skills development and will increase their service offering to include some basic youth entrepreneurial support, amongst others.

I-CAN Play which is linked to the Alcohol Harms Reduction Game Changer, provides digital gaming as both a means to deliver alternative recreation to citizens, and also promote digital adoption and digital capability-building in poor communities. During 2017, two centres will have been opened in Khayelitsha and Gugulethu - Langa (Gunya). 2018/19 will see these centres fully operationalised and the establishment of developmental gaming leagues in previous economically excluded communities.

11.8.4 Strategic Objectives annual targets for 2018/19

Outcome Indicator	Audited/Actual performance			Estimated performance	Medium-term targets		
	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Subprogramme: Broadband for the Economy							
Value of investment			R3 697m	-	-		R390m

11.8.5 Programme performance indicators and annual targets for 2018/19

Programme Performance Output Indicator		Audited/Actual performance			Estimated performance	Medium-term targets		
		2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Subprogramme: Broadband for the Economy								
1.1	Number of broadband projects supported	-	14	9	7	7	8	9

11.8.6 Quarterly targets for 2018/19

Programme Performance Output Indicator		Reporting period	Annual target 2018/19	Quarterly targets			
				1st	2nd	3rd	4th
Subprogramme: Broadband for the Economy							
1.1	Number of broadband projects supported	Annually	7	-	-	-	7

11.8.7 Risk Management

Strategic Objective: To provide economic strategy and policy leadership in the Province	
Risk Statement	Risk Mitigation Strategies
The dependency of Broadband Stream 2 projects on the delivery of other WCG broadband projects and departments which, if delayed or stalled, will result in the inability to increase broadband uptake in the economy.	<ol style="list-style-type: none"> 1. Participation on the ICT Transversal Steercom which facilitates co-ordination between WCG Broadband projects and departments. 2. Establishment of a formalised Stream 1 and Stream 2 cooperation model between Cel and DEDAT. 3. Transversal project management teams to identify progress and provide support to stakeholders upon which the project relies.
The process of digitisation often requires an overlap of existing methods of execution whilst resourcing a new system. This is perceived as an expensive process, which may be a deterrent to adoption by line function government departments and businesses.	<ol style="list-style-type: none"> 1. Collaborative projects enable the sharing of costs through economies of scale and shared learning. 2. Leverage opportunities through the Broadband for Economy workgroup, which is a transversal WCG forum concerned with maximising the value of broadband to citizens and businesses in the WC.
The fiscally constrained environment of the Government result in budget cuts within projects, impacting on the ability of the subprogramme to implement its projects, affecting the MTEF and 5 year objectives and targets.	<ol style="list-style-type: none"> 1. Assess different ways of implementing projects, including greater collaborative support from external stakeholders. 2. Advise leadership of the impact of the budget cuts on the project deliverables and overall targets to allow for informed budget prioritisation. 3. If relevant, revise project and Subprogramme targets and goals downwards. 4. Actively pursue public-private partnerships and collaboration to enhance programmatic content, impact and delivery.

11.9 Subprogramme 5.7: Green Economy

11.9.1 Performance Delivery Environment

In 2013, under the support of the Office of the Premier, a holistic Western Cape Green Economy Strategy Framework was developed and adopted by the WCG. This Strategy Framework brought together all the elements impacting and impacted by climate change and resource limitations, highlighted potential job creation and economic opportunities in growing the green economy and carved a coherent vision which provided direction not only to the WCG but also to citizens, businesses, not for profit organisations and academia.

To facilitate the realisation of these objectives, the Green Economy Implementation Framework was developed in 2015/2016, providing the principles and a filter to facilitate the selection of projects and programmes that will have the biggest impact within the limited financial resources available to the WCG. The Implementation Framework is intended to be a tool for realising the WCG's vision of facilitating economic growth that consumes fewer resources, avoids or minimises environmental impacts and is inclusive in terms of job creation and socio-economic benefit.

By promoting and stimulating a green economy within the Western Cape, the overall goal is to increase investment into green industries and improve the resource efficiency of businesses, in turn leading to increased competitiveness and sustainability employment creation and growth. This will imply fundamental changes in the structure of the region's production to generate a more inclusive and greener economy over the medium to long term through macroeconomic and microeconomic interventions. This is particularly critical to the Province.

The Western Cape continues to be among the provinces worst hit by climate change, with increasing drought conditions in a region that is already water-stressed, increasing severity and frequency of storm events, higher wind speeds and increased temperatures. The economic impacts of climate changes are predicted to be extensive:

- including impacts on ambient air quality; the functionality of harbours and transport infrastructure;
- decreased availability and increased pricing of resources (e.g. water, energy, food);
- agricultural productivity and consequently the agro processing industry and export of agricultural products;
- reduced worker productivity;
- increased costs associated with maintenance of infrastructure;
- the insurance sector;
- small and informal businesses;
- Cape Town's natural environment and associated tourism industry; and
- a reduction in disposable income needed for adaptive capacity.

11.9.2 Strategic Objective

Strategic Objective	To stimulate the development of green industries and facilitate resource- efficiency and sustainability to improve the competitiveness of the economy.
Objective Statement	To position the Western Cape as a leading Green Economic Hub of the continent through attracting and facilitating R1.35bn green investment by 2020 into the province.
Baseline	Value of investment = R800m.

11.9.3 Implementation Plan

The purpose of this enabler is to facilitate a more energy and water efficient Western Cape and to promote the region as a leading green economic hub.

The Green Economy Strategy framework sets out the challenges facing the province along with a set of key actions to achieve the Green Economy vision. As such, the Green Economy, is reflected as both an enabler as well as a sector. As an enabler, its energy and water production and efficiency thrust will be aligned to the Project Khulisa's sectors, which have highlighted energy and water as two of the main resource constraints. Aside from this work, the Green Economy will continue to stimulate a circular economy in which industry and commerce are efficient and effective delivery agents of economic growth and employment creation, i.e. consuming and transforming resources in a low carbon and more sustainable manner.

The projects to be undertaken in 2018/19 include:

Water Resilience. The Green Economy Strategy Framework is about achieving the double dividend of optimising green economic opportunities and enhancing our environmental performance. As such, resource efficiency underpins the entire Strategy Framework. An area of significant increased focus is the water economy. The severe drought along with increasing climate change is pushing a fundamental shift in water management towards a

'new normal'. The economic response to the water crisis, as being supported by a newly developed programme, is two-fold: to both reduce risks to businesses of reduced water security, reduced water quality and increased water costs and stimulating the supply of new goods and services that could help municipalities, businesses and households amongst others to improve their water sustainability. The Water Decision-Making Tool that was finalised in 2017/18 is aimed at assisting with the efficient allocation of water for economic growth in a water scarce context. The tool was developed for the Berg River Management Area and more specifically, for the Saldanha Bay region and focus will therefore be given in 2018/19 to supporting other departments to increase the use of the tool by other municipalities.

Energy Security. With Energy Security being identified as a key Game Changer for PSG1, the Department will continue to provide support to the realisation of the goals and projects that comprise the Energy Security Game Changer. The Smart Grids project will continue focusing on supporting municipalities' Small Scale Embedded Generation (SSEG) tariffs, in monitoring the implementation of tariffs and rules for rooftop PV, and in building capacity around embedded generation as well as on engaging with businesses to install large scale rooftop PV systems. With key technical studies undertaken for the Liquefied Natural Gas project in 2017/18, 2018/19 will focus on developing a gas feed plan from demand study/s, securing conditional agreements with off-takers, commissioning a Development Bank of South Africa (DBSA) funded study on transmission infrastructure towards FID, investigating models of development, and structured and continuous engagements with stakeholders and investors. This long term project has the potential to not only impact positively on the energy security of the province but also open up new manufacturing opportunities in the region. Beyond the immediate work of the game changer, a Western Cape Integrated Energy Strategy/Strategic Framework will be developed/finalised in 2018/19 to ensure that the medium to long term vision of energy in the Western Cape is agreed to, planned for and implemented.

Leadership and Co-ordination. The Green Economy is a highly transversal area with implementation stretching across various entities and departments. The Leadership and Co-ordination component of the Green Economy is therefore a cross-cutting thematic area that encapsulates the Energy Security Game Changer, the green economy cluster support platform which is driven by GreenCape, as well as the coordination of all inter and intra departmental stakeholder relations. The key focus of GreenCape's cluster coordination and support work – through sector desks for renewable energy, energy security, water and waste – is to understand the opportunities and constraints within green economy sub-sectors, provide credible and up-to-date market and solution information, build relationships and facilitate communication between various national and provincial stakeholders and industries in the green economy, provide investor support and lobby on behalf of industry where appropriate. The information that GreenCape gathers with regard to barriers and enablers is used by the Department to design and implement its own programmes for stimulating the green economy. Importantly, the clustering function is also aimed at attracting green economy investment into the Western Cape.

Green Economy Communications. The key focus of communications in 2017/18 was the energy security stakeholder activation campaign. This campaign encourages businesses, households and government to implement energy efficiency and to invest in small-scale embedded generation (SSEG), both of which are critical to the success of the game changer. The communications focus of 2018/19 will expand to cover a variety of green economy drivers and enablers, with the initial focus being part of the business support programme to reduce the risks of the water crisis to businesses and to maximise opportunities related to responding to the water crisis and long term water resilience.

11.9.4 Strategic Objectives annual targets for 2018/19

Outcome Indicator	Audited/Actual performance			Estimated performance	Medium-term targets		
	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Subprogramme: Green Economy							
Value of investment	-	-	R2 802m	R550m	R550m	-	-

11.9.5 Programme performance indicators and annual targets for 2018/19

Programme Performance Output Indicator		Audited/Actual performance			Estimated performance	Medium-term targets		
		2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Subprogramme: Green Economy								
1.1	Number of Green Economy projects supported	-	11	10	6	6	6	6

11.9.6 Quarterly targets for 2018/19

Programme Performance Output Indicator		Reporting period	Annual target 2018/19	Quarterly targets			
				1st	2nd	3rd	4th
Subprogramme: Green Economy							
1.1	Number of Green Economy projects supported	Annually	6	-	-	-	6

11.9.7 Risk Management

Strategic Objective: To provide economic strategy and policy leadership in the Province	
Risk Statement	Risk Mitigation Strategies
The failure of other provincial departments and local municipalities to support and implement green economy projects which will result in failure to realise the green economy strategic framework.	<ol style="list-style-type: none"> 1. Green Economy Work Group and multi- stakeholders project management teams to ensure relevance and buy-in of stakeholders. 2. Joint or co-funding of projects in order to ensure better buy-in of projects. 3. Renewed communications through the 110% Green web portal to keep all partners informed and involved.
The fiscally constrained environment of the Government result in budget cuts within projects, impacting on the ability of the Subprogramme to implement its projects, affecting the MTEF and 5 year objectives and targets.	<ol style="list-style-type: none"> 1. Assess different ways of implementing projects, including greater collaborative support from external stakeholders. 2. Advise leadership of the impact of the budget cuts on the project deliverables and overall targets to allow for informed budget prioritisation. 3. If relevant, revise project and Subprogramme targets and goals downwards.

11.10 Reconciling performance targets with the Budget and MTEF

11.10.1 Expenditure estimates

Subprogramme		Audited			Main appropriation	Ad-justed appropriation	Revised estimate	Medium term expenditure		
R'000		2014/15	2015/16	2016/17	2017/18	2017/18	2017/18	2018/19	2019/20	2020/21
1.	Economic Policy and Planning	21 377	4 518	3 258	4 176	3 767	3 553	2 791	2 997	3 217
2.	Research and Development	4 840	6 693	8 882	6 692	6 930	7 078	8 211	8 779	8 642
3.	Knowledge Management	11 401	12 010	9 654	10 136	10 136	10 136	10 424	11 325	11 948
4.	Monitoring and Evaluation	3 396	1 776		1			1	1	1
5.	Enabling Growth and Infrastructure Initiatives	129 340	65 319	213 383	64 298	55 798	55 935	64 105	73 604	47 568
6.	Broadband for the Economy	35 116	28 314	39 771	32 529	23 072	23 088	16 854	15 811	16 822
7.	Green Economy	255	20 155	21 187	28 199	30 620	30 533	38 467	36 131	36 555
Total payments and estimates		205 725	138 785	296 135	146 031	130 323	130 323	140 853	148 648	124 753
Economic classification R'000										
Current payments		59 601	60 564	62 678	72 981	50 698	50 692	57 856	54 777	55 883
Compensation of employees		16 987	20 683	19 153	26 085	25 164	25 164	29 830	28 863	28 530
Goods and services		42 614	39 881	43 525	46 896	25 534	25 528	28 026	25 914	27 353
Interest and rent on land										
Transfers and subsidies		145 894	77 727	232 988	72 621	79 571	79 571	82 964	93 836	68 833
Provinces and municipalities		500								
Departmental agencies and accounts		31 091	33 258	133 159	48 955	50 935	50 935	63 955	73 446	47 312
Universities and technikons										
Foreign governments and international organisations										
Public corporations and private enterprises										
Non-profit institutions		114 271	44 430	99 829	23 666	28 636	28 636	19 009	20 390	21 521
Households		32	39							
Transfers and subsidies to Capital										
Government Motor Trading Account										
Payments for capital assets		211	377	469	429	54	60	33	35	37
Buildings and other fixed structures										
Machinery and equipment		179	353	467	427	54	58	31	33	35
Heritage assets										
Specialised military assets										
Biological assets										
Land and subsoil assets										
Software and other intangible assets		32	24	2	2		2	2	2	2
Payments for financial assets		19	117							
Total economic classification		205 725	138 785	296 135	146 031	130 323	130 323	140 853	148 648	124 753

Programme 6: Tourism, Arts and Entertainment



DEPARTMENT OF ECONOMIC DEVELOPMENT AND TOURISM

12. PROGRAMME 6: TOURISM, ARTS AND ENTERTAINMENT

12.1 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.

12.2 Programme structure

The Programme is structured as follows:

- **Subprogramme 6.1: Tourism Planning**
To develop and coordinate the strategic agenda
- **Subprogramme 6.2: Tourism Growth and Development**
To facilitate growth and development of the tourism industry.
To enhance the quality of the visitor experience to the destination through the provision of quality tourism support services.
- **Subprogramme 6.3: Tourism Sector Transformation**
To provide for the registration and regulation of tourist guides.
- **Subprogramme 6.4: Tourism Destination Marketing**
To provide resources to the tourism, trade and investment promotion public entity to enable it to deliver on its mandate as defined in the Western Cape Investment and Trade Promotion Agency Act, 1996 (Act 3 of 1996) as amended.

Performance Delivery Environment

Project Khulisa identified tourism as one of the key sectors, which offers the Province the greatest potential return in terms of jobs and growth.

During 2016, the Western Cape accounted for 15.65% of all South African tourist arrivals and received 23.9% of South Africa's total spend. The Western Cape experienced an 18.5% growth in 2016 with 1 568 357 tourist arrivals recorded, compared to the 1 323 283 tourist arrivals in 2014. The UK, Germany and the US maintained their positions as the Western Cape's top three source markets, closely followed by Namibia and the Netherlands.

During the same period the total spend for the Western Cape grew by 21.6% with the province recording R18.1 billion in 2016, compared to the R14.9 billion total spend recorded in 2015.

The Department of Economic Development and Tourism has the provincial statutory and legislative mandate for tourism. It responds to all the elements of the tourism industry, including tourism development, tourism regulation and tourism marketing. The Tourism, Trade and Investment Act, 2013 provides for tourism destination marketing to be implemented in the Wesgro public entity.

Project Khulisa Tourism is a transversal approach that provides delivery on tourism initiatives across the programmes in the Department. Direct tourism destination marketing implementation is provided by Wesgro (legislative mandate). This transversal approach will ensure that the following regional outcomes are met for the tourism sector as a whole:

- To achieve an increase in tourism GVA from R17 billion to R28 billion and grow tourism direct jobs by up to 100 000 additional formal jobs.

Problem statement

How do we drive breakaway growth in domestic and international arrivals, across the province which will allow the Western Cape tourism industry to create an additional 100 000 jobs by 2019?

Challenges

- Awareness – no clear brand; uncoordinated and sometimes competing marketing efforts; overlap in destination marketing spend by multiple public sectors; negative perception associated with Africa.
- 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.

Strategic intents

Project Khulisa identified three strategic intents that have focused and prioritised activities and outputs for delivery between 2015 and 2020. These activities and outputs contribute to the outcomes of increased GVA and direct jobs for the tourism industry. The three strategic intents are:

- Strategic intent 1: Boost awareness of the Western Cape in key markets and sectors to drive conversion.
- Strategic intent 2: Improve accessibility to Cape Town and the regions.
- Strategic intent 3: Boost the attractiveness of the region through competitive product offerings and compelling packaging.

Key initiatives

The following outlines the major outputs for each of the three strategic intents.

Strategic intent 1: Boost awareness of the Western Cape in key markets and sectors to drive conversion from a business tourist to a leisure tourist destination.

- Define the value proposition of the destination.
- Develop and implement a Delegate Boosting and Conversion Programme.
- Develop and implement an aggressive Africa and the Gulf Cooperation Council (GCC) growth strategy.
- Develop a data and real-time business intelligence capacity.
- Develop and implement a stakeholder co-ordination strategy.

Strategic intent 2: Improve accessibility to Cape Town and the regions.

- Secure three direct new air routes.
- Lobby for friendlier visa regulations.
- Create and drive an awareness campaign on local transport options.

Strategic intent 3: Boost the attractiveness of the region through competitive product offerings and compelling packaging.

- Position the Western Cape as the Cycling Capital of Africa.
- Maximise culture and heritage tourism through a Madiba Legacy Tourism Route.
- Invite the world to gather at our table as a food and wine destination.
- Position the province as an international business and leisure events destination.
- Develop and implement a service level improvement programme and a 'tourism benefits me' citizen campaign.

12.3 Subprogramme 6.1: Tourism Planning

12.3.1 Performance Delivery Environment

The Western Cape Tourism Partnership is the institutional mechanism driving stakeholder engagements. It is a cooperative partnership that meaningfully engages on strategy, policy and key strategic priorities. Regular partnership engagements ensure that partners act in an aligned manner to achieve cost-effective use of collective resources and a platform is provided to discuss critical issues facing the tourism industry.

Tourism Planning provides overall coordination, participation and reporting of Provincial tourism delivery as part of the National Tourism Sector Strategy. Input is provided into strategies and alignment is ensured between National and Provincial goals and objectives.

12.3.2 Strategic Objectives

Tourism Destination Management: Tourism Planning

Strategic Objective	To co-ordinate a single tourism destination strategy and delivery model, which ensures effective and integrated destination management and marketing.
Objective Statement	Single tourism destination strategy and delivery model developed by 2020.
Baseline	2015/16 Khulisa Tourism Cabinet Submission and Tourism Activity Plan.

12.3.3 Strategic objective annual targets for 2018/19

Outcome Indicator	Audited/Actual performance			Estimated performance	Medium-term targets		
	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Subprogramme: Tourism Planning							
A single tourism destination strategy and delivery model developed by 2020.	-	-	-	-	-	1	1

12.3.4 Implementation Plan

In response to the facilitation of the key initiatives as part of the Western Cape Government's transversal approach, this subprogramme is responsible for facilitation of stakeholder management. In addition, consultative and cooperative tourism planning will be focussed on:

- Provide a collaborative platform for dialogue between public and private sectors.
- Address industry blockages.
- Chairing the Western Cape Tourism Partnership. This is the institutional mechanism driving stakeholder engagement on strategic and critical issues facing the tourism industry.

12.3.5 Performance indicators and annual targets for 2018/19

Programme Performance Output Indicator		Audited/Actual performance			Estimated performance	Medium-term targets		
		2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Subprogramme: Tourism Planning								
1.1	Number of stakeholder coordination strategies developed	-	-	-	1	1	1	1

12.3.6 Quarterly targets for 2018/19

Programme Performance Output Indicator		Reporting period	Annual target 2018/19	Quarterly targets			
				1st	2nd	3rd	4th
Subprogramme: Tourism Planning							
1.1	Number of stakeholder coordination strategies developed	Annually	1	-	-	-	1

12.3.7 Risk Management

Strategic Objective: To co-ordinate a single tourism destination strategy and delivery model which ensures effective and integrated destination management and marketing	
Risk Statement	Risk Mitigation Strategies
Failure to secure buy-in and co-operation from public and private stakeholders due to a lack of common understanding and goals which could negatively impact on co-delivery of the Tourism Strategy.	Regular focused engagements and formalised agreements with stakeholders in the Western Cape Tourism Partnership, to ensure agreed upon implementation plans.

12.4 Subprogramme 6.2: Tourism Growth and Development

12.4.1 Performance Delivery Environment

Tourism Growth and Development will contribute to the Western Cape's Tourism Strategy by developing and managing the Western Cape as a tourism destination for improved global competitiveness. For the destination to be globally competitive it is important that the product offering is varied, of good quality and provides world class tourism experiences.

This area will adopt a transversal approach with Wesgro, DEDAT's Ease of Doing Business Unit and Strategic Initiatives Unit to deliver targeted actions designed to improve destination accessibility and attractiveness by supporting prioritised tourism niche markets, products and infrastructure in the destination.

One of the challenges that the Khulisa project highlights is the tourist's perceptions of the safety of the destination. This area will manage the negative perceptions around safety of the destination and create a positive and caring atmosphere for tourists in distress. In addition, focus will be on improving the movement of tourists within the destination, by ensuring that appropriate and visible tourism road signage is in place.

12.4.2 Strategic Objectives

Tourism Destination Management: Tourism Growth and Development

Strategic Objective	To boost the attractiveness of the region through competitive product offerings and to improve accessibility to Cape Town and the regions.
Objective Statement	To facilitate tourism niche markets, products and infrastructure support in the destination.
Baseline	2016/17: 2 tourism niche markets supported.

12.4.3 Strategic objective annual targets for 2018/19

Outcome Indicator	Audited/Actual performance			Estimated performance	Medium-term targets		
	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Subprogramme: Tourism Growth and Development							
Number of tourism niche markets supported	-	1	2	2	2	2	2

12.4.4 Implementation Plan

In response to the implementation of the Khulisa Tourism's 13 key initiatives as part of the Western Cape's Government's transversal approach, this subprogramme will be responsible for driving the development and facilitation of the following six initiatives in the 2018/19 financial year:

- Secure direct new air route/s to Cape Town International Airport.
- Position the Western Cape as the Cycling Capital of Africa, by focusing on supply-side destination issues such as signage as well development of another cycle route/trail.
- Maximise culture and heritage tourism through the participation on DCAS Steercom for the Archeological and Paleontology Heritage route.
- Develop and implement a service level improvement programme.

Facilitate the following supply-side measures to enhance the attractiveness of the tourism visitor experience for the 2018/19 financial year:

- Manage the negative perceptions around safety of the destination by providing a pro-active and a re-active response to tourists in distress.
- Improve the movement of tourists within the destination, by facilitating tourism road signage applications.
- Enhance and create an awareness of the tourism product offering through the development of tourist guides and by ensuring registration and regulatory compliance.

12.4.5 Performance indicators and annual targets for 2018/19

Programme Performance Output Indicator		Audited/Actual performance			Estimated performance	Medium-term targets		
		2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Subprogramme: Tourism Growth and Development								
1.1	Number of tourism products supported.	2	1	2	2	2	2	2
1.2	Tourism Support Services: Number of tourism establishments/ individuals supported/ assisted	210	287	260	200	250	280	300
1.3	Number of beneficiaries participating in the service level improvement programme	-	-	-	150	200	250	300

12.4.6 Quarterly targets for 2018/19

Programme Performance Output Indicator		Reporting period	Annual target 2018/19	Quarterly targets			
				1st	2nd	3rd	4th
Subprogramme: Tourism Growth and Development							
1.1	Number of tourism products supported	Annually	2	-	-	-	2
1.2	Tourism Support Services: Number of tourism establishments/ individuals supported/assisted	Quarterly	250	60	70	70	50
1.3	Number of beneficiaries participating in the Service Level improvement programmes	Bi-annually	200	-	150	50	-

12.4.7 Risk Management

Strategic Objective: To boost the attractiveness of the region through competitive product offerings and to improve accessibility to Cape Town and the regions	
Risk Statement	Risk Mitigation Strategies
<p>Lack of diverse and undeveloped product offering in the Western Cape could result in tourists finding the destination less attractive.</p> <p>The Western Cape's ability to compete as a tourist destination globally is hampered by:</p> <ul style="list-style-type: none"> • The proposed visa regulations. • The threat to tourist personal safety to health. 	<p>Support of prioritised tourism niche markets in collaboration with the private and public sector to enhance the product offering.</p> <p>The following risk mitigating actions will be in place:</p> <ul style="list-style-type: none"> • The Ease of Doing Business Unit will conduct regular engagements with the National Department of Home Affairs with regard to visa regulations. • Dedicated pro-active and re-active institutional mechanism that manages safety perceptions and creates awareness and provide a positive response to tourists in distress.

12.5 Subprogramme 6.3: Tourism Sector Transformation

12.5.1 Performance Delivery Environment

The tourist guiding sector in South Africa is governed by the National Tourism Act 3 of 2014 and the Regulations in respect of tourist guides. As set out in the Act and Regulations, the National Registrar and Provincial Registrars of Tourist Guides are responsible for the registration, regulation and development of tourist guides.

As a regulatory body, it is imperative to ensure that the tourist guiding sector grows to continually meet the needs of tourists visiting the destination. It is equally important to equip tourist guides with the necessary knowledge and skills to enhance the services that they provide and to effectively address the challenges facing the sector.

This unit will 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.

12.5.2 Strategic Objectives

Strategic Objective	To register and regulate the tourist guiding sub-sector.
Objective Statement	To ensure an effective and efficient tourist guide regulatory service.
Baseline	Effective and efficient tourist guide regulatory service. 2016/17: 1 148 tourist guides registered. 2016/17: 308 tourist guides developed. 2016/17: 124 tourism businesses inspected.

12.5.3 Implementation Plan

A professional and sustainable tourist guiding sub-sector comprises fully registered and highly competent tourist guides. By making experiences more memorable and by providing quality and value for money services to visitors during their stay in the province, tourist guides can contribute significantly to returning visitors. Upskilling of tourist guides is based on the ability to demonstrate that tourist guides are fundamentally part of information provisioning to visitors.

The Provincial Registrar is responsible for registering and renewing tourist guides in the Western Cape. The database of tourist guides must also, in terms of the Tourism Act 3 of 2014, be maintained and published. The Western Cape Database in the form of the Tourist Guide Register is the system used to register and renew tourist guides as well. The Tourist Guide Register needs to be upgraded and maintained in order to complement current technology and requirements to tie into the national database. A direct link from the Western Cape Government's website into the Tourist Guide Register enables tour operators and potential clients to search for and find registered tourist guides.

In order to give effectiveness to the Tourism Act 3 of 2014, the Department implements a tourist guide inspection programme. The objectives of the tourist guiding inspections are:

- To assist in curbing illegal guiding activities in the Western Cape.
- To create awareness amongst the general public and visitors about the use of professional and legal guides.
- To create awareness amongst the illegal guides about the implications of guiding illegally.
- To create a positive image of the guiding sector.
- To contribute to the professionalization of the tourist guiding sector.

12.5.4 Performance indicators and annual targets for 2018/19

Programme Performance Output Indicator		Audited/Actual performance			Estimated performance	Medium-term targets		
		2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Subprogramme: Tourism Sector Transformation (Tourism Regulation)								
1.1	Number of tourist guides developed	512	154	308	52	50	50	50
1.2	Number of individuals registered (tourist guides)	1 666	1 617	1 148	1 200	13 00	1 300	1 300
1.3	Number of individuals/ tourism-related businesses inspected or monitored (tourist guides)	1 044	127	124	100	130	130	130

12.5.5 Quarterly targets for 2018/19

Programme Performance Output Indicator		Reporting period	Annual target 2018/19	Quarterly targets			
				1st	2nd	3rd	4th
Subprogramme: Tourism Sector Transformation							
1.1	Number of tourist guides developed	Annually	50	-	-	-	50
1.2	Number of individuals registered (tourist guides)	Quarterly	1 300	200	400	400	300
1.3	Number of individuals/ tourism related businesses inspected or monitored (tourist guides)	Quarterly	130	20	30	50	30

12.5.6 Risk Management

Strategic Objective: To boost the attractiveness of the region through competitive product offerings and to improve accessibility to Cape Town and the regions	
Risk Statement	Risk Mitigation Strategies
Reputational risk to the destination if incorrect information is provided by illegal guiding.	Dedicated regulatory capacity in place to ensure the registration of tourist guides and monitoring of the tourist guiding industry and upskilling for existing tourist guides.

12.6 Subprogramme 6.4: Tourism Destination Marketing

12.6.1 Performance Delivery Environment

Tourism Destination Marketing will contribute to the Western Cape's Khulisa Tourism Strategy by developing, managing and implementing trade and consumer marketing initiatives. These initiatives will contribute to the increased awareness, attractiveness and accessibility of the destination.

Implementation is a transversal approach with the Department, regional and local tourism offices and private sector to deliver actions designed to improve the awareness, attractiveness and accessibility to the destination. One of the challenges the unit faces is limited funding to compete on a global scale, with regard to marketing campaigns.

Legislative mandate

Wesgro's (a schedule 3 public entity) strategic powers, as provided for in the Western Cape Investment and Trade Promotion Agency Act, 1996 (Act 3 of 1996) as amended, include:

- To furnish tourism, trade and investment marketing assistance and expert and specialised advice, information and guidance to any business, company or association of persons who so request it from the Agency or would assist the Agency in achieving its objects.
- To act as the tourism, trade and investment promotion agent on behalf of the Province and to facilitate co-ordinated destination marketing activities for the Western Cape.
- To develop, implement and promote a provincial tourism, trade and marketing strategy and implement any project that realises growth in the economy of the Western Cape.

Strategic mandate

The Western Cape Government's strategic mandate provides that Wesgro:

- Conduct tourism destination marketing and promotion for Cape Town and the Western Cape.
- Ensure that priority focus is given to the initiatives identified by Project Khulisa Tourism.

12.6.2 Strategic Objectives

Tourism Destination Marketing

Strategic Objective	To provide resources to the tourism, trade and investment promotion public entity to enable it to deliver on its legislative and strategic mandate for trade and investment promotion.
Objective Statement	Total estimated economic value of tourism destination marketing initiatives supported by 31 March 2020.
Baseline	A total of 14 tourism destination marketing initiatives was supported with an estimated economic value of R428.3m during the 2016/17 financial year.

12.6.3 Strategic objective annual targets for 2018/19

Outcome Indicator	Audited/Actual performance			Estimated performance	Medium-term targets		
	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Subprogramme: Tourism Destination Marketing							
Total estimated economic value of tourism destination marketing initiatives supported	-	-	R162m	R156m	R171.6m	R188.7m	-

12.6.4 Implementation Plan

In response to Project Khulisa Tourism and in relation to its role in terms of tourism destination marketing and promotion, Wesgro will be responsible for direct implementation of the following key initiatives in the 2018/19 year:

- Marketing campaigns to promote the newly developed competitive identity in all key markets via traditional and digital channels.
- Partnership growth strategies in key markets to increase visitor numbers.
- Digital management and acquisition of data and intelligence for the trade, provided via dashboards.
- Grow business tourism.
- CRM and stakeholder management.
- Improving direct air access to the Cape through the Air Access team.
- Facilitation of workshops around local transport options.
- The Cross Cape promotion to assist in positioning the destination as the *Trail Capital of Africa*.
- Gastronomy tourism promotion.
- Marketing of the Madiba Legacy Route.
- The marketing of the Cape of Great Events internationally and the support of local regional events.
- Launch of the "Tourism Benefits Me" campaign in line with the service level improvement programme.
- In order to make bids more competitive, the Convention Bureau will use subvention funding to drive a stronger value proposition for the Western Cape and to increase the business events brand.

12.6.5 Performance indicators and annual targets for 2018/19

Programme Performance Output Indicator		Audited/Actual performance			Estimated performance	Medium-term targets		
		2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Subprogramme: Tourism Destination Marketing								
1.1	Number of tourism destination marketing initiatives supported	-	-	14	13	13	13	13

12.6.6 Quarterly targets for 2018/19

Programme Performance Output Indicator		Reporting period	Annual target 2018/19	Quarterly targets			
				1st	2nd	3rd	4th
Subprogramme: Tourism Destination Marketing							
1.1	Number of tourism destination marketing initiatives supported	Annually	13	-	-	-	13

12.6.7 Risk management

Strategic Objective: To provide resources to the tourism, trade and investment promotion public entity to enable it to deliver on its legislative and strategic mandate for tourism promotion	
Risk Statement	Risk Mitigation Strategies
Failure to provide strategic leadership and the necessary resources, which may lead to misaligned strategy and delivery on the WCG's strategic priorities.	Strategic direction provided by the Executing Authority, the Accounting Officer and the relevant Senior Managers in the Department. The necessary resources agreed upon between the Board, the CEO and the Executive of Wesgro and the Executing Authority, the Accounting Officer and the relevant Senior Managers in the Department.
Failure to effectively ensure and oversee that the allocated funds are utilised as per the transfer payment agreement, which may result in the non-delivery of pre-determined output and outcome targets.	Improved and co-ordinated interaction between the Department and Wesgro to monitor progress via quarterly progress meetings and reports (including management accounts). Monthly updates of the operational plan and the agreed upon evidence framework. Improved and co-ordinated interaction between the Department and Wesgro to monitor progress via quarterly progress meetings and reports (including management accounts). Monthly updates of the operational plan and the agreed upon evidence framework.

12.7 Reconciling performance targets with the Budget and MTEF

12.7.1 Expenditure estimates

Subprogramme		Audited			Main appropriation	Ad-justed appropriation	Revised estimate	Medium term expenditure		
R'000		2014/15	2015/16	2016/17	2017/18	2017/18	2017/18	2018/19	2019/20	2020/21
1.	Tourism Planning	4 198	1 410		1	1	1	1	1	1
2.	Tourism Growth and Development	12 341	9 915	12 017	13 828	16 282	16 282	13 104	13 516	14 467
3.	Tourism Sector Transformation				1	1	1	1	1	1
4.	Tourism Destination Marketing	22 000	28 300	37 324	42 676	40 676	40 676	41 676	44 010	46 430
5.	Commercial Arts and Entertainment	6 560	257							
Total payments and estimates		45 099	39 882	49 341	56 506	56 960	56 960	54 782	57 528	60 899
Economic classification R'000										
Current payments		16 361	11 021	9 173	13 773	14 759	14 759	13 106	13 518	14 469
Compensation of employees		12 706	9 594	7 261	8 287	7 278	7 278	8 164	8 828	9 520
Goods and services		3 655	1 427	1 912	5 486	7 481	7 481	4 942	4 690	4 949
Interest and rent on land										
Transfers and subsidies		28 600	28 312	40 089	42 676	42 176	42 176	41 676	44 010	46 430
Provinces and municipalities						1 500	1 500			
Departmental agencies and accounts		24 500	28 300	39 974	42 676	40 676	40 676	41 676	44 010	46 430
Universities and technikons										
Foreign governments and international organisations										
Public corporations and private enterprises										
Non-profit institutions		3 500								
Households		600	12	115						
Transfers and subsidies to Capital										
Government Motor Trading Account										
Payments for capital assets		123	549	76	57	20	20			
Buildings and other fixed structures										
Machinery and equipment		123	547	75	57	20	20			
Heritage assets										
Specialised military assets										
Biological assets										
Land and subsoil assets										
Software and other intangible assets			2	1						
Payments for financial assets		15		3		5	5			
Total economic classification		45 099	39 882	49 341	56 506	56 960	56 960	54 782	57 528	60 899

Programme 7: Skills Development and Innovation



DEPARTMENT OF ECONOMIC DEVELOPMENT AND TOURISM

13. PROGRAMME 7: SKILLS DEVELOPMENT AND INNOVATION

13.1 Purpose

To facilitate the provisioning of Human Capital and Innovation skills to deliver on the Economic and Human Resources Development needs of the Western Cape.

13.2 Programme structure

The Programme is structured as follows:

- **Subprogramme 7.1: Provincial Skills and Partnership**
To promote coordination, partnerships and collaboration for increased access to occupationally directed programmes including apprenticeships of the 21st Century or the A21; and
To develop provincial mechanisms for the management of skills information and data.
- **Subprogramme 7.2: Skills Programmes and Projects**
To facilitate/support unemployed or underemployed youth to access jobs.
- **Subprogramme 7.3: Skills Incentives**
To facilitate demand-led work placement and funding opportunities for youth to gain workplace experience.

13.3 Performance Delivery Environment

The Skills Development Programme draws heavily on the information and narrative of the Apprenticeship Game Changer, adopted by the Western Cape Government in August 2016. It provides a basis for concerted effort to influence economic growth in the region and to increase the number of skilled people available to the economy, for employment and the advancement of our economic competitiveness.

International experience has shown that a good education and skills base are leading indicators to social and economic upliftment in communities. The shortcomings thereof are however very pronounced in South Africa where these are contextualised in high levels of structural unemployment and in the main among youth, in which the prevalence of youth unemployment is even higher than most emerging economies.

The National Development Plan, drafted by the National Planning Commission (2012; 98), notes that South Africa has a relatively high youthful population, which both presents an opportunity for positive economic growth, should opportunities for meaningful employment be taken but also poses a potential for social instability if they are not.

Contrary to generalisations where youth is described as having low skill levels and lack of experience, which are widely known as the primary causes for unemployment amongst youth, it has also become increasingly apparent that larger numbers of young graduates are unable to find employment.

In addition, international experience has been that when youth exit the formal education environment, they are often considered by industry as not being “work ready”. This is similar to the situation in South Africa, where we are experiencing high levels of youth unemployment and a shortage of job seekers with critical skills.

Seizing the opportunities to improve the employment and the contribution to the economy and society, it is important to support ongoing efforts to improve the efforts of a number of stakeholders, inclusive of government, business, labour and civil society to better coordinate, plan and deliver on skills development interventions.

The introduction of the Apprenticeship Game Changer (AGC) methodology identified the development or provision of people with appropriate technical and vocational skills based on industry demands, as one of the essential enablers to economic growth and job creation. The Apprenticeship Game Changer is an initiative aimed at tying learning to workplace experience that will improve the competence of learners leading to qualifications.

One of the features of the AGC is that it aims to align stakeholder energies and resources towards a set of common goals and purpose, which include improving the employability of amongst others, first time work seekers.

Efforts along a very long skills development pipeline are those which aim to address systemic issues that require school- and college level interventions, which will hopefully over time be institutionalised in an education system. It includes improving Maths and Science pass rates at schools; curriculum take and teaching of career awareness and in particular in areas of scarce skills and related employment opportunities; changing the perception of technical and vocational studies and skills; addressing the funding provisions learning opportunities and workplace-based learning.

The Apprenticeship Game Changer in its first five year horizon has focused on three specific economic sectors, namely: Oil and Gas; Tourism and Hospitality; Agri-processing; and enablers such as Energy; and Information Communication Technology.

The Apprenticeship Game Changer has focused on identifying the critical occupations within these sectors for which there is, or will, be high demand but inadequate skill supply exists and proposes a strategy to tackle these shortages.

The AGC in summary is a strategy aimed at mitigating the risks that the skills required to achieve the ambitious Project Khulisa targets, are not an inhibitor of economic growth and jobs.

The active participation of employers to achieve this objective of ensuring that apprentices in appropriate occupations are competent, work ready young people is critical to the success of the Apprenticeship Game Changer.

Central to this approach are the employer needs (demand-led), which is believed will create a bridge that will enable learners to move from educational institutions into the workplace as apprentices in increasing numbers.

The maintenance of sustained partnerships and coordination between stakeholders (as espoused in Economic Sector Technical Advisory Forums for the five sectors) are critical as this would involve interaction at a number of fronts, including a common understanding and buy-in of objectives and the sharing of data and information on curriculum quality, technical expertise and adjustments, placement opportunities, work readiness interventions and funding arrangements.

The workplace supply target is based on those learners that complete their workplace-based learning each year and enter the labour market as competent workers. Some of these learners are in apprenticeships but many are in work and skills programmes, learnerships and internships.

Preliminary 2017/18 data shows that 15 647 learners completed workplace-based training of which 3 501 were found to be in the occupations required in the priority sectors for the Province. The aim is to increase that number to the 11 037 by March 2019 but with a continuous focus on improving the numbers of learners that are in the occupations that are needed by the priority sectors of the Provincial economy. The cumulative target for additional workplace learners over the game changer period is 11 037 competent workers.

The majority of these workplace-based learners will have commenced their learning programmes before the AGC start date of April 2016 and thus the achievement of the completed target will depend to a large degree on improving the systems to enable learners to successfully complete their programmes. However, to ensure a growing pipeline of learners in required occupations, the AGC has a significant focus and campaign to encourage and support employers to take on learners onto workplace-based programmes over the balance of the AGC period leading up to March 2019.

In particular, the Game Changer aims to progressively increase the actual number of learners that are enrolled in modern apprenticeships of the 21st century in support of the national Centre of Specialisations programme, lead by the Department of Higher Education and Training.

13.4 Subprogramme 7.1: Provincial Skills and Partnerships

13.4.1 Performance Delivery Environment

Stakeholder coordination is one of the most important roles of the Skills Development Programme is Stakeholder Coordination. This is necessary for facilitating the relevant partnerships towards realizing the key skills projects and will require ongoing management and maintenance of relationships. This will be facilitated through already established forums and the development of e-platforms for greater reach and accessibility.

This would mean developing, implementing and funding programmes that support a skills development pipeline. Also required are the collaborative efforts of: skills development stakeholders, training institutions; training service providers; and educators and industry to close the gap between the supply and demand for skills and in certain cases further supporting the development of optimal infrastructure and to encourage Public/Private partnerships in efforts to use current resources more effectively.

Industry has indicated that it needs "quality" learners who achieve at least 50% in Mathematics and preferably achieve similar results in Science and Languages. This is the basic requirement employers have of learners to enter the workplace as apprentices. To increase the number of quality learners who are attracted to technical and vocational occupations a number of strategies are to be pursued:

The first requirement is to expand the overall pool of learners with more than 50% in Maths from which to recruit learners for workplace technical and vocational skills. Our primary recruiting ground for these learners is the public Technical Vocational Education and Training (TVET) colleges under the national Department of Higher Education and Training (DHET) and the Western Cape Education Departments' (WCED's) technical high schools and Maths Science and technology schools.

The second requirement is to increase the proportion of learners within this pool who are keen to take up technical and vocational skills and to be placed with employers on apprenticeships/learnerships.

The game changer is targeting eight Technical Vocational Education and Training Colleges' (TVET) campuses and 71 Western Cape Education Department schools.

This subprogramme aims to promote coordination, partnerships and collaboration for increased access to occupationally directed programmes that support Project Khulisa sector skills needs. With the ever-changing skills arising in the Tourism, Agri-business, Oil & Gas and ICT sectors, a co-ordinated effort is required through the subprogramme with these sectors to identify future as well as broaden the current skills set that will ensure people become employable.

This subprogramme is also leading the Apprenticeship Game Changer that has a vision of supplying "Sufficient, appropriately qualified technical and vocational skilled people to meet the needs of prioritised economic growth areas in the Western Cape ", with the following provincial strategic objectives:

- To increase academic supply that will meet the needs of employers for quality learners to contract into workplace-based programmes such as apprenticeships or learnerships within the priority economic sectors.
- Young people need to be made aware of the many technical and vocational occupations available to them and the career opportunities they offer.
- The Game Changer also needs to assist in tackling the negative perception that a career as an artisan means a "dirty overalls" job, which is why the provincial government will be driving a major awareness campaign in schools to change this perception and to achieve our first outcome.
- To increase the pool of learners available to the economy, AGC will also target schools where learners achieve between 40% and 49% for Maths, who will be identified and provided with academic support, in particular drawing on eLearning as a key means of providing Maths tutorship.

13.4.2 Strategic Objective

Project Khulisa has identified number of sectors that are poised to grow the fastest and have the potential to absorb large numbers of unemployed people. These sectors include: Tourism, Ship and Rig Repair and Agri-Processing. Through a number of interventions, inclusive of Skills Development in these enabling sectors such as ICT and Energy, it is anticipated that a further 260 000 job opportunities could be created.

A targeted intervention with the introduction of the Apprenticeship Game Changer has also shifted the focus to consider the pipeline of skills entering vocational and technical skills. Addressing the throughput of TVET's will result in more workers with the requisite skills entering the labour market.

Strategic Objective	To engage with and facilitate commitment from employers to participate in the Apprenticeship Game Changer.
Objective Statement	To increase the number of employers that take young persons into workplace-based learning programmes inclusive of apprenticeships, learnerships and internships in the occupations required by the priority sectors of the Western Cape.
Baseline	3 795
Justification	A number of stakeholders contribute to the skills development pipeline. However the efforts are not fully aligned, resulting in a discontinuous pipeline of efforts.
Links	Facilitate alignment of stakeholder planning, implementation particularly as it relates to relevant Sector Bodies, its members and the TVET Colleges.

13.4.3 Strategic Objective annual targets for 2018/19

Outcome Indicator	Audited/Actual performance			Estimated performance	Medium-term targets		
	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Provincial Skills and Partnerships							
Number of Employers supporting the Apprenticeship Game Changer	-	-	-		70	80	90

13.4.4 Implementation Plan

The promotion of coordination, partnerships and collaboration for increased access to occupationally directed programmes will ensure the supply of skills towards supporting the Project Khulisa sector skills needs by focusing on identifying soft, vocational and technical related skills aligned industry demands that aim to increase the quality and quantity of employable persons in the Province.

The subprogramme will co-ordinate efforts by supporting the Sector Programmes within the Department and key stakeholders identified in the Project Khulisa sectors to conduct a skills analysis that outlines the skills eco-system to identify all the relevant stakeholders, developing a skills pipeline that outlines the ever-changing skill sets and level of short and medium to long-term skills required to support the growing sectors and cross-cutting sectors impacted by these skills identified. The desired outcome is that the skills analysis will shape the best suited skills interventions, role-players and support required to skill and upskill people to become more employable in the relevant sectors.

The aim is that the skills interventions identified through the skills analysis will focus on vocational, technical and soft skills identified by employers to be in demand. These focus areas will allow for a multi-entry and multi-exit approach along the pipeline of skills for beneficiaries in the vocational and technical related fields from entry, intermediate to advanced skills level. This also includes on-the-job training and up-skilling and assists with enhancing productivity of the workforce and granting them the opportunity to develop to their own level of competency, to further support their career path development in the relevant sectors.

The implementation plan involves the identification of priority schools to kickstart the career awareness programme, review available career awareness materials and ensuring an emphasis on apprenticeships in Game Changer priority occupations. The World Skills South Africa competition provides learners with incentive to enter the technical and vocational skills sector. Having Western Cape learners being exposed to the provincial competition and potentially participating in the National and the International Skills Competition should provide further incentives to young people entering the apprenticeship initiatives.

Identifying learners in schools and targeted college campuses that obtain Math results between 40% and 50% will form a basis for interventions. Envisaged programmes will assess eLearning opportunities and available eLearning Maths programmes suitable for these learners and develop collaborative interventions between institutions and employers within specific geographic areas to assist learners at risk within each priority economic growth area. This initiative will also align to the Maths interventions with the eLearning Game Changer, which also has a Maths focus.

An extensive multi-faceted employer engagement strategy that includes a comprehensive communications plan is being implemented to attract employers to take on workplace-based learners. This is supported through a funded work readiness programme since many employers complain that graduates arrive at a workplace very ill-prepared for the world of work.

Recognition of Prior Learning (RPL) based on a modern competency-based model utilising evidence-based toolkits, is a success story in the Province. It is now available for five scarce artisan trades and they are being expanded to include more civil construction trades. This is further complemented with an expanding workplace mentor development programme that in turn expands the capacity within workplaces to take on apprentices.

Employers are also involved in the development and implementation of a new apprenticeship of the 21st century programme (A21) led by national government. The programme includes establishment of centres of specialisation for scarce occupations at TVET Colleges across the country. All six Western Cape Colleges were awarded centre of specialisation status as follows:

- College of Cape Town – Auto Mechanic & Plumbing
- South Cape College – Bricklaying
- False Bay College – Rigger and Mechanical Fitter
- Northlink College – Fitter and Turner
- West Coast College – Pipefitter
- Boland College – Welding

The AGC will complement the roll out in Western Cape by the TVET College of the new A21 process with three other occupations that may include the PV Installer, Bicycle Mechanic and Water Process Controllers. An innovative project is also planned to increase assessment, recognition of prior learning and mentor development in the Western Cape by investigating how to move this process onto online digital platforms and thereby scaling up the programmes.

Data Management

An important role of the Provincial Skills unit is the management of skills data and reporting to the various structures as mandated. A key initiative undertaken in the previous financial year was developing an understanding of the occupations in demand, sectorally and regionally and to overlay it with the supply of these skills across providers. It is hoped that this will provide for improved predictions as to the extent and type of skills demanded by and supplied to the Western Cape economy. This analysis will be undertaken in partnership with the Department of Higher Education and Training and other partners.

13.4.5 Performance indicators and annual targets for 2018/19

Programme Performance Output Indicator		Audited/Actual performance			Estimated perform- ance	Medium-term targets		
		2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Subprogramme: Provincial Skills and Partnerships								
1.1	Number of structured and scheduled skills stakeholder engagements, forums and events	16	22	25	24	20	30	30
1.2	Number of Recognition of Prior Learning and mentor candidates trained	-	-	-	-	100	100	100
1.3	Number of semi-skilled people trained through work readiness programmes	-	-	-	-	300	300	300

13.4.6 Quarterly targets for 2018/19

Programme Performance Output Indicator		Reporting period	Annual target 2018/19	Quarterly targets			
				1st	2nd	3rd	4th
Subprogramme: Provincial Skills and Partnerships							
1.1	Number of structured and scheduled skills stakeholder engagements, forums and events	Quarterly	20	5	5	5	5
1.2	Number of Recognition of Prior Learning and mentor candidates trained	Bi-annually	100	0	50	0	50
1.3	Number of semi-skilled people trained through work readiness programme	Quarterly	300	75	75	75	75

13.4.7 Risk Management

Strategic Objective: To engage with and facilitate commitment from employers to participate in the Apprenticeship Game Changer	
Risk Statement	Risk Mitigation Strategies
Lack of participation/buy-in of key stakeholders and social partners could result in uncoordinated intervention.	<p>Continue the management of skills forums that allow for collaborative planning, implementation and monitoring of skills interventions.</p> <p>Enhancement of data, information, administration and tracking of graduates and funding and sources. Improve communication mechanisms to achieve synergy and the sharing of good practice/models.</p>

13.5. Subprogramme 7.2: Skills Programmes and Projects

13.5.1 Performance Delivery Environment

A number of mechanisms have been established to open the "work place" doors to companies taking on young TVET graduates. These include incentives such as claiming back on the training levies collected from Sectoral Education and Training Authorities; the Youth Tax Incentives; and Broad Based Black Economic Empowerment improved ratings. Despite these, many companies are not accessing the necessary skills incentives and have not provided adequately for skills development internally or internship offering. DEDAT, to strategically remedy these challenges, has surveyed selected companies to better understand what regulatory barriers are hampering companies from accessing skills development funding and support to youth. The results of this survey will be used to develop detailed action plans to reduce those regulatory barriers and facilitate easier access to skills incentives.

The Apprenticeship Game Changer (AGC) and the Project Khulisa mandate support the development of people in priority TVET occupations by accessing and completing short courses and/or specializations specific to employer needs. Programmes implemented target the AGC priority sectors and occupations including a key focus on ICT skills. Continued support in this area will lend itself to the skilling of unemployed youth in demand-led ICT certified training.

In the Oil and Gas Mancom, skills support will take various forms: sourcing data regards skills interventions, funding and raising funds for skills interventions and stakeholder engagements to drive skills interventions with relevant Sector Bodies.

13.5.2 Strategic objective annual targets for 2018/19

Strategic Objective	To increase the number of appropriately skilled persons, by providing them with access to work experience and/or training opportunities.
Objective Statement	Decrease youth unemployment in the province by 5% over the next five years by increasing access to work and training opportunities. 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.
Baseline	1 920 people trained through Skills Development Programmes implemented by the Department in propulsive economic or labour absorbing sectors.
Justification	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.
Links	Strong links to national strategies such as NSDS III, provincial economic policies and local skills development ecologies.

13.5.3 Strategic Objective annual targets for 2018/19

Outcome Indicator	Audited/Actual performance			Estimated performance	Medium-term targets		
	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Subprogramme: Skills Programmes and Projects							
Number of Artisanal candidates ready for trade testing	-	-	-	30	30	50	50

13.5.4. Implementation Plan

DEDAT will engage with employers at both the executive and technical levels, creating where necessary appropriate action-orientated forums which are critical to driving delivery, such as the Project Khulisa Management Committees and Sector Bodies.

The Western Cape Government as an employer will set an example where possible, however all over the world where workplace-based learning such as apprenticeships is successful, it is driven by the private sector.

Improving an increased geographical footprint is vital across the various regions of the Western Cape, however this is demand-driven and dependent on the match of relevant supply in various regions. Increased engagement with relevant stakeholders to increase the peri-urban and rural footprint will be implemented.

The increased focus of the A21 apprenticeship model in 2018/19 will result in training integrating knowledge, practical and work experience modules. This escalates the need for a more targeted employer engagement approach across the Project Khulisa and Apprenticeship Game Changer sectors.

Skills Training

The ICT Technical Skills Programme will broadly accommodate the skilling of unemployed youth at matriculant and graduate level in the entry-level and specialised ICT vendor courses that incorporate a pathway for the matriculants as well as graduates to access skilling in demand-led skills areas that include - but are not limited to - Microsoft Software Development, Java, Oracle Software Development and Cisco to increase their employability in this sector.

Work Placement Programme

The National Department of Higher Education is focussed on refining Workplace-Based Learning Programme Regulations, with the purpose of making it easier for SETAs to fund the workplace-based learning. The introduction of the new Grant Regulations on 1 April 2013 has seen an increased focus by SETAs on workplace-based learning programmes.

Work placement periods depend on the relevant occupations and trade at hand. Work placement can take up to 18 months to complete and is sometimes supported by stipends to the learners across the various trades and occupations. Work placement is offered to unemployed youth in mainly (not exclusively), Agri-processing, Tourism and Oil and Gas, followed by the tier 2 sectors (ICT and BPO) of Project Khulisa.

The key shift and focus in 2018/19 placement is the ramping up of the A21 model, based on the German dual system model.

The adoption of the 21st Century Apprenticeship model (A21 model) will incorporate the traditional Competency Based Modular Training (CBMT) and work placement (ex. Work and Skills model which will be adopted/adapted for a broad range of occupations required by the South African economy. This has been recognised at a national government level with the Department of Higher Education and Training (DHET) and the department has already initiated a process to develop 21st Century Apprenticeship programme in collaboration with international partnerships with Germany, Switzerland and Austria.

The benefits of the A21 approach will over time result in a reduction on the pressure for government to fund education and training since apprentices earn a stipend or allowance while they are learning, there is also an improved level in the quality of the learning since apprenticeships are based on real life workplace-based learning processes.

The A21 dual system model involves learning taking place between a college and the workplace in an integrated manner. The following are key elements of the A21 apprenticeship 21 value chain:

- Strong qualified mentorship.
- Work place approval.
- Work integrated learning combined with practical learning, including in the workplace.
- Undergo trade test.
- Learner contract with lead employer before workplace integrated learning takes place.

Tracking, monitoring and evaluating current work placements and exits will be escalated in 2018/19, to ensure retention towards completed time bound internships and reporting on impact. Particular focus is on the artisan historical learners that are in the system, who are in the system over the last two years and will be completing their experiential learning. With the Artisan Development Program, the unit will be responsible for managing an average of 400 artisanal candidates that have been placed within various companies, across various regions of the Western Cape, ensuring that the learners are retained, skilled appropriately, provided gap training and ensuring learners are ready for trade tests.

Strategic partnerships towards a Whole of Government approach will be strengthened between various spheres of government, with an increase focus on municipality and TVET Colleges in the quality supply of labour and to co-fund skills priorities.

A Flagship project in 2018/19 is the Youth Access Programme, in partnership with the City of Cape Town and Business Process Enabling South Africa (BPESA), focussing on employers to implement a work integrated model for learners in Business Outsourcing(BPO). BPO has created over 30 800 jobs in the Western Cape in 2016 across sectors i.e. Financial Services, Telecom and Information and Telecommunication (IT).

13.5.5 Performance indicators and annual targets for 2018/19

Programme Performance Output Indicator		Audited/Actual performance			Estimated performance	Medium-term targets		
		2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Subprogramme: Skills Programmes and Projects								
1.1	Number of semi-skilled people trained	-	1 938	469	440	96	100	100
1.2	Number of host companies participating in work placement					1	10	10

- No new learners will be placed in 2018 onwards but learners funded for work placement in previous financial years or for periods exceeding twelve (12) months will be maintained in the 2018/19 financial year.

13.5.6 Quarterly targets for 2018/19

Programme Performance Output Indicator		Reporting period	Annual target 2018/19	Quarterly targets			
				1st	2nd	3rd	4th
Subprogramme: Skills Programmes and Projects							
1.1	Number of semi-skilled people trained	Annually	96	0	0	96	0
1.2	Number of host companies participating in work placement	Bi-annually	1	1	0	0	0

13.5.7. Risk Management

Strategic Objective: To increase the number of appropriately skilled persons, by providing them access to work experience and/or training opportunities	
Risk Statement	Risk Mitigation Strategies
Lack of support and uptake from employers to absorb the unemployed due to negative perceptions on the quality of training and associated costs and lack of work readiness which will impact on the employability of the youth.	<p>DEDAT will partner directly with employers via a contractual agreement whereby the company will use its own contracts to place learners.</p> <p>Host companies will mainly use their own recruitment and selection process to increase matching and retention of learners.</p> <p>Incentivise skills training initiatives for employability.</p> <p>Facilitate engagements in mainly labour absorbing clusters and local municipalities to increase awareness of quality, relevance and demand for youth exiting skills and work experience projects.</p> <p>Intensify Strategic engagements are held with the Sector Development Agencies, Game Changer Forums, Khulisa ManComs, 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>Drop-out rate of learners on the programme increases due to stipend rate being below minimum wage and mismatch of learner to company which could lead to targets not being met and learners possibly migrating to other more lucrative work experience programmes.</p> <p>Insufficient approved workplaces to meet quantity of artisans to be placed.</p>	<p>Ensure good recruitment and selection processes; Conduct regular site visits.</p> <p>Ensure a demand-led process is followed.</p> <p>Lobby with business (host companies) and relevant stakeholders, who are currently not co-funding stipends to do so.</p> <p>Continuous lobbying with businesses to maintain mentorship and inform learners of career development to retain learners during placement period.</p> <p>National Artisan Moderating Body together with SETAs will assist decreasing red tape to increase approved workplaces to place artisans.</p>
Insufficient implementation of retention strategies for skills acquisition to access trade tests.	<p>Recognition of prior learning and coaching and mentorship training will be increased to increase fast track the pool of mentors in the workplace.</p> <p>Increased mentors with soft skills as well as technical skills in the workplace.</p> <p>Increase site visits and checking of learner log books around skills acquisition and mitigating any risks detected early.</p> <p>Facilitate access to GAP training to better prepare for trade tests.</p> <p>Sponsor the trade test fee for artisan learners.</p>

13.6 Subprogramme 7.3: Skills Incentives

13.6.1 Performance Delivery Environment

This subprogramme, given the critical need of finding placement opportunities, is focused on placement where mainly youth can be hosted to gain work experience. This subprogramme will also look for opportunities for collaborating and, where applicable, assist with accessing funding for skills development initiatives.

13.6.2 Strategic Objective

Strategic Objective	To attract and access skills incentives for placement opportunities and skills initiatives.
Objective Statement	To facilitate the co-ordination amongst stakeholders to improve accessing skills funds, collaboration and information sharing around skill incentives.
Baseline	Not established.
Justification	A number of stakeholders contribute to the skills development pipeline. However the efforts are not fully aligned, resulting in a discontinuous pipeline of efforts.
Links	Facilitate alignment of stakeholder planning, implementation particularly as it relates to relevant Sector Bodies, its members and the TVET Colleges.

13.6.3 Strategic objective annual targets for 2018/19

Outcome Indicator	Audited/Actual performance			Estimated performance	Medium-term targets		
	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Subprogramme: Skills Incentives							
Number of collaborative skills interventions supported	10	14	3	8	3	4	5

13.6.4 Implementation plan

Skills Incentives

The skills incentives unit will explore opportunities to align fundraising opportunities and skills development incentives with the strategic priorities of the Department of Economic Development and Tourism and the provincial plans for skills development. This unit will develop synergy and partnerships that would aim to strengthen targeted skills interventions, as well as facilitate employment in selected Skills Game Changer and Project Khulisa economic sectors, as well as increased demand-led workplace opportunities.

The National Skills Accord committed its signatories – government, organised business, organised labour and civil society – to greatly expanding the numbers of apprenticeships, internships and workplace-based experience for TVET students.

The skills incentives unit honour the National Skills Accord through the interaction with individuals; the facilitation of potential partnership events; and the attendance and possible hosting of seminars and conferences facilitate the placement and funding opportunities for youth to improve their chances of finding employment.

Skills Incentives will also facilitate the relationship to have academic and work place supply matched for increased work placement through advocating benefits to employers, namely:

- Building a pipeline of skilled employees;
- Reduced recruitment costs;
- Identification of internal training needs; and
- Identification and assistance, where required; and to access skills incentives.

13.6.5 Performance indicators and annual targets for 2018/19

Programme Performance Output Indicator	Audited/Actual performance			Estimated performance	Medium-term targets		
	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Subprogramme: Skills Incentives							
Number of structured and scheduled skills stakeholder engagements, forums and events	-	-	-	-	3	4	4

13.6.6 Quarterly targets for 2018/19

Programme Performance Output Indicator		Reporting period	Annual target 2018/19	Quarterly targets			
				1st	2nd	3rd	4th
Subprogramme: Skills Incentives							
1.1	Number of structured and scheduled skills stakeholder engagements, forums and events	Quarterly	3	1	1	1	0

13.6.7 Risk Management

Strategic Objective: To attract and access skills incentives for job opportunities	
Risk Statement	Risk Mitigation Strategies
Insufficient collaboration around sustainable skills initiatives and work placement opportunities.	Promote collaborative skills development interventions linked to amongst others conglomerates; Sector Bodies; Municipalities; and Business Chambers.
Inability to attract sufficient workplace buy-in to meet the targeted numbers.	Promote collaborative skills development interventions linked to amongst others SETAs, Municipalities; Super Large, Large as well as SMME Businesses including Business Chambers. A key focus will be the Project Khulisa sectors that are labour absorbing on entry to semi-skilled occupations and trades.

13.7. Reconciling performance targets with the Budget and MTEF

13.7.1 Expenditure estimates

Subprogramme		Audited			Main appropriation	Adjusted appropriation	Revised estimate	Medium term expenditure		
R'000		2014/15	2015/16	2016/17	2017/18	2017/18	2017/18	2018/19	2019/20	2020/21
1.	Provincial Skills and Partnership	5 637	6 655	10 596	19 217	18 579	18 571	36 657	32 258	34 130
2.	Skills Programmes and Projects	36 090	45 533	42 085	41 186	40 191	40 197	29 997	30 588	32 341
3.	Skills Incentives	1 288	356	1 841	2 833	1 775	1 777	2 327	2 490	2 664
Total payments and estimates		43 015	52 544	54 522	63 236	60 545	60 545	68 981	65 336	69 135
Economic classification R'000										
Current payments		25 454	39 891	43 489	40 244	48 067	48 058	57 481	55 331	56 492
Compensation of employees		8 363	9 744	11 004	15 050	14 093	14 093	16 112	10 675	11 489
Goods and services		17 091	30 147	32 485	25 194	33 974	33 965	41 369	42 656	45 003
Interest and rent on land										
Transfers and subsidies		17 483	12 592	10 524	22 843	10 959	10 959	11 000	11 477	12 086
Provinces and municipalities										
Departmental agencies and accounts										
Universities and technikons										
Foreign governments and international organisations										
Public corporations and private enterprises								3 000	3 168	3 342
Non-profit institutions		7 871	1 815	3 541	3 900					
Households		8 152	10 777	6 983	18 943	10 959	10 959	8 000	8 309	8 744
Transfers and subsidies to Capital										
Government Motor Trading Account										
Payments for capital assets		72	61	506	149	1 505	1 514	500	528	557
Buildings and other fixed structures										
Machinery and equipment		72	57	504	149	5	14			
Heritage assets										
Specialised military assets										
Biological assets										
Land and subsoil assets										
Software and other intangible assets		3	4	2		1 500	1 500	500	528	557
Payments for financial assets		3		3		14	14			
Total economic classification		43 015	52 544	54 522	63 236	60 545	60 545	68 981	65 336	69 135

PART C: LINKS TO OTHER PLANS

14. Links to the long-term infrastructure and other capital plans

Not applicable

15. Conditional grants

Not applicable

16. Public Entities

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

Wesgro's (a schedule 3 public entity) legislative mandate as provided for the in the Western Cape Investment and Trade Promotion Agency Act, 1996 (Act 3 of 1996) (as amended) include:

- To furnish tourism, trade and investment marketing assistance and expert and specialised advice, information and guidance to any business, company or association of persons who so request it from the Agency or would assist the Agency in achieving its objects.
- To act as the tourism, trade and investment promotion agent on behalf of the Province and to facilitate coordinated destination marketing activities for the Western Cape.
- To develop, implement and promote a provincial tourism, trade and marketing strategy and implement any project that realises growth in the economy of the Western Cape.

Evaluation of the public entity and its performance:

- 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
- Quarterly meetings between the Department and Wesgro to discuss performance and to ensure alignment.

16.2 The Saldanha Bay IDZ Licencing Company (SBIDZ LiCo)

The SBIDZ LiCo's legislative mandate, as provided for the in the Saldanha Bay Industrial Development Zone Licencing Company Bill, Gazetted 7 January 2016:

Promoting, managing and marketing the SBIDZ; To act as the tourism, trade and investment promotion agent on behalf of the Province and to facilitate co-ordinated destination marketing activities for the Western Cape.

- Providing internal infrastructure in the SBIDZ area;
- Facilitating the ease of doing business in the SBIDZ area; and
- Acquiring and leasing land incidental to the Company's business.

Evaluation of the public entity and its performance:

- A detailed performance report received from SBIDZ LiCo on a quarterly basis;
- Funding transferred in tranches, based on evaluation of quarterly reports and progress on defined areas of work;
- Departmental representation on the SBIDZ LiCo Executive Committee (weekly meetings); and
- Bi-monthly meetings between the Department and SBIDZ LiCo to discuss performance and to ensure alignment.
- The Department attends quarterly meetings between SBIDZ and the MEC, as per Shareholder's Compact.

17. Public-private partnerships

Not applicable

ANNEXURE D: CHANGES BETWEEN STRATEGIC PLAN 2015 – 2020 AND APP 18/19

	Strategic Plan 2015 – 2020	APP 2018/19	Programme Comment
Programme 1 Administration			
Subprogramme 1.2: Financial Management			
Strategic Objective	To achieve and maintain the highest level of financial governance.	To achieve the highest level of Financial governance and to maximise service delivery through excellence.	The change in the strategic objective is to reflect the need for Financial Management to redefine and strengthen its role in order to put in place improved value-for-money processes that will reduce waste, duplication and simultaneously make way for effective service delivery.
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 resource to deliver on strategic objectives and the attainment of an unqualified audit opinion.	None	N/A

	Strategic Plan 2015 – 2020	APP 2018/19	Programme Comment
Programme 2 Integrated Economic Development Services			
Subprogramme 2.4: Red Tape			
Strategic Objective	To improve local business environments by improving provincial and or national business-facing services that will contribute towards a cost saving or benefit (to government and business) of 1bn by 2019 in the regional economy.	To facilitate improvement of the business environment in the Western Cape through improvement of national, provincial or local government business-facing services that will contribute towards a cost saving or benefit (to government and business) of R1bn by 2019 in the provincial economy.	The APP strategic objective was amended to reflect the fact that the unit's work straddles all spheres of government. The reference to "regional economy" was changed to "provincial economy" to remove any uncertainty about the scope of its interventions.
Objective Statement	To facilitate the improvement of at least 26 business-facing services in the provincial and/ or national government sphere in terms of procedures, legislation and/ or convenience by 2020.	To facilitate the improvement of at least 26 business-facing services in the national, provincial and/ or local national government sphere in terms of legislation or policy, processes and/or communication by 2020.	The objective statement was amended to reflect the fact that the unit's work straddles all spheres of government.

	Strategic Plan 2015 – 2020	APP 2018/19	Programme Comment
Programme 7 Skills Development and Innovation			
Subprogramme 7.1 Provincial Skills and Partnership			
Strategic Objective	Increase in number of quality workplace ready TVET learners (Institutional Supply).	Removed	Alignment with the Apprenticeship Game Changer.
Objective Statement	80% of apprenticed learners achieve a positive summative assessment in the TVET system.	Removed	Alignment with the Apprenticeship Game Changer.
Strategic Objective	To better coordinate government training programmes of internal and external candidates across departmental programmes and departments.	To engage with and facilitate commitment from employers to participate in the Apprenticeship Game Changer.	Alignment with the Apprenticeship Game Changer
Objective Statement	The objective is to improve the coordination of government training programmes of internal and external candidates across departmental programmes and for departments to increase the absorption rate of interns into government and business by 10% by March 2020.	To increase the number of employers that take young persons into work place based learning programmes inclusive of apprenticeships, learnerships and internships in the occupations required by the priority sectors of the Western cape.	Alignment with the Apprenticeship Game Changer.

Subprogramme 7.3 Skills Incentives			
Strategic Objective	To attract and access skills incentives for placement opportunities and skills initiatives.	None	N/A
Objective statement	To increase skills incentives funding for placement opportunities as well as additional skills initiatives for job creation by R30 million over the MTEF (R10 million for 17/18 and R20 million for 18/19).	To facilitate the co-ordination amongst stakeholders to improve accessing skills funds, collaboration and information sharing around skill incentives.	Alignment with the Apprenticeship Game Changer.

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