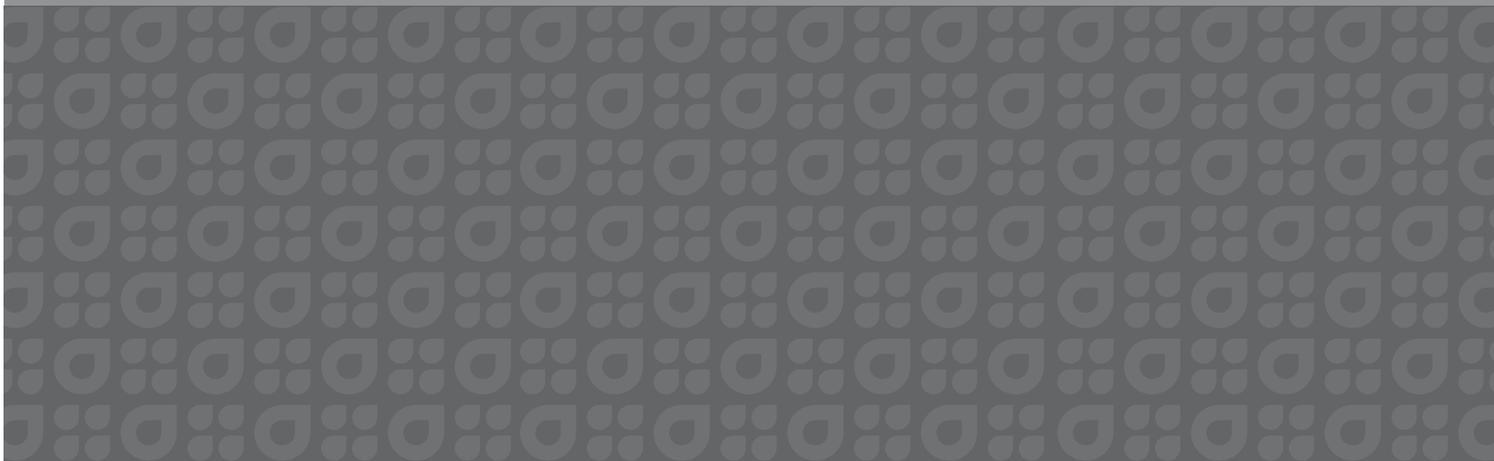




**Western Cape
Government**
Economic Development
and Tourism

Annual Performance Plan
2012 / 13





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 2012/13.

Signature: _____

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Chief Financial Officer

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Bongsi Dayimani
Head Official responsible for Planning

Signature: _____

Solly Fourie
Accounting Officer

Approved by:

Signature: _____

Alan Winde
Executive Authority

I would say that the quality of each man's life is the full measure of that man's commitment of excellence and victory – whether it be football, whether it be business, whether it be politics or government or what have you.”

- Vince Lombardi





FOREWORD

I am delighted to present the Department of Economic Development and Tourism's Plan for 2012/13.

This plan charts a clear path for the year ahead that is aligned to the goals outlined in Strategic Objective One, our plan to grow the economy and create jobs.

Historically, the Department of Economic Development and Tourism has played an active role in skills development training, growing entrepreneurship and marketing our destination to investors and potential travellers. While recognising the achievements of these programmes, we must occasionally re-examine the environment around us to see whether we are on the right track or whether we need to alter our approach.

The tough global economic conditions and the resultant strain on our budget have required of us to narrow our focus. In so doing, we have identified several priority projects to maximise our impact on the economy.

Chief amongst these is the launch of the Western Cape Economic Development Partnership in April 2012 to lead, drive and coordinate the region's economic delivery system. This body, which has been 18 months in the making, seeks to bring together the entire economy of the Western Cape so that our region can begin to 'hunt in a pack'. Its first tasks will be to create a hub for economic and market intelligence, mobilise stakeholders around a shared economic vision and strategy, improve our business and investment climate, build our business brand and monitor the performance of our economic delivery system to improve service delivery.

To fulfil the above objectives, the EDP will seek partnerships with stakeholders across the economy, all government departments, academic institutions, labour and civil society. It is only through our collective effort that we can make progress possible for all our citizens.

Another key project that we will undertake in 2012 is the drafting of a long term economic vision for the province that sets out where we want to be by 2040 and how we plan to get there. Future Cape 2040 will become the brand platform that we use to promote our region as an international hub for innovation, creativity and business.

The Department will prioritise four large scale Catalyst Projects in the year ahead. In its first phase, the Telecommunications Infrastructure Strategy

seeks to connect local government and provincial departments with the citizens of the province to enhance service delivery. In future phases, we will roll out a comprehensive broad band network across the Western Cape. In conjunction with the City of Cape Town and national government, we will establish a consensus Development Framework for the Port Precinct to ensure that we maximise our return from this valuable resource, especially in the Oil and Gas sector. We are also moving full steam ahead to develop our East City into a design hub. The Fringe will become the premier African environment for innovation, design and entrepreneurship, and will play a critical role in the lead up to, and during, World Design Capital 2014. We will also expand our very successful ICT incubation centre, the Bandwidth Barn, in this space. The expansion of the CTICC will significantly enhance our ability to attract major conventions and business tourism to the Province, and we will fast-track this project in 2012/13.

The above mega-infrastructure projects, as well as the Saldanha IDZ and Cape Health Technology Park, will play a major role in unlocking opportunities for economic growth and jobs across our province.

We will continue to focus on the development of demand-led skills through the work of the Provincial Skills Development Forum. This coordinating body seeks to address the mismatch between the skills that are currently being generated in our province, and those that are required by small and large businesses. Our key partners in building an appropriately skilled workforce include the Western Cape Education Department, SETAs, FET colleges, our five universities and industry located within the Western Cape.

To achieve greater operational efficiency and improve coordination amongst our programmes, we intend to incorporate tourism, investment and trade marketing under Wesgro, which will become the Western Cape Government's official implementing agency. This move will allow us to drive a far more aggressive international marketing campaign with a unified brand focused on business and tourism.

The exciting programmes of our Red Tape Unit, Economic Empowerment Unit, Trade and Sector Development team, Skills Development and Innovation team, Economics Researchers, Office of the Consumer Protector and Liquor Unit will also add immeasurably to the growth of our region.

At the heart of this Department is a team of highly

motivated individuals who are dedicated to growing the economy and creating jobs for all the people of our province.

Above all, the Department of Economic Development and Tourism's plan for 2012/13 recognises that together, we can and will make our economy better.

A handwritten signature in black ink, appearing to read 'AW', is centered on the page.

Alan Winde
Minister of Finance,
Economic Development
and Tourism



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ABBREVIATIONS AND ACRONYMS

ABSA	Amalgamated Banks of South Africa	IMF	International Monetary Fund
ACSA	Airports Company of South Africa	IPAP	Industrial Policy Action Plan
AGSA	Office of the Auditor General-South Africa	JIPSA	Joint Initiative on Priority Skills Acquisition
AMTS	Advanced Manufacturing Technology Strategy	LED	Local Economic Development
B&B	Bed and Breakfast	LTO	Local Tourism Organisation
BBBEE	Broad Based Black Economic Empowerment	M&E	Monitoring and Evaluation
BEE	Black Economic Empowerment	MEDS	Micro-Economic Development Strategy
BPeSA	Business Processing enabling South Africa	MESE	Meetings, Exhibitions and Special Events
BPO	Business processing and outsourcing	MICE	Meetings, Incentives, Conferences and Events
Casidra	Cape Agency for Sustainable Integrated Development in Rural Areas	MTBPS	medium Term Budget Policy Statement
CCDI	Cape Craft and Design Institute	MTEF	Medium Term Expenditure Framework
CCT	City of Cape Town	NCC	National Consumer Commission
CCTC	Cape Clothing and Textile Cluster	NEF	National Empowerment Fund
CHEC	Cape Higher Education Consortium	NGO	Non Governmental Organisation
CIDB	Construction Industry Development Board	NIPF	National Industrial Policy Framework
CLOTEX	clothing and Textile Service centre	NSDF	National Skills Development Framework
CMaTs	Electronic Case Management System	NSDS	National Skills Development Strategy
CMT	Cut Make and Trim	NTR	National Treasury Regulations
CPI	Consumer Price Index	NYDA	National Youth Development Agency
CSDP	Common Supply Discipline Programme	OCF	Office of the Consumer Protector
CTFC	Cape Town Fashion Council	OECD	Organisation for Economic Co-operation and Development
CTICC	Cape Town International Convention Centre	OGM	Oil and Gas Marine
CTRU	Cape Town Routes Unlimited	PDE	Performance Delivery Environment
DEDAT	Department of Economic Development and Tourism	PERO	Provincial Economic Review and Outlook
DPLG	Department of Provincial and Local Government	PFMA	Public Finance Management Act, 1999
DTI	Department of Trade and Industry	PGWC	Provincial Government Western Cape
DTM	Departmental Top Management	PPP	Public Private Partnerships
EFSF	European Financial Stability Facility	PSA	Productivity South Africa
EME	Exempt Micro enterprise	PTI	Provincial Treasury Instructions
EPWP	Expanded Public Works Programme	PTMS	Provincial Transversal Management System
EU	European Union	R&D	Research and Development
FET	Further Education and Training	RE	Renewable Energy
GDP	Gross Domestic Product	RIF	Regional Innovation Forum
GDPR	Regional Gross Domestic Product	RISF	Regional Innovation System framework
GEM	Global Entrepreneurship Monitor	RLED	Regional and Local Economic Development
GGP	Gross Geographic Product	RTLC	Regional Tourism Liaison Committee
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit	SAA	South African Airways
HCDS	Human Capital Development Strategy	SAB	South African Breweries
HRD	Human resource Development	SABEF	South African Black Entrepreneurs Forum
ICT	Information and Communication Technology	SABS	South African Bureau of Standards
IDC	Industrial Development Corporation	SAIBL	South African International Business Linkages
IDZ	Industrial Development Zone	SALGA	South African Local Government Association
IGR	Inter Governmental Relations	SAMAF	South African Micro-Finance Apex Fund
		SANACO	South African National Apex Co-operative

SANRAL	South African National Road Agency Limited
SAOGA	South African Oil and Gas Alliance
SARB	South African Reserve Bank
SASDC	South African Supplier Diversity Council
SDA	Sector Development Agency
SDP	Supplier Development Programme
SEDA	Small Enterprise Development Agency
SETA	Sectoral Education and Training Authority
SMME	Small Medium Micro Enterprises
SO 1	Strategic Objective 1: Creating Opportunities for growth and Jobs
SOD	Supplier Open Days
SPV	Special Purpose Vehicle
StatsSA	Statistics South Africa
TEA	Total Entrepreneurial Activity
TEP	Tourism Enterprise Partnership
TGCSA	Tourism Grading Council of South Africa
TIA	Technology Innovation Agency
TMS	Transversal Management System
UCT	university of Cape Town
UNIDO	United Nations Industrial Development Organisation
UWC	University of the Western Cape
WCADI	Western Cape Aquaculture Development Institute
WCED	Western Cape Education Department
WCEDP	Western Cape Economic Development Partnership
WECBOF	Western Cape Business Opportunities Forum
Wesgro	Western Cape Trade and Investment Agency



PART A : Strategic Overview

1. UPDATED SITUATIONAL ANALYSIS

1.1 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.

1.2 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 Departments' 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.

1.3 GOAL

Our goal is to create the opportunities for businesses and citizens to grow the economy and employment.

1.4 VALUES

The core values that the Department espouses are:

- a) Competence
- b) Accountability
- c) Integrity
- d) Responsiveness
- e) Care

1.5 LEGISLATIVE MANDATE

There have been no significant changes to the Department's legislative mandate

1.6 PERFORMANCE DELIVERY ENVIRONMENT

Global Outlook

The economic recovery, which at the start of 2010 seemed to be gaining traction, has since the second half of 2011 become much more uncertain. According to the IMF, world economic output is predicted to moderate from 5,2 per cent in 2010 to four per cent in 2011 and 2012¹. These global rates however mask the uneven nature of increase in global output. Furthermore, the recovery from the 2008 crisis remains two tiered with the IMF predicting that developing countries will grow at 6,4 per cent in 2011 and 6,1 per cent in 2012 compared to the more pedestrian 1,6 per cent in 2011 and 1,9 per cent in 2012 predicted for more developed countries.

Significant downside risk exists to these forecasts however, and the IMF chief economist has warned that global growth in 2012 may fall to 2 per cent. The primary risk is that the debt crisis of the euro zone, which is a structural and systemic problem, will not be contained. The Economist Intelligence Unit attaches a 60 per cent probability to the euro zone being able to muddle through the crisis. However, it predicts that there is a 35 per cent chance of the euro zone breaking up, which would be catastrophic for the region and indeed dire for the global economy. That France and Austria were stripped of their triple-A rating by credit rating agency Standard and Poor's at the start of 2012, amongst debt downgrades of other European countries, does not bode well for the European Financial Stability Facility's (EFSF)² ability to cope with the crisis. This is because European Union member states are part of the backing of this special purpose vehicle and as their credit worthiness is reduced, so the cost of borrowing for the EFSF increases limiting its ability to lever funds.

The United States, the world's largest economy, faces "persistent high unemployment, shaken consumer and business confidence, and financial sector fragility" - all in an election year³. The political brinkmanship displayed in 2011 with regard to raising the debt ceiling is what led to Standard and Poor's downgrading the United States' sovereign credit rating. Therefore concerns that in 2012 policy makers will not rise to these challenges of high unemployment, uneasy consumer and business confidence, and financial sector fragility is further unsettling markets and business confidence, not only in the United States, but also globally. The

¹ IMF World Economic Outlook, September 2011

² To be replaced either in 2012 or 2013 by the European Stability Mechanism.

³ Ibid.

United States' ability to respond to possible adverse global economic conditions is also reduced having already used much of its arsenal of policy options to deal with the financial crisis that unfolded in 2008.

The slowing Chinese economy is also a risk to global growth. However, the 8,9 per cent growth in GDP achieved in the fourth quarter of 2011 suggests that it has successfully engineered a soft landing even though growth is expected to continue to slow in 2012⁴. Nevertheless, it continues to spearhead the developing world's economic growth.

South Africa

The New Growth Path's objective includes an annual GDP growth rate of six to seven per cent over the next 10 years. The South African Reserve Bank predicts that South African GDP growth in 2011 will be 3,1 per cent and is expected to moderate to 2,8 per cent in 2012 and thereafter accelerate to 3,8 per cent in 2013, bearing in mind that global developments are likely to weigh on South Africa's prospects⁵. Table 1 below shows the annualised seasonally adjusted South African sector growth rates. Finance, real estate and business services is the largest sector of the South African economy (21,0%) and grew at an annualised seasonally adjusted 4,5 in Q3 2011, which was mainly due to activity in the equity, bond, and other financial markets. The poor performance in mining and quarrying (-17,4% q/q

saar), the worst performing sector, was due to lower production in all mining divisions.

Given that emerging markets are expected to grow more rapidly than the world's large developed economies, it seems that it may be worthwhile for South Africa to explore deepening trade relations with the former and reducing trading dependence the latter.

South Africa's negative output gap of less than one per cent is down from its low of just less than three per cent in mid-2009⁶. The output gap is however, nevertheless expected to increase between 2012 and 2013.

The annual change in the consumer price index (CPI) in December 2011 was 6,1 per cent, just outside the target band of three to six per cent with the major drivers domestic drivers being food, housing and utilities, and transport, and external factors being the weaker exchange rate and higher oil price⁷. For 2012, the inflation rate is expected to stay outside of the targeted 3 to 6 per cent range. The Reserve Bank's repurchase rate (REPO rate), currently at 5,5 per cent, is expected to remain unchanged for the year with rates rising in 2013 given the current lack of demand pressures. However, downside risks to global growth exist and should these negative possibilities come to be, then the interest rate may fall as the Reserve Bank responds to the global slowdown reduced domestic demand.

Table 1: Annualised percentage change in the seasonally adjusted quarterly gross domestic product by industry at constant 2005 Prices

Industry	Q4 2010	Q1 2011	Q2 2011	Q3 2011
Agriculture, forestry and fishing	9.2	-1.7	-6.0	-4.3
Mining and quarrying	15.1	-4.2	-4.2	-17.4
Manufacturing	5.3	12.8	-8.8	-1.9
Electricity, gas and water	5.6	3.1	1.0	-2.6
Construction	0.8	1.2	0.8	1.8
Wholesale, retail and motor trade; catering and accommodation	4.5	2.4	5.2	6.1
Transport, storage and communication	2.6	4.1	4.3	2.3
Finance, real estate and business services	2.8	5.3	2.7	4.5
General government services	3.8	3.1	5.8	3.9
Personal services	2.2	2.8	2.7	2.5
GDP at market prices	4.5	4.6	1.3	1.4

Source: Statistics South Africa

4 <http://www.ft.com/intl/cms/s/0/677820ca-40bc-11e1-8fcd-00144feab49a.html#axzz1jydO2vkx>

5 South African Reserve Bank Statement of the Monetary Policy Committee 19 January 2012

6 IMF sub-Saharan Africa regional outlook 2011

7 South African Reserve Bank Statement of the Monetary Policy Committee 19 January 2012

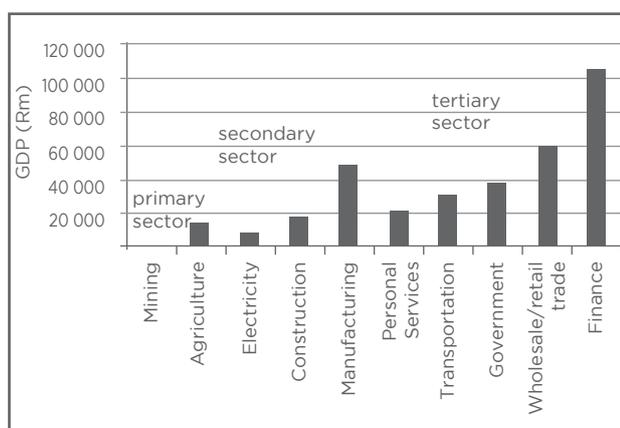
Household income in 2011/12 is expected to grow by between 9 and 10 per cent driven by global commodity prices, government fiscal action, strong labour unions, labour productivity growth, and strong dividend growth⁸. The economy is also expected to add 200 000 formal jobs besides increasing informal sector opportunities⁹.

The main risks to South Africa's growth are global, as outlined in the While the main risks to South Africa's growth are global, domestic constraints exist. The Deputy minister of energy in March 2011 put the energy infrastructure gap at R30bn with the backlog growing at R2,5bn per year¹⁰. As the economy expands, there will be increased pressure on electricity supply, particularly for mining and heavy industry which potentially may cap growth. Further impediments to growth include inadequate transport infrastructure, limited credit access due to Basel II, the national credit act, and wariness of banks to lend following the credit crisis, and public sector capacity¹¹.

Western Cape

The structure of the Western Cape economy is shown in Figure 1 below. The three main sectors are finance, real estate and business services (27,8%), wholesale, retail and motor trade, catering and accommodation (15,3%), and general government services (10%). From Table 2 it can be seen that the Western Cape economy is structured more towards tertiary services which in 2010 accounted for 67,1 per cent of economic activity.

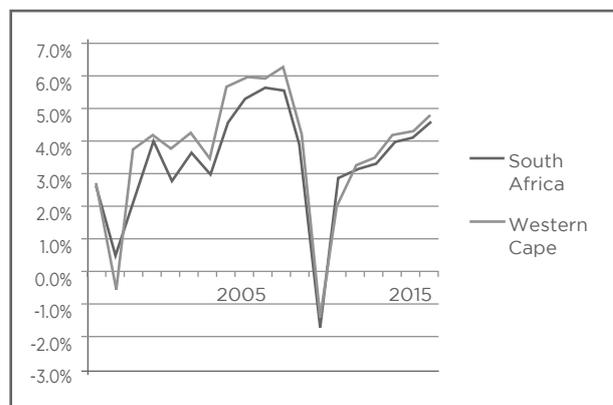
Figure 1: Western Cape economy sectoral Composition, 2010



Source: Statistics South Africa, own calculations

Figure 2 below shows the GDP growth rates for South Africa and the Western Cape between 1996 and 2010 as well as forecasts for 2011 to 2015. According to IHS Global insight, between 1996 and 2010, the Western Cape economy grew at an average annual rate of 3,6 per cent (SA 3,2%) and is forecast to grow at an average annual rate of 4 per cent from 2010 to 2015 (SA 3,8%). Because of the Western Cape's stronger export links to Europe compared to South Africa as a whole, Western Cape output is more likely to be adversely affected by slowing European economies and further potential negative developments in the Eurozone.

Figure 2: South African and Western Cape GDP growth rates, 1996 - 2015



Source: IHS Global Insight

For the 5 year period between 2006 and 2010, the Western Cape average percentage GDP growth rate was 3,6 per cent. From Table 2 below it can be seen that primary industries underperformed (1,6%), as did secondary industries (2,7%), whereas tertiary industries outperformed (4,2%) the provincial average. The fastest growing sector at 5,7 per cent over the five year period was finance, real estate and business services and high growth is also projected going forward. The performance of the finance, real estate and business services sector, the largest sector in the Western Cape economy in 2010, explains the outperformance of the Western Cape economy relative to South Africa. The high growth rates of service industries in the build up to the financial crisis were driven by ultimately unsustainable levels of consumption and credit expansion¹². Production driven industries, by contrast,

8 <https://www.fnb.co.za/economics/servlet/Economics?ID=56945>

9 *Ibid.*

10 <http://www.iol.co.za/business/business-news/r30-bln-to-plug-energy-gap-1.1034932?ot=inmsa.ArticlePrintPageLayout.ot>

11 <https://www.fnb.co.za/economics/servlet/Economics?ID=5180>

12 *IPAP2*

have grown more slowly and this has led to imbalances in the economy.

Even though manufacturing underperformed the provincial average growth rate between 2006 and 2010 and accounted for 13,0 per cent of the Western Cape economy, in Q4 2010 it accounted for 16,0 per cent of Western Cape employment.

unchanged, shrinking at an average annual rate of 1,1 per cent between Q3 2008 and Q3 2011 (Table 2). However, over the same period, the labour force has grown with the net result being an average annual increase in the number of unemployed of 6,4 per cent. Table 2 also shows that the unemployment rate has increased monotonically from 19,7 per cent in Q3 2008 to 23,3 per cent in Q3 2011.

Table 2: Western Cape GDP growth rates, 2005 - 2010

Industry	2005	2006	2007	2008	2009	2010	Average percentage growth 2006-2010*	Percentage contribution to GDP 2010
Primary industries	5.9	-5.7	1.6	16.4	-1.5	-1.6	1.6	3.7
Agriculture, forestry and fishing	5.9	-5.7	1.6	17.7	-1.3	-1.8	1.8	3.5
Mining and quarrying	5.2	-5.6	0.9	-7.1	-7.9	3.3	-3.4	0.2
Secondary industries	6.4	6.6	6.6	2.6	-5.9	3.9	2.7	19.9
Manufacturing	5.3	6.3	5.2	2.1	-8.6	5.0	1.8	13.0
Electricity, gas and water	6.0	2.0	2.4	-3.8	0.7	1.3	0.5	2.1
Construction	12.3	10.7	15.1	7.2	3.7	0.7	7.4	4.8
Tertiary industries	6.0	6.4	6.6	4.6	0.4	3.0	4.2	67.1
Wholesale, retail and motor trade; catering and accomodation	9.2	5.2	5.4	0.3	-1.5	3.3	2.5	15.7
Transport, storage and communication	9.0	4.2	7.0	2.9	1.2	1.9	3.4	8.1
Finance, real estate and business services	4.4	9.4	8.2	7.6	0.2	3.6	5.7	27.8
Personal services	4.3	4.3	5.4	4.1	-1.3	0.6	2.6	5.5
General government services	3.9	2.6	3.8	4.4	3.8	3.2	3.6	10.0
GDP at market prices	5.9	5.9	6.2	4.3	-1.3	3.1	3.6	100.0
<i>Statistics South Africa, own calculations</i>								
<i>*geometric mean</i>								

Agriculture, forestry and fishing as a primary sector contributes 3,7 per cent to the Western Cape economy. However, agriculture and its associated processing industries are the largest contributors to Western Cape exports and, over 2011 to 2015, are expected to contribute 26,6 per cent of the cumulative forecast growth in exports between 2011 and 2015¹³.

The Western Cape labour force has grown from 2 322 000 in Q3 2008 to 2 356 000 in Q3 2011 at an average annual rate of 0,5 per cent (Table 2). Since 2008 the number of employed has remained relatively

unchanged, shrinking at an average annual rate of 1,1 per cent between Q3 2008 and Q3 2011 (Table 2). However, over the same period, the labour force has grown with the net result being an average annual increase in the number of unemployed of 6,4 per cent. Table 2 also shows that the unemployment rate has increased monotonically from 19,7 per cent in Q3 2008 to 23,3 per cent in Q3 2011.

unchanged, shrinking at an average annual rate of 1,1 per cent between Q3 2008 and Q3 2011 (Table 2). However, over the same period, the labour force has grown with the net result being an average annual increase in the number of unemployed of 6,4 per cent. Table 2 also shows that the unemployment rate has increased monotonically from 19,7 per cent in Q3 2008 to 23,3 per cent in Q3 2011.

¹³ PERO 2011

¹⁴ Employment elasticity is the average percentage growth in employment for a period divided by the average growth in GDP over the same period. It thus measures the percentage change in employment induced by changes in GDP.

¹⁵ A macro-economic assessment of the Western Cape economy's sectoral and industrial growth prospects: 2010 to 2015, including an assessment of inter-industry linkages

Table 3: Labour market aggregates, 3Q2008 – 3Q2011

		3Q2008	3Q2009	3Q2010	3Q2011	Trend 3Q2008- 3Q2011
Population of working age (15–65 incl 64)		3 462	3 335	3 390	3 444	
thousands	Labour force	2 322	2 302	2 281	2 358	
	Employed	1 865	1 790	1 754	1 806	
	Unemployed	457	512	527	550	
	Not economically active	1 140	1 033	1 109	1 087	
	Discouraged work seekers	26	37	38	30	
	Other	1 114	997	1 071	1 057	
per cent	Unemployment rate	19.7	22.2	23.1	23.3	
	Employed/population ratio (absorption)	53.9	53.7	51.7	52.4	
	Labour force participation rate	67.1	69	67.3	68.4	
thousands	Formal sector	1 457	1 360	1 318	1 387	
	Informal sector	174	180	190	188	
	Agriculture	119	123	136	113	
	Private households	115	128	1101	119	

Source: Statistics South Africa

Western Cape output has grown, but with such poor labour absorption, highlights the structural nature of unemployment which remains a key challenge for the Western Cape. This, together with the current moderated GDP outlook and its risk to the downside, suggest the Western Cape labour market situation is not likely to improve in the near term.

Given the Western Cape economic environment and its place within the larger South African and global environments, the Department aims to mitigate challenges within the province by intensifying efforts to improve the competitiveness of SMMEs and industries through partnerships with business and labour, support the agriculture value chain and informal sector, promote the growth of exports of tradable services and manufactures and systematically develop skills and infrastructure where it will have the greatest impact.

With a goal to create opportunities for businesses and citizens to grow the economy and employment, the Department's approach to meeting this economic challenge is guided by the adoption of the Provincial Strategic Plan which encapsulates 12 Strategic Objectives, and in particular, Strategic Objective 1 which aims to :

- Create and maintain an enabling environment for business; and

- Provide demand-led private sector driven support for growth sectors, industries, towns and businesses.

The necessary conditions to achieve this have been translated into five objective statements:

- Objective 1: To develop and implement the economic strategic plan and policies in support of achieving opportunities for jobs and growth.
- Objective 2: To create an enabling environment (minimal hurdles, sustainable business growth, investment and job creation) through improvement in the regional business confidence index and growth in the employment rate
- Objective 3: To facilitate demand led, private sector-driven government support for growth sectors, industries and business by increasing the value of exports
- Objective 4: To improve the competitiveness of the region through infrastructure-led economic growth
- Objective 5: To facilitate through EPWP 204 770 "100-day work opportunities" and 111 859 "full-time equivalents"

In addition to the strategic objectives described above, the Department will also seek to ensure that the outcomes are, where applicable, in keeping with national imperatives, and will support the existing strategies

which shape the development of policy, strategy and practical interventions. Delivery in any sector is against the backdrop of following main thrusts:

- Growth,
- Global Competitiveness,
- Economic Participation,
- Skills Development,
- An Efficient Business Regulatory Environment,
- Demand-Led Research-Based policies.

The DEDAT has adopted an outcome-based approach to consistently monitor its performance against the expected economic outcomes. This approach is designed to ensure that the DEDAT is focused on achieving the real achievements in the economy i.e.:

- Increase in the provincial economic growth
- Increase of employment opportunities
- Increase of business confidence
- Improvement on the infrastructure and its contribution to economic growth in the province
- Increase competitiveness of businesses and industries
- Increase in trade and investment
- Increase tourism contribution to the provincial economic growth
- Decrease the cost of doing business thereby improving the prospects of business climate
- Increase the skills workforce to match the economic needs of the province

The DEDAT have clearly stated economic outcomes expected and clear economic indicators, baselines and targets to measure change to ensure that the DEDAT have reliable information it can use to monitor progress. So the DEDAT will systematically conducts assessments of what impacts and outcomes were achieved thereby identifying progress against set outcomes. This will enable the DEDAT to learn and continuously develop its capacity to use scarce resources more efficiently and effectively to achieve the greatest economic benefit for the province.

1.7 ORGANISATIONAL ENVIRONMENT

The Western Cape economy has not escaped the challenges of the global economic downturn and is, like the rest of the world, slowly recovering from recessionary impacts. However, the region is still faced with a major unemployment challenge which can only, in the main, be addressed positively when significant economic growth rates are achieved. Economic growth is expected to be sluggish in the short term and may

not lead to a significant decrease in unemployment, and there is a greater need to promote a more favourable business climate which could lead to the creation of job opportunities.

In light of major shifts in delivery mechanisms envisaged in Strategic Objective 1, the Department's structure is being reviewed to ensure focused delivery. In this regard, the organisational development unit housed within the Department of the Premier will be conducting a comprehensive review on the Departments structure to ensure that we are best placed to meet the growing demands of the economy. In addition, a new sub-programme which will focus on the reduction of red-tape has been established within Programme 2. Furthermore, the strategic initiatives sub-programme will focus on infrastructure and catalytic projects. This sub-programme will report directly to the HOD and will be housed within Programme 3.

The current structure of the Department will therefore be as shown in the diagram on the following page.

As at 1 April 2012, the Department has a total of 237 posts filled of its establishment of 256 posts. During the 2012/13 financial year, it is projected that an amount of 6 additional posts will be advertised and filled bring the total filled posts to 243.

The Department will also engage in the Transversal Management system. This will operate on a province-wide basis and where there are cross-cutting deliverables from within other departments in the Province to ensure greater optimisation of inputs.

In September 2010 the Premier and Cabinet approved the Province's Strategic Agenda, based on 12 Strategic Objectives. It was recognised that in order to fully operationalise the Strategic Agenda it was necessary for all provincial departments to work together across departmental boundaries and disciplines. To this end, the Provincial Transversal Management System was conceived.

The PTMS allows departments to develop multi-functional programme plans to give effect to the 12 Strategic Objectives. Each Objective is directed by a Custodian Department, with key support from other provincial departments, which through a Strategic Directive institutionalises the Objective and provides the framework for the intended outcomes.

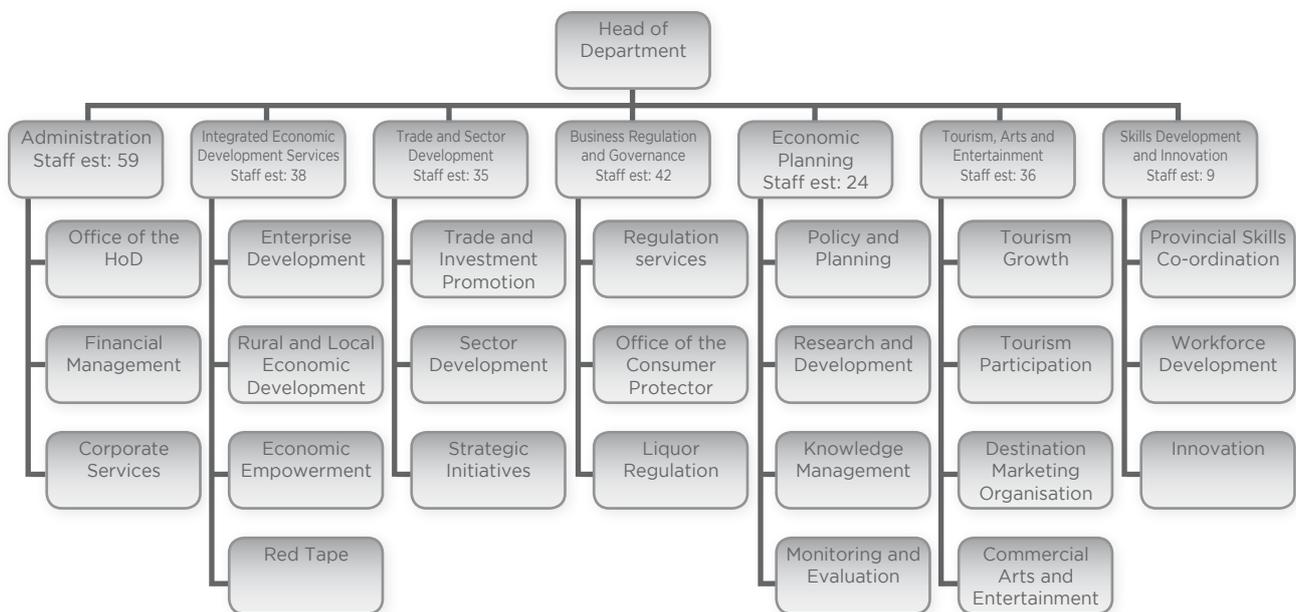


Diagram: Projected organogram of the department of economic Development and Tourism

The framework is managed by a Steering Group to address the holistic approach required to promote the Strategic Objective through multi-functional programme deployment, implementation and management through partnership formation.

To ensure that the Strategic Outcomes are achieved, various Work Groups were established by each Custodian Department, with defined Functions, Target Statements and Objectives. These Work Groups address the operational implementation of programmes and report to the Steering Group.

The Department of Economic Development and Tourism is the Custodian Department of PSO 1: Creating opportunities for growth and jobs, which has the following stakeholders:

The IDC, WESGRO, CTRU, the Cape Town Partnership, Accelerate Cape Town, the Cape Business Chamber, the Cape Craft and Design Institute, the Cape IT Initiative, SALGA, SABEF, South Oil and Gas, BPESA, WCADI, the City of Cape Town, ACSA, WECBOF, Ports, CHEC, ESKOM, the University of Cape Town and the University of the Western Cape.

In keeping with the aims of Strategic Objective 1, the Department will also review the utilisation of Special Purpose Vehicles (SPVs) and implementing agents. This review will primarily be in the form of an assessment of

the economic systems and agenda currently operating in the region and in which an Economic Development Partnership (EDP) - as stipulated in Strategic Objective - will function. It is therefore expected that despite the continued utilisation of SPVs during the 2011/2012 financial year, a significant shift may occur with the implementation of the EDP in 2012/13.

1.8 DESCRIPTION OF THE STRATEGIC PLANNING PROCESS

The Department entered into a strategic planning process in order to translate Strategic Objective 1 into programmes and projects. To this end, departmental top management held four (4) strategic planning

We want to have a country where millions more South Africans have decent employment opportunities, which has a modern infrastructure and a vibrant economy and where the quality of life is high

- Minister Pravin Gordhan

sessions which involved the Minister and the Premier's Special Advisor in order to comprehend its direction and fully adopt the new directives of Strategic Objective 1.

It was agreed that economic development is an integrated set of functions which includes:

- Enterprise and Business Support,
- Employment and Skills Development,
- Urban Regeneration,
- Rural Economic Development,
- Promotion of Business and Investment,
- The Economic Role of infrastructure, housing, land use planning, education and other public efforts.

The Department has to play a leadership role in economic development, which in broad terms:

- Builds a clear economic agenda in a transversal manner with other departments which influence economic outcomes but do not lead with them
- Builds vertical alignment with national and local government around the economic agenda of the Western Cape Region
- Builds horizontal alignment with business, institutions, and other stakeholders around a common agenda for economic development
- Devises and implements programmes of intervention that complement work done on the business climate with hard and soft infrastructures

In addition, the outcomes and objectives of both national (where applicable) and provincial government had to be taken into account and any project or programme had to essentially conform and align with the overall objectives, generally conveyed in the Medium-Term Budget Policy Statement (MTBPS).

The Provincial MTBPS states that the province subscribes to the policy that "economic growth is the foundation of all successful development and that growth is primarily driven by the business sector operating in a market environment". It goes on to state that "the role of the State is to create and maintain an enabling environment for business and to provide demand-led private sector-driven support for growth sectors, industries and businesses".

Stemming from the range of policy statements and from Strategic Objective 1, the Department must also ensure that, among other functions, it:

- Plays a key role in facilitating and addressing

activities which will address the mismatch between skills demand and supply across the economic spectrum,

- Establishes and maintains partnerships with the private sector, which encourages apprenticeships and workforce experiential learning at FET colleges and other institutions of learning,
- Develops a brand and vision which will support economic development in order to attract appropriate skills and investment,
- Establishes a unit which will address the elimination of red tape which hinders and blocks economic development, and impedes the successful engagement of business profitability, investment and job creation,
- Through its telecommunications strategy, achieves greater economic growth and improved service effectiveness,
- Successfully continues and where applicable, implements Cape Catalyst projects,
- Further invests in the development of the Ports of Saldanha and Cape Town, and the accompanying investment in the development of the Saldanha IDZ,
- Continues investment in the improvement of market access and procurement support for enterprises,
- Continues the re-engineering of the tourism sector through the development of new and innovative routes and product offerings, using strategies to effectively leverage partnerships between the province and national/local governments,
- Develops an Economic Development Agency with a broad goal to promote and stimulate economic development in the region.

The strategic planning sessions considered the above and identified the following priorities for 2012/2013:

1. The Red-Tape Unit

This will reside in Programme 2 and will initially seek to establish a mechanism and structure to identify and manage investigations into red-tape "blockages". The deliverables will include the setting up of the work team, identification of red-tape issues, and establishment of baseline information and evaluation of internal systems, assessment and recommendation of possible changes.

2. Corruption-free Public Service

This has a transversal nature and within the Department, will deal primarily with procurement methods and

access to tenders. It will reside in Programme 2 and will basically set up a platform to ensure adherence to the principles of good governance, and provide businesses with ease of access to tender opportunities.

3. Western Cape Economic Development Partnership (WCEDP)

The responsibility of establishing the WCEDP will reside with Programme 5. A service provider was appointed in 2010/2011 to implement the planning phase of the WCEDP's establishment, which includes the following:

- Draft Western Cape Economic Strategy Synthesis as the basis for the mandate of the WCEDP
- Scan the existing institutional arrangement in all spheres of government and relevant private and non-governmental organisations
- Map the institutional roles and responsibilities by classifying these roles into current roles, future roles within WCEDP and advise of methodologies for risks and benefits for placements of these entities within WCEDP.
- Develop and manage the implementation of stakeholder communication
- Engage relevant international experts
- Provide a draft WCEDP proposition by April 2011
- Provide a final WCEDP proposition with a proposed implementation approach by June 2011.

4. Future Cape Brand

The Future Cape Vision and Brand is essentially a market and investment perception which seeks to promote the region as an international hub for innovation, creativity and a great place to do business. In order to significantly contribute to the broader debate, the Department's responsibility in this regard is to ensure that the economic drivers which will affect the Future Cape Vision and Brand are placed on, and kept at a prominent level. The responsibility resides in Programme 3, as it involves investment, infrastructure, trade and sectors. Deliverables include the establishment of a stakeholder's forum for economic forecasting, on-going stakeholder engagement and consultation, and development of a logo and branding.

In addition the Future Cape Vision seeks to determine a long term economic vision for the Province and it is envisaged that this Vision will be the platform upon which future economic projects are based.

5. Workforce, Skills and Innovation

The decision to create a new programme for Workforce, Skills and Innovation stems from the need to establish

a Provincial Skills Development Forum, which will be transversal in nature and will focus on a number of different skills applications. These will leverage off the existing interactions of the Department with the FET colleges, SETAs and other institutions of learning. For 2012/2013, the deliverables will use the same operational processes which were used in 2011/2012, with additional work to be done in respect of artisan training and addressing the needs of the unemployed youth with specific reference to projects which will provide young people with work experience. The Work and Skills Programme will be consolidated towards accessing funds from the national/private sector or other donor funding.

6. Economic Research and Development

The Department has a pressing and urgent need for a structured and integrated approach to economic research. There is a need to ensure that adequate and appropriate resources are utilised for specific economic development research and that the Department is seen and respected as a source of reliable and trustworthy economic data. Programme 5 has been tasked to establish a single data and research repository for all economic research in the Province.

In addition the Department will continue to deliver on its key mandates within the areas of Sector and Enterprise Development, Trade, Export and Investment Promotion, development of and support for the Tourism Sector and providing the regulatory functions associated with the Consumer Protection Act and the Western Cape Provincial Liquor Act.

The Department therefore approached 2012/2013 confident that it had explored its role and mandate and had prioritised its interventions accordingly, and conscious that it is a transitional year between its old operational format and the new directions imposed by Strategic Objective 1.

2. OVERVIEW OF 2012/13 BUDGET AND MTEF ESTIMATES

2.1 RECONCILING PERFORMANCE TARGETS WITH THE BUDGET AND MTEF

2.1.1 Expenditure Estimates

Summary of payments and estimates: Department of Economic Development and Tourism											
Programme R'000		Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimate			
		Audited	Audited	Audited				2012/13	2013/14	2014/15	% Change from Revised estimate
		2008/09	2009/10	2010/11							
1.	Administration	26 960	26 329	24 437	22 957	20 555	20 555	27 738	31 106	32 855	34.95
2.	Integrated Economic Development Services	42 035	54 830	51 461	51 742	51 266	51 266	45 228	48 973	56 670	(11.78)
3.	Trade and Sector Development	46 973	50 821	54 437	63 365	70 223	70 223	95 658	178 486	182 829	36.22
4.	Business Regulation and Governance	15 286	19 843	16 033	20 580	18 780	18 780	24 404	26 420	27 895	29.95
5.	Economic Planning	5 845	10 061	11 799	17 032	14 932	14 932	19 929	21 098	21 954	33.47
6.	Tourism, Arts and Entertainment	65 342	70 813	63 988	62 463	62 939	62 939	53 040	48 584	49 375	(15.73)
7.	Skills Development and Innovation	27 480	30 520	13 596	16 275	18 375	18 375	25 120	28 875	31 513	36.71
Total payments and estimates		229 921	263 217	235 751	254 414	257 070	257 070	291 117	383 542	403 091	13.24

Summary of provincial payments and estimates by economic classification: Department of Economic Development and Tourism											
Economic classification R'000		Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimate			
		Audited	Audited	Audited				2012/13	2013/14	2014/15	% Change from Revised estimate
		2008/09	2009/10	2010/11							
Current payments		94 531	101 046	95 045	137 698	125 085	125 085	165 459	257 513	273 343	32.28
Compensation of employees		51 325	61 090	67 742	88 288	78 340	77 901	91 823	97 924	102 767	17.87
Goods and services		43 206	39 956	27 334	49 410	46 745	47 085	73 636	79 589	88 786	56.39
Interest and rent on land				6							

**Summary of provincial payments and estimates by economic classification:
Department of Economic Development and Tourism**

Economic classification R'000	Outcome			Main appropriation 2011/12	Adjusted appropriation 2011/12	Revised estimate 2011/12	Medium-term estimate			
	Audited	Audited	Audited							% Change from Revised estimate
	2008/09	2009/10	2010/11				2012/13	2013/14	2014/15	2011/12
Transfers and subsidies to	132 367	161 251	138 605	115 485	130 754	130 754	124 129	204 289	209 750	(5.07)
Provinces and municipalities					1 000	1 000				(100.00)
Departmental agencies and accounts	58 796	67 576	54 605	45 690	52 395	52 395	59 200	54 664	54 935	12.99
Universities and technikons	187	818	144	1 800	900	900	10 980	13 480	13 480	1 120.00
Public corporations and private enterprises	34 755	48 900	45 750	26 800	27 300	27 300	3 000	84 000	87 790	(89.01)
Non-profit institutions	38 629	43 538	37 055	40 545	48 295	48 295	49 849	51 045	52 445	3.22
Households		419	1 051	650	864	864	1 100	1 100	1 100	27.31
Payments for capital assets	2 906	907	2 040	1 231	1 231	1 288	1 529	1 740	1 788	18.71
Machinery and equipment	2 899	907	1 420	1 231	1 231	1 262	1 529	1 740	1 788	21.16
Software and other intangible assets	7		620			26				(100)
Payments for financial assets	117	13	24			42				(100)
Total economic classification	229 921	263 217	235 751	254 414	257 070	257 070	291 117	383 542	403 091	13.24

2.1.2 Relating expenditure trends to strategic goals

The need to do more with less while still impacting on the economy has become ever more apparent during this past period of economic instability. More so, the Department was required to change its orientation to be more responsive to the ever changing economic climate. Thus, it has become increasingly important that Government, and more specifically this Department, refocus resources to ensure that a greater depth and focus of intervention is achieved.

Based on the aforementioned, the Departments' strategy is built on three strategic thrusts, namely

i) Sector-based strategic implementation

The Department will adopt a strong sectoral-based focus in terms of its economic development initiatives as highlighted in SO 1. In order to achieve this approach, the Department embarked on a review process of its sector choices by interrogating the work of the MEDS and reviewing the Industrial Policy Action Plan (IPAP) as approved by National Government.

To this extent the Department has skewed the resource envelope to ensure that R69.939 million or 25.9% of resources to cater for the need to invest in the strategic propulsive and employment generating sectors. The prioritised sectors are Oil and Gas Marine complex,

Tourism, ICT, Business Processing and Outsourcing (BPO), Green Technologies, Clothing and textiles, Craft, film, Agro-processing, and Aquaculture.

It should also note that a number of sectors will also be in their final year of financial support. These are Furniture, Tooling.

ii) Creating an enabling environment for business

The enabling environment initiatives will comprise all relevant economic, political, social regulatory and international factors external to firms in the Western Cape. The accent of this strategy is to review all government policies practices which “set the rules of the game” for business in the Province and which influences the performance of the market, incentives to invest and the cost of business operations.

In this regard, the Department has created a new sub-programme to tackle the Red Tape challenges faced by business. This unit will specifically investigate issues that raise the cost of doing business within the Province by lobbying and networking with other government agencies, departments and spheres. To this end, an amount of R2 million was allocated for Red Tape reduction interventions.

A further shift in the strategy of the Department is that a major focus will be placed on improvement in the business competitiveness of firms. Here the Department will provide assistance to the economy through our LED strategy that will look at ways of improving the competitiveness of our regional economies through the provision of assistance programmes to municipalities and the furtherance of the LED growth fund aimed at supporting innovative economic development projects that seeks to crowd in private sector investment and thereby support key business linkages. In this regard, R14, 9 million has been allocated to businesses competitiveness projects, R 2, 5 million to enterprise promotion, and R4, 750 million to Regional and local economic development including R 3, 975 million for the growth fund and R 1, 050 million for the LED centre of excellence (support for municipalities in improving their IDP processes).

Lastly, the Department has made a significant investment into the improvement of the economic infrastructure of the Province with an allocation of R 12 million for the supporting and improving the Telecommunications Strategy as well as allocating R 5 million for the Saldanha Industrial Development Zone

(IDZ) project. Other projects that will be supported in line with the need to improve the economic infrastructure of the Province will be the East City Design Precinct, Port of Cape Town Precinct, Health Technology Hub and the expansion of the Cape Town International Convention Centre (CTICC).

iii) Investment into Skills development

With the gap between the demand and supply of skills amongst the workforce of the Province growing ever wider, the Provincial Government needs to urgently intervene. In this regard, the Department together with other key Provincial Departments such as the Department of the Premier and the Department of Education and other stakeholders will be implementing the Provincial Skills Development Strategy.

Key facets of this strategy will be to meaningfully intervene through projects and programmes aimed at supporting employment amongst the youth such as the work and skills programme as well as projects aimed at bridging the widening gap between the supply and demand of skills with programmes such as Artisan training.

The work and skills programme will be expanded in the 2012/13 financial year from R 6, 2 million in 2011/12 to R 7 million in 2012/13. Furthermore, the Department initiated an Artisan training programme estimated at R 10, 980 million.



PROGRAMME 1:
ADMINISTRATION

PART B : Programme and subprogramme plans

3 PROGRAMME 1: ADMINISTRATION

3.1. PURPOSE

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

3.2 PROGRAMME STRUCTURE

The Programme is structured as follows:

- Sub-programme 1: Office of the Head of Department
- Sub-programme 2: Financial Management
- Sub-programme 3: Corporate Services

3.3 SITUATIONAL ANALYSIS

3.3.1 Performance delivery environment

As noted in the Five Year Strategic Plan, it is incumbent upon the Administration Programme to offer a world class corporate services function - including Financial Management and Communication 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 economic use of resources is promoted. According to the Act, the state should also be encouraged to be development-orientated, ensure transparency, and accountability.

With the King Report on Corporate Governance (King III) release on 1 September 2009 and the pronounced assertion by the Department's auditing stakeholders of their focus shift from compliance testing to performance measurement, this strategy is the Department's deliberate action to address any existing inefficiencies in terms of financial governance structures and accurate performance measurement tools.

Furthermore, public financial management also concerns the effective management of the collection and expenditure of funds by governments. As societal needs will inevitably be greater than the resources available to government, all public resources must be used as efficiently as possible with a minimum of wastage. Efficient public corporate management is central to creating a relationship of mutual trust and

shared consensus between government and citizens, which is at the core of the development process of this strategy.

To enable the Programme to deliver an effective service to the Department, it was divided into two main components excluding the office of the Head of Department. These components are Financial Management which is responsible for all financial issues within the department and Corporate Services.

The goal of Financial Management is to achieve the highest standards in financial governance. That being said, it is imperative that the Department maintains its current rating as a level 3 organisation and implements strategies that will migrate it to a level 4 in the 6 level financial management capability model, as adapted by the Office of the Auditor General: South Africa (AGSA).

The Department's communication strategy is aimed at engaging internal employees, as well as the public, through marketing campaigns, imbizo cycle programmes, web portals, walk-in centres, pamphlets and other media. This contact will maintain a strong level of dialogue between the Department, its clients and potential clients.

The increasing demand on the Department to deliver an effective communication service, resulted in the research of global best practice standards to enhance service delivery.

The Communications Unit will provide uniformity in communicating the departmental initiatives, successes and challenges to internal and external clients and stakeholders.

3.4 SUB-PROGRAMME 1.2: FINANCIAL MANAGEMENT

As noted above, the goal of Financial Management for the current financial year is to improve on its level 3 Financial Capability Model Rating while setting the groundwork for its migration to a Level 4 Capability Model Organisation. While a level 3 organisation's focus is on compliance, a level 4 organisation needs to upscale governance standards dramatically to focus on the provision of quality information and measuring how resources are used to achieve outputs and outcomes. In this regard, the unit has focussed on five strategies namely:

We live in an extraordinary time in human history – a time of immense transition, of profound risks, but also of great opportunities

- Minister Pravin Gordhan

Strategy 1: To promote excellent client support services

The migration of the Department to a level 4 financial management capability model rating is not the sole responsibility of Financial Management unit. Rather, it is the first phase where the burden of responsibility shifts away from the financial management component to the line management. The successful migration will need to ensure that good corporate governance procedures and practices are maintained and inculcated within the organisation as a whole. To this end, much effort needs to be placed on line units to not only understand the importance of the financial capability model, but also to live it. In this regard the Financial Management unit will need to suitably assist all clients and role-players in the organisation’s governance environment to suitably shift into a higher gear of risk and financial governance understanding and practice.

In promoting this objective of excellent client support, Financial Management will need to play an active role in better understanding projects and programmes implemented by the department to effectively assist project managers with planning and costing practices, reducing red tape issues which may delay or

negatively impact on the delivery of projects, indicator development and reporting against financial and performance information. In a nutshell, the directorate seeks to achieve optimal financial management intelligence in order to render an excellent client service.

Strategy 2: To ensure a financial legislative and policy framework in which efficient and effective processes may be implemented in the Department

The need to comply with financial norms and standards is of critical importance to the migration to a level 4-organisation as well as ensuring the 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. In this regard, much work needs to be placed on the reduction of duplication and or contradiction within the manual to ensure a user friendly, easy to read document that is used as widely as possible within the Department. This strategy embraces the notion of ‘making policy work for you’, it’s the application of rules in the most effective and efficient manner in the delivery of services.

Strategy 3: To ensure the department is suitably capacitated to meet their financial management and governance standards

Ensuring that staff is suitably capacitated will always remain central to any achievement of a strategy or goal. Similarly, ensuring that the Departmental staff is au fait with prescripts, changes in requirements and other regulations governing financial management is of utmost importance. In this regard, the Financial Management unit will need to ensure that a proper training and up-skilling programme is in place. This said,

Strategic Objective	Maintain level 3 and strive for attainment of a level 4 financial management capability
Objective Statement	The identification and implementation of strategic interventions to assist the Department attain and maintain a level 4 financial management capability level- described as the Efficient, Economical and Effective utilisation of Departmental resources to deliver on strategic objectives.
Baseline	The Department is currently maintaining a level 3 financial management capability level, described as the implementation of an effective control environment.
Justification	The concept of value for money has become an integral part of the strategic and operational activities for government. The identification and implementation of interventions to assist departments achieve value for money will improve service delivery, eliminate wasteful allocation of resources and enhance public confidence.
Links	This objective is linked to the Constitution of South Africa, PFMA, NTRs, PTIs and State of the Province address

training programmes implemented must capacitate staff in a holistic or two-fold manner, that is, in terms of financial management and programmatic skills and competencies for the strategy to be successful, will not and can never be one way (financial management to the rest of the Department) rather, training will need to be two way, in that Financial management will need to be familiarised with the projects and programmes run by the Department.

More so, due to the extremely competitive financial management environment where expertise and skills are in short supply, the Financial Management unit will also need to ensure proper cross-training of staff that will preserve intellectual capacity, competence and credibility of the workforce in instances of high staff turnovers/ to ensure that there is always suitable cover should the need arise through employees seeking other opportunities.

The achievements of an organisation are the results of the combined effort of each individual

- Vince Lombardi

3.4.1 Strategic objective annual targets for 2012/13

Strategic objective (outcome indicator)	Audited/Actual performance			Estimated performance	Medium-term targets		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
1 Financial Capability Model Rating	3	3+	3+	3+	3+	3+	3+

3.4.2 Performance indicators and annual targets for 2012/13

Provincial performance indicators

Programme performance indicator (output indicator)		Audited/Actual performance			Estimated performance	Medium-term targets		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
1.1	Percentage compliance to the implementation framework	-	70	70	80	70	70	70
1.2	Number of financial efficiency interventions implemented	-	4	4	4	4	4	4
1.3	Actual expenditure as percentage of adjusted budget	99%	99%	99%	98%	98%	98%	98%
1.4	Average monthly deviation from monthly cash flow forecast	20%	10%	10%	5%	5%	5%	5%

Programme performance indicator (output indicator)		Audited/Actual performance			Estimated performance	Medium-term targets		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
1.5	Number of IYMs submitted by PT due date	12	12	12	12	12	12	12
1.6	Number of QPRs submitted by PT due date	4	4	4	4	4	4	4
1.7	Ratings received from Internal Control against Level 4 criteria	2	2	2+	3+	3+	3+	3+
1.8	Updated Financial Manual	-	-	-	updated Financial Manual	updated Financial Manual	updated Financial Manual	updated Financial Manual
1.9	Average number of days for the processing of payments to creditors	Payment to creditors within 30 days	Payment to creditors within 15 days	Payment to creditors within 15 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
1.10	Unqualified Audit report with no other matters on compliance and performance	Unqualified Audit report with no other matters	Unqualified Audit report with no other matters	Unqualified Audit report with no other matters	Unqualified Audit report	Unqualified Audit report	Unqualified Audit report	Unqualified Audit report

3.4.3 Quarterly targets for 2012/13

Provincial performance indicators

Performance indicator (output indicator)		Reporting period	Annual target 2012/13	Quarterly targets			
				1 st	2 nd	3 rd	4 th
1.1	Percentage compliance to the implementation framework	Annually	70				70
1.2	Number of financial efficiency interventions implemented	Annually	4				4
1.3	Actual expenditure as percentage of adjusted budget	Annually	98%				98%
1.4	Average monthly deviation from monthly cash flow forecast	Quarterly	5%	5%	5%	5%	5%
1.5	Number of IYMs submitted by PT due date	Quarterly	12	3	3	3	3
1.6	Number of QPRs submitted by PT due date	Quarterly	4	1	1	1	1
1.7	Ratings received from Internal Control against Level 4 criteria	Annually	3+				3+

Performance indicator (output indicator)		Reporting period	Annual target 2012/13	Quarterly targets			
				1 st	2 nd	3 rd	4 th
1.8	Updated Financial Manual	Annually	updated Financial Manual				updated Financial Manual
1.9	Average number of days for the processing of payments to creditors	Quarterly	Within 30 days	Within 30 days	Within 30 days	Within 30 days	Within 30 days
1.10	Unqualified Audit report with no other matters	Annually	Unqualified Audit report		Unqualified Audit report		

3.5 SUB-PROGRAMME 1.3: CORPORATE SERVICES

Strategic Objective	To ensure horizontal and vertical alignment of the Departmental Communication Strategy to adequately inform and empower the people of the Western Cape by providing access and connectivity of Departmental activities
Objective Statement	To achieve awareness rating by potential beneficiaries of the Department by 70% or higher
Baseline	No current baseline
Justification	The process of communication is a two way process that involves consultation with the recipients of information and providing adequate answers to their queries
Links	Link to national/ provincial and departmental policies and strategies

Communication

The Department has developed communication strategies and 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 strategy aims to:

- Ensure that communication within the Depart-

ment 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,
- Ensure continued dialogue between the Department and its stakeholders.

3.5.1 Strategic objective annual targets for 2012/13

Strategic objective (outcome indicator)		Audited/Actual performance			Estimated performance	Medium-term targets		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
2.1	Awareness rating	-	60%	-	-	70%	70%	70%

3.5.2 Performance indicators and annual targets for 2012/13

Programme performance indicator (output indicator)		Audited/Actual performance			Estimated performance	Medium-term targets		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
2.1	Number of Departmental events coordinated and supported	20	20	15	20	20	20	20
2.2	Number of Annual Report copies copied in English	300	300	300	300	300	300	300
2.3	Number of official Document Translated	20	20	37	20	20	20	20
2.4	Number of Departmental Newsletter	20	20	2	4	4	4	4
2.5	Maintenance of and update of the Cape Gateway Website	12	12	12	12	12	12	12

3.5.3 Quarterly targets for 2012/13

Provincial performance indicators

Performance indicator (output indicator)		Reporting period	Annual target 2012/13	Quarterly targets			
				1 st	2 nd	3 rd	4 th
2.1	Number of Departmental events coordinated and supported	Quarterly	20	5	5	5	5
2.2	Number of Annual Report copies copied in English	Annually	300		300		
2.3	Number of official Document Translated	Quarterly	20	5	5	5	5
2.4	Number of Departmental Newsletter	Quarterly	4	1	1	1	1
2.5	Number of updates of the Cape Gateway Website	Quarterly	12	3	3	3	3

3.6 RECONCILING PERFORMANCE TARGETS WITH THE BUDGET AND MTEF

3.6.1 Expenditure estimates

Summary of payments and estimates: Programme 1: Administration Department of Economic Development and Tourism											
Programme R'000		Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimate			
		Audited	Audited	Audited				2012/13	2013/14	2014/15	% Change from Revised estimate
		2008/09	2009/10	2010/11							
1.	Office of the HOD	1 655	1 520	1 892	2 538	2 437	2 437	5 158	6 303	6 443	111.65
2.	Financial Management	14 208	14 441	16 431	17 058	16 683	16 683	20 114	21 806	22 799	20.57
3.	Corporate Services	11 097	10 368	6 114	3 361	1 435	1 435	2 466	2 997	3 613	71.85
Total payments and estimates		26 960	26 329	24 437	22 957	20 555	20 555	27 738	31 106	32 855	34.95

Summary of provincial payments and estimates by economic classification: Programme 1: Administration Department of Economic Development and Tourism											
Programme R'000		Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimate			
		Audited	Audited	Audited				2012/13	2013/14	2014/15	% Change from Revised estimate
		2008/09	2009/10	2010/11							
Current payments		25 589	25 641	23 550	22 577	20 175	20 175	27 702	31 069	32 819	35.99
Compensation of employees		15 996	18 466	16 835	16 205	14 485	14 287	17 565	18 742	19 664	22.94
Goods and services		9 593	7 175	6 714	6 372	5 690	5 889	9 873	12 064	12 891	67.65
Interest and rent on land				1							
Transfers and subsidies to			250	216							
Departmental agencies and accounts			250								
Households				216							
Payments for capital assets		1 324	438	657	380	380	348	300	300	300	(21.05)
Machinery and equipment		1 317	438	578	380	380	348	300	300	300	(21.05)
Software and other intangible assets		7		79							
Payments for financial assets		47		14			31				(100)
Total economic classification		26 960	26 329	24 437	22 957	20 555	20 555	27 738	31 106	32 855	34.95

3.6.2 Performance and expenditure trends

The programmes budget increased by R7, 183 million from R 20, 555 million in the 2011/12 financial year to R27,738 million in the 2012/13 financial year. This represents an increase of 34.95%.

In terms of the sub-programmes, the key contributor to this increase in budgeted expenditure is corporate services (increasing by 71.85%) due to the operationalisation of the Human Resource Management CSC component. In monetary terms, the sub-programme: Financial Management increases by R3, 431 million primarily due to the centralization of audit fees. Furthermore, the Office of the HoD increases by 111.65% due to the realignment to PSO 1.

In terms of economic classification expenditure, the primary increase in budgeted expenditure is due to higher projections on the goods and services budget in the 2012/13 financial year related to audit fees as well as increased operational expenditure. This represents an increase in expenditure of 67.65%.

Over the MTEF period the programme will introduce many improvement measures that should result in efficiency gains, and therefore not result in any significant increase in the budget. The only real increase is in the compensation of employees' budget, as a result of salary increases.

**Success is never final,
failure is never fatal. It is
courage that counts**

- Winston Churchill



PROGRAMME 2:
INTEGRATED ECONOMIC
DEVELOPMENT SERVICES

4. PROGRAMME 2: INTEGRATED ECONOMIC DEVELOPMENT SERVICES

4.1 PURPOSE

The purpose of the programme is to promote and support economic development through shared partnerships.

4.2 PROGRAMME STRUCTURE

The purpose of the Programme directly links to the base principles of Strategic Objective One, "Creating Opportunities for Growth and Jobs". These base principles or underpinnings are:

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

The programme, through its sub-components, speaks directly to (c) above, i.e. creating an enabling environment and providing demand-led support sectors and businesses.

The enabling environment is a broad concept and on the widest definition can comprise all factors external to firms, including the policy, legal, and regulatory framework; governance and institutions; physical security, the social and cultural context of business, macroeconomic policies, access of firms to financial and business services, and the availability of physical and social infrastructure services. A narrower definition refers to the extent to which government policies and practices set the rules of the game for business and influence, positively or negatively, the performance of markets, the incentives to invest, and the cost of business operations.

For the purposes of focus and based on limited resources at the disposal of the Programme, the following aspects have been selected as key areas affecting the creation and maintenance of an enabling environment. Firstly, the **creation of an entrepreneurial and enterprise culture**, secondly, **the development of strong local government** in terms of the capability of developing and implementing effective economic development and growth strategies, thirdly, **the reduction of red tape** within the regulatory environment.

In order to deliver on its purpose, the programme comprises four components:

- Sub-programme 1: Enterprise Development
- Sub-programme 2: Regional and Local Economic Development
- Sub-programme 3: Economic Empowerment
- Sub-programme 4: Red Tape Reduction

4.3 SITUATIONAL ANALYSIS

4.3.1 Performance delivery environment

In sketching the performance delivery environment (PDE) as a precursor to description of the strategies of the four sub-programmes, three distinct aspects of the PDE are discussed below. These are enterprise development, regional and local economic development and red tape reduction.

4.3.1.1 Enterprise Development

Small businesses are an important source of jobs. Businesses that employ fewer than 50 workers account for 68 per cent of private sector employment

- Minister Pravin Gordhan

Entrepreneurship is considered to be an important mechanism for economic development through job creation, innovation and its welfare effect, which has led to a burgeoning policy interest in national, provincial and local levels of entrepreneurial activity. According to GEM (2010) SA's Total Entrepreneurial Activity (TEA) of 8.9% in 2010 is a significant improvement on the 2009 rating that put us at 5.9%. The TEA denotes the % of the adult population engaged in early entrepreneurial activity. However, SA is still significantly below 11.7%, the average for all efficiency driven economies (e.g. Argentina, China and Malaysia) and 15.6%, the average for middle- to low-income countries.

GEM (2010) distinguishes between start-up, new and established businesses. Start-up entrepreneurs are actively involved in setting up their businesses, and have not paid wages or salaries for more than three months. New firms have paid salaries or wages for more than three months, but less than three and a half years. Established businesses have survived beyond three and a half years. The challenge facing SA is that in all three categories of businesses, we are below the world average. I.e. for start-up activity we are at 5.1% (below the GEM average of 6.4%), for new business activity we are at 3.9% (below the GEM average of 5.9%) and for established business activity we are at 2.1% (below the GEM average of 8.6% and second last out of the 59 countries).

The economic implications for these findings are certainly worrying. The contribution of start-up entrepreneurial firms to economic growth and development in GDP is minimal. Less than 4% of SA firms in the start-up phase take on any employees at all. In new and established businesses, on the other hand, the mean number of jobs is 3.1 and 3.2. SA's low new firm and established business prevalence rates thus paint a bleak picture of the SMME sector's potential to contribute meaningfully to job creation, economic growth and equal income distribution.

Another worrying factor is that of students starting their own businesses after completing their studies. The 2011 Global University Entrepreneurial Spirit Students' Survey released in September 2011 show that university students in SA are less likely to follow up on plans for starting their own businesses compared with their international counterparts, and the number of students intending to start their own business after graduating has dropped due to pessimism regarding the financial crisis. Despite 70.6% of students viewing themselves as intentional founders of businesses, considerably higher than the global sample of 42%, the failure to take action meant that SA was ranked lower on the entrepreneurship index. The number of students who were planning to start their own businesses had dropped to 5% this year (2011) from 8% in 2008-09.

There are various challenges faced by people interested in participating in entrepreneurial activity. The GEM report cites a lack of entrepreneurial awareness and exposure at primary and secondary level, restrictive government policies, and inaccessible financial and non-financial support. As a result of these challenges,

South Africans do not regard entrepreneurship as a positive and viable career option.

Both public and private sector procurement from small businesses has been recognised as a key driver of economic growth and development. Not only do, for example, private sector contracts for small enterprises create sustainability for these businesses, it can also act as a springboard for growth and ultimately increased employment.

Aligned to the promotion of procurement as a tool for assisting small businesses is that of "supplier development". Supplier development can be described as assisting small enterprises that are already part of a supply chain, to improve performance in terms of quality, quantity and or delivery. The tools for supplier development include, supplier profiling, benchmarking, supplier capacity building and matchmaking. The advantage of such programmes is that the results of interventions, e.g., implementation of quality systems, can be relatively quickly noticed. The return on investment in terms of support and assistance through such a programme is then higher compared to programmes where there is an absence of corporate clients.

The size and volume of government procurement contracts – in the City of Cape Town this figure stood at R7.2bn and in the same year provincial government spent R 9.2bn on goods and services – facilitates the government's decisions regarding when and whom it contracts with, and these decisions affect a number of issues. State owned enterprises, e.g., ACSA, SAA, TELKOM SA and Transnet, together procure goods and services in excess of R212.7 bn. Aside from government procurement being "business," i.e., the acquisition of goods and services on the best possible terms, it also has broader social, economic and political implications. Using procurement as a policy tool can be referred to as "wealth redistribution" or increasing participation by the previously disadvantaged in the formal economy. Furthermore, it provides ideal market access to new entrepreneurs and to those informal entrepreneurs wanting to graduate to formal business linkages.

The new procurement regulations coming into effect in December 2011 will have a profound impact on local small business suppliers and ultimately on economic development and growth and job creation. The following will be a direct result of the new policy:

- The strategic leveraging of public procurement to achieve industrial objectives – this will benefit local industries;
- The shift from “ad hoc procurement practices” towards “fleet type or on-going purchasing arrangements” (CSDP) will encourage investment in industries supplying government. E.g., bus manufacturing. In CSDP firms are awarded term contracts (of up to five years) to supply items, instead of having to bid e.g., annually;
- Access to opportunities by ring-fencing specific products for local procurement. Products that have already been earmarked for local preference purchasing include rolling stock (trains), clothing and textiles and certain food products and office and school furniture. A recent accord signed between business, government and labour set a target to procure at least 75% of supplies from locally based firms to protect and create jobs and enterprises.

In summarising the key factors inhibiting entrepreneurship and small business development and growth, the following can then be highlighted:

- **Lack of entrepreneurial awareness.** Many aspiring entrepreneurs do not know where to commence their search for seeking assistance for starting their own businesses. The myriad of support organisations that include SEDA, The Business Place and private sector support organisations also seem to be uncoordinated in their efforts that lead to confusion in the minds of entrepreneurs. A further challenge that arises is that services could be duplicated on the one hand and on the other critical services for businesses in various stages of development are not provided.
- **Regulatory environment challenges.** These include government procurement red tape, municipal regulations, export regulations and labour legislation. The red tape is not limited to rules and regulations, but extends to systems and procedures and client interfaces that impact on the cost of doing business.
- **Lack of awareness and access of, especially, new businesses, of procurement and other supply chain related opportunities.** Entrepreneurs claim that not enough is done to make them aware of opportunities offered by government. In addition, they perceive the accessing of these opportunities as being frustrating and difficult. There is a significant call for the development of opportunities for linkages between big and small

business with the latter participating more in the former’s value chain activities.

- **Inadequate attention to the individual needs of businesses related to exploiting opportunities.** One-stop-shops for business advice and assistance cater for the generic needs of businesses, e.g. training and capacity building. There has become an increasing need to assist small businesses through supplier development programmes whereby these businesses are guaranteed opportunities, but dependent on them proving ability to deliver in terms of quality, quantity and reliability.

4.3.1.2 Regional and Local Economic Development

The debate on how best to promote regional and local economies as a way to fight poverty has been vigorous both in South Africa and internationally. This increased focus on Regional and Local Economic Development (RLED) is to a large extent the result of the growing globalisation of our economies. With the liberalisation of trade and its accompanying deregulation and the mobility of financial, product and labour markets, national boundaries decrease in importance and national markets become more and more accessible to foreign competitors.

This development has brought both risks and opportunities to local economies. It increases pressure on local economies to compete internationally and to adapt to global economic forces. At the same time, it opens opportunities to attract new markets and investors. The increasingly rapid flow of large quantities of information, with distance no longer acting as a barrier to trade, has shifted the focus of global markets from a national perspective to a more differentiated regional and local focus on potentials and competitive advantages of a territory. However, RLED is not only about integration into external markets. While the integration into external markets is an important driving force, there are many areas that have not yet been affected by the forces of globalisation. Nevertheless there are opportunities to strengthen the local economic cycles, make local opportunities visible, close gaps with regards to services or inputs into local economic activities and stimulate interaction between local businesses.

Of the many definitions of RLED, most underline two important aspects- Firstly, RLED is an on-going process and secondly, it is driven by local actors from different societal sectors, which implies collaboration,

and even co-responsibility between the public and private sector for the economic development of the region. The approach by the Programme to RLED, is enshrined in defining it as an on-going process by which stakeholders and institutions from all spheres of society, the public and private sector and civil society, work jointly to create a unique advantage for the locality and its firms, tackle market failures, remove bureaucratic obstacles for local businesses and strengthen the competitiveness of local firms.

Internationally, there is much agreement over what does not work in LED, e.g., government-led *ad hoc* projects, but not very much agreement over what does work. The following key elements have emerged though, for consideration:

- the role of institutions in supporting economic development, and the corresponding role of LED agencies in strengthening these institutions;
- a shift in the role of government from intervention/participation to enablement; an increased focus on “soft” infrastructure and the role of new enabling technologies, rather than traditional hard infrastructure; the idea of economic clustering, which states that a concentration of economic activity supports competitiveness;
- the realization that spatial economic structures and spatial local government boundaries seldom coincide;
- a move towards market-based enterprise support structures, and
- a focus on improving locational advantage

From a local perspective, getting LED to “work” is a critical success factor in addressing poverty and inequity. However, there are a number of key issues to be addressed and challenges to be overcome before this will be a reality. The following are some of the most important challenges to more effective LED planning and results:

- a lack of common understanding of the role of LED and LED processes;
- substantial variations in capacity, with some municipalities having little or no pre-existing institutional foundations to build on;
- an increasing urban-rural divide in LED processes and practices;
- the practical spatial constraints of economic planning at a very local level;
- a less-than-effective working relationship between provinces, districts and local authorities;
- a lack of effective LED “networks” in many areas;

- inability to leverage private sector resources for development due to, e.g. poor creditworthiness of municipalities; and,
- the inability of many local authorities to clearly define a LED strategy within the broader IDP process; and a lack of planning resources and capacity.

Key to success is to have competent and capacitated RLED role-players and stakeholders committed to processes that deliver regional and local development. Economic development geared at localities is a complex process and involves a variety of stakeholders and role-players. It is therefore important that a clear understanding of roles and responsibilities towards processes is determined, and that collective efforts are not hampered by a misinterpretation of roles and mandates.

In South Africa this is particularly challenging given that the formal mandate for RLED delivery stretches across the spheres of government. This leads to a lack of clarity and sometimes an overlap around the respective roles of national government, provinces, district municipalities, metros and local municipalities.

The National Framework for LED in South Africa attempts to provide guidelines on the role that *local government* should play in LED:

- to provide leadership and direction in policy making (by-laws and processes to regulate land in a manner that reduces the costs of doing business and maximises the involvement of people in the local economy);
- to administer policy, programme and projects (the core function of bodies or structures responsible for LED is to co-ordinate and maximise the impact of programmes and projects with respect to growth and development);
- to be the main initiator of economic development programmes through public spending, regulatory powers, and (in the case of larger municipalities) their promotion of industrial, small business development, social enterprises and cooperatives. (DPLG – 2006 LED Policy Framework) and

In describing the role of provincial government the Framework identifies two roles:

- A coordination role: they are responsible for resources allocated from national to provincial government and for ensuring that these are correlated with the priorities of the various IDPs).

The Guidelines indicate that provinces should establish LED fora to carry out the work of the National LED Forum at the provincial level; and

- A capacity building role: provinces have a role to play in building the capacity of municipalities to undertake LED and in supporting them in its implementation.

The delivery of Strategic Objective 1, although driven from a provincial perspective will be located in local areas. Hence, the awareness of the importance of RLED cannot be over emphasised.

4.3.1.3 Cutting Red Tape

Improving the business environment or climate has become an important topic in the international discourse on private sector development. As most past efforts to increase the global competitiveness of developing economies have not been able to outweigh the negative effects of disadvantageous legal, political and institutional frameworks, governments have started to shift their focus increasingly on systematically analysing and influencing a country's business climate. The improvement of the regulatory environment is the single most important element of an economic growth strategy and the reduction of Red Tape remains high on the agenda of most OECD countries.

The reduction of red tape has been adopted by Provincial Government as a critical component in realising Strategic Objective One. Likewise, red tape reduction also features prominently in national government's New Growth Plan.

One of the most important elements of a favourable business climate is the absence of ineffective and time-consuming regulations, rules, and administrative procedures and processes. These rules, regulations and procedures, which produce unnecessary costs for doing business, - the so-called "Red Tape"-, characterise public-private sector interaction in many localities in South Africa and elsewhere. Red Tape reduction originates from excessive regulation that can be redundant or bureaucratic, and thus hinder action or decision making.

For our purposes red tape is defined as:

- non-essential procedures, forms, licences, and regulations that add to the cost of dealing with government, or
- anything obsolete, redundant, wasteful or

confusing that diminishes the province's competitiveness, and stands in the way of job creation or wastes taxpayers' time and money.

Red Tape barriers can involve legislation, regulation, fees, permits, licences, paperwork, standards, processing time, guidelines, filing and certification requirements, reporting, investigation, inspection and enforcement practices, and any procedures that affect efficiency of government services for the clients served. These clients include individuals, organisations and businesses.

Research into Red Tape and its reduction has shown some interesting facts, which include:

- developing countries can improve their annual growth rates by creating a more enabling environment (World Bank, 2004)
- Red Tape cost South Africans R79 billion in 2004. This is equivalent to 6.5% of GDP or 16.5% of the total wage bill in 2003.

The recent report, commissioned by the Cape Chamber of Commerce (2011), on the cost of doing business in the Western Cape, indicates that red tape is currently a significant problem in the Cape Town city-region. The following emanating from the report was significant:

- Difficulties that businesses experience in complying with regulations and the subsequent impact on hampering business activities;
- Unhappiness by business owners at the roles that the various spheres of government currently play in implementing regulatory practices and assisting businesses to come to terms with regulatory processes and procedures;
- Operating illegally in order to circumvent red tape that currently constrains business operations, and
- More than half of the respondents had to employ extra resources in order to comply with regulatory requirements.

Not every rule, regulation, procedure or system is necessary red tape. The purpose of reducing red tape is not to take away all the policies and administrative and management processes. Rather, the aim of cutting red tape is to focus rules, regulations, procedures and systems on achieving their objectives efficiently and effectively. Where this is not possible, it becomes necessary to make sure that people can interact with the policies and procedures in a more efficient and transparent way.

The rationale for cutting red tape is twofold:

- The regional and local economic development perspective: reduce costs for business and thereby improve the business environment, leading to economic growth and jobs; and,
- The service delivery perspective: reduce costs for service provision and increase the use of services.

The key public policy objective then is to manage the regulatory environment to keep regulatory costs to a minimum without reducing the regulatory benefits.

4.4 SUB-PROGRAMME 2.1: ENTERPRISE DEVELOPMENT

The Strategy

The Sub-Programme: Enterprise Development will embark on the following in order to achieve its objectives and targets:

- a) Improved co-ordination of and access to enterprise development initiatives and interventions
- b) Business competitiveness and growth
- c) Entrepreneurship awareness and promotion

Improved co-ordination of and access to enterprise development initiatives and interventions

It is imperative that the province's informal sector, which remains small, is supported to grow so that opportunities for employment are created

- Alan Winde

Aspirant, new and existing entrepreneurs need access to support organisations that are not only conveniently located, but also able to provide services attuned to their stages of business development. The proper access to relevant business development services is an important contributor to an enabling environment for businesses to develop and grow.

Agencies and government departments actively involved in enterprise development in the province

include, the DTI, PSA, SEDA, NYDA, SAMAF, Khula, and IDC. Other significant players include The Business Place, ABSA Small Business Support Centres, West Coast Business Development Centre and the myriad of sector Special Purpose Vehicles (SPVs). With the proliferation of these agencies and organisations, the risk of service duplication and gaps arising in service delivery is significant. The role of the sub-programme will then be to play a coordinating role in ensuring that services by these organisations are aligned to the needs and stage of development of small businesses. DEDAT will perform this function not only through regular engagement with these organisations, but also through the establishment of a Provincial Enterprise Forum. This forum will host quarterly summits that focus on the alignment of services to the needs of the province's entrepreneurs and the exchange of information and ideas on improving service delivery to small business.

Inforging closer relationships between the organisations providing centre-based support to entrepreneurs, partnerships with SEDA, The Business Place and West Coast Business Centre will be formalised. In doing so, the department will have influenced the establishment and operation of eighteen points or centres - covering both urban and rural areas - from which entrepreneurs can choose to access business support and advice. Our partnership with the municipalities will also be strengthened through the:

- Increased involvement with City of Cape Town in its Cape Town Activa programme. This programme will undoubtedly ensure entrepreneurs have improved access to services relevant to their needs; and
- Utilization of the LED forums in supporting municipalities to exploit business development as part of their LED strategies. These forums will be utilized to constantly update municipalities of the assistance available from both provincial and national agencies for local businesses.

Business competitiveness and growth

As businesses become competitive, growth usually follows. Growth could be in terms of earnings, expansion in existing markets or exploitation of new markets. Importantly, these businesses, in fuelling their growth turn to the labour market for additional human resources. It is estimated every 100 existing firms generate on average 350 jobs. This is far higher than start-up firms where for every 100 firms only 10 jobs are created (GEM, 2010).

We need to cut administrative costs, avoid duplication and direct more resources to small businesses

– President Jacob Zuma

With SA's relatively low ranking for business efficiency, i.e. 40 out of 59 countries (World Competitiveness), productivity and competitiveness are issues that require urgent attention, not only for the job creation ability, but also for the competitiveness of the regional and national economy.

In driving productivity and competitiveness improvement among existing firms, the sub-programme's interventions will comprise:

- Partner with the National Empowerment Fund (NEF) to create a regional enterprise development fund. This fund will be financed by both the sub-programme and the NEF. With the fund expected to capitalised with over R15m, support and assistance will be provided to existing businesses requiring productivity and capacity improvement interventions;
- the Legacy Mentorship Programme that will provide mentorship and coaching support to businesses experiencing challenges due to growth and other expansion-type challenges; and,
- Cooperatives support. This dedicated supported will comprise business support and assistance, but most importantly, the accessing of significant financial resources (e.g. loan funding and incentives) from the DTI.

Entrepreneurship awareness and promotion

SA's low new firm and established business prevalence rates paint a bleak picture of the SMME sector's potential to contribute meaningfully to job creation, economic growth and more equal income distribution. The solution lies in encouraging more people to start businesses and more existing entrepreneurs to either expand their businesses or start additional businesses.

The key to achieving this lies in increasing our people's entrepreneurial attitudes and perceptions. The GEM (2010) survey showed the following as received from

respondents:

- 41% have perceived good business opportunities;
- 44% believe they have entrepreneurial capabilities;
- 77% see entrepreneurship as a good career choice; and
- 78% believe that successful entrepreneurs have high status in society.

However, most concerning is that only 17% of respondents have entrepreneurial intentions. This means that only 17% of people will make the move and start a business. Thus, the sub-programme will engage in interventions that will seek to increase this statistic – moving the intention to action.

In attempting to substantially increase entrepreneurial intentions to actual establishment of businesses or expansion of existing businesses, the following will be embarked upon:

- The partnering with the City of Cape Town in raising the profile and reach of the Cape Town Entrepreneurship week. This has become a significant event on the calendar of events of entrepreneurship and business promotion, and its popularity has increased since 2001;
- The recognition of successful entrepreneurs through public recognition and competitions (e.g. SAB's Kick-start and SEDA's Entrepreneur of the Year, Mercedes Benz: Youth Entrepreneurship Programme). In partnership with Productivity South Africa (PSA), the sub-programme will host the regional round of PSA's Competiveness Competition. This completion will comprise, inter alia, start-up, emerging and corporate categories with finalists competing on a national level for overall honours;
- The raising of awareness of opportunities to be exploited, e.g. government procurement and private sector supply chain opportunities;
- The promotion of social enterprise as a means of not only solving social problems, but as a significant employer of people in disadvantaged areas;
- On-going awareness and promotion of entrepreneurship as alternative to employment; and, the promotion of cooperatives as a means of drawing on the collective energies and efforts of community members. Our established relationship and partnership with South African National Apex Cooperative (SANACO) will be utilised to promote and support cooperatives as a viable alternative business model.

Strategic Objective	To create an enabling environment that minimises the hurdles to sustainable business growth, investment and job creation
Objective statement	<ul style="list-style-type: none"> To facilitate interactive engagements between relevant stakeholders in order to ensure demand-led support interventions To develop and grow small businesses through enhanced access to financial and non-financial support
Baseline	In 2010, South Africa ranked 27 out of 59 countries in the Total Early Stage Entrepreneurial Activity (TEA). South Africa is not doing well in terms of the sustainability of existing businesses. South Africa ranking 21 out of 59 countries in the prevalence (survival) rate for established business owner-managers SA's total entrepreneurship activity (TEA) has increased to 8.9% (up from 5.9 % in 2009) below the average of 11.9% of all the participating countries.
Justification	The prevalence of small businesses is vital to the growth and development of the economy. The support and assistance to small businesses contributes not only to increased small business establishment, but importantly to the growth of existing businesses and overall sustainability of new and existing businesses.
Links	Medium term Strategic Framework, MEDS and Small Business Act 2004 (as amended)

4.4.1 Strategic objective annual targets for 2012/13

Strategic objective (outcome indicator)		Audited/Actual performance			Estimated performance	Medium-term targets		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
1.1	Number of new businesses established	-	-	720	300	300	500	700
1.2	Number of businesses expanded/sustained	-	-	294	600	600	700	800
1.3	Value of funds leveraged	-	-	R22,032,146	R2m	R10m	R12m	R15m
1.4	Number of jobs facilitated/sustained	-	-	2 893	1 500	2 000	2 500	3 000

4.4.2 Programme performance indicators and annual targets for 2012/13

Nationally agreed sector specific performance indicators

Programme performance indicator (output indicator)		Audited/Actual performance			Estimated performance	Medium-term targets		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
1.1	Number of existing SMME's supported	-	-	2 879	4 009	1 560	2 500	3 000
1.2.	Number of new SMMEs developed	-	-	-	800	1 000	1 200	1 500
1.3	Number of existing cooperatives supported	-	-	130	30	10	15	20
1.4	Number of new co-ops developed	-	-	152	20	5	10	15

Provincial performance indicators 2012/13

Programme performance indicator (output indicator)		Audited/Actual performance			Estimated performance	Medium-term targets		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
1.5	Number of businesses assisted			50	4 009	1 570	2 500	3 000
1.6	Number of new businesses assisted				800	1 005	1 200	1 500
1.7	Number of entrepreneurship promotion interventions					2	2	2

4.4.3 Quarterly targets for 2012/13

Nationally agreed sector specific performance indicators

Programme performance indicator (output indicator)		Reporting period	Annual target 2012/13	Quarterly targets			
				1 st	2 nd	3 rd	4 th
1.1	Number of existing SMME's supported	Quarterly	1 560	420	470	340	330
1.2	Number of new SMMEs developed	Quarterly	1 000	200	275	275	250
1.3	Number of existing cooperatives (COGTA) supported	Quarterly	10	0	2	4	4
1.4	Number of new co-ops developed (COGTA)	Quarterly	5	0	2	2	1

Provincial performance indicators 2012/13

Programme performance indicator (output indicator)		Reporting period	Annual target 2012/13	Quarterly targets			
				1 st	2 nd	3 rd	4 th
1.5	Number of businesses assisted	Quarterly	1 570	420	472	344	334
1.6	Number of new businesses assisted	Quarterly	1 005	200	277	277	251
1.7	Number of entrepreneurship promotion interventions	Annually	2	0	0	2	0

4.5 SUB-PROGRAMME 2.2: REGIONAL AND LOCAL ECONOMIC DEVELOPMENT

Within the RLED landscape sketched earlier, and to deliver on Strategic Objective 1 cognisance is taken that impact needs to be made and achieved in local areas. This means creating the environment for economic inclusion, development and growth to occur. The Programme has thus decided to look at supporting the economic role-players that contribute to the local economy.

First amongst the local role-players identified, are municipalities that are on the coalface of delivery. Strengthening the hand of local government translates into supporting a better enabling environment for local enterprises and firms to experience inclusion, development and growth.

Secondly, with the spatial lens provided by the role of Regional and Local Economic Development, the programme has also chosen to gear support to growth opportunities for existing, regionally-based businesses in localities across the province.

“There are some sorts of industry, even of the lowest kind, which can be carried on nowhere but in a great town”

- Adam Smith

The RLED Strategy

The RLED strategy has two sub-strategies identified that has, as a central thread running across all programmes for delivery, the improvement of local and regional coordination. These two strategies are:

- Guiding strategic LED intervention
- Growth support to groups of regionally-based businesses.

The fundamental difference between this RLED strategy and traditional one-dimensional approaches to LED is that it aims to combine all the frequently fragmented approaches and tools into a coordinated, systemic and sustainable concept which cuts across portfolios. It is a move away from identifying and developing local economic projects with limited resources, toward RLED facilitation, coordination and supporting local economic role-players and stakeholders to accelerate meaningful delivery based on credible economic plans.

Strategic LED intervention

In guiding strategic LED intervention, the sub-programme seeks to increase the capacity of economic role-players, especially municipalities, to manage, develop and implement strategies and plans geared at economic development and growth. A **Regional Programme of Excellence for LED (RPE)** is proposed that has strategic LED intervention as a primary goal, but also aims to support regional and local coordination. The RPE will be established to ensure that strategic, but practical, approaches are taken and that relevant plans and support tools are utilised for meaningful delivery. The RPE will:

- provide hands-on expertise and support to boost local Government’s capacity to promote LED, within the context of existing, new or revised

Integrated Development Plans (IDPs). It will provide LED advisory and support services to strengthen the hand of local government to create a business friendly environment in regions and offer capacity building support services to municipalities to improve their ability to deliver;

- offer LED Advisory and Support Services in areas like, LED assessments, strategy formulation and implementation, economic spatial planning, economic infrastructure, the built environment planning support, urban and regional planning, etc. The range of support will include scoping economic challenges and potential to regenerate or revitalise an area, unlock opportunities in economic functional areas and, acquire and provide access on dynamic economic developments to grow the local knowledge-base. This may be done through the provision of access via websites or newsletters or brochures, public seminars, forums, or direct project-related advice, etc.;
- provide LED Training and Development, geared at building the capacity of local government with interventions aimed at identifying knowledge and skills gaps to which suitable and relevant capacity building interventions like access to relevant LED Tools, etc., are matched.

At local level one of the key areas identified that will strengthen coordination, is support to district LED Forums and hosting a provincial LED Forum for all municipalities in the Western Cape. Continuous and consistent engagement with local government is done to foster cooperative governance. The intention is that network structures complement and replace traditional and isolated decision making and implementation. Our aim is to drive the provincial economic agenda, capitalising on networks, strengthen cooperative governance and support the development of mechanisms for improved IGR that successfully delivers, by way of example, our national priority for jobs.

In addition to focusing on specific interventions around the three spheres of government, there is growing consensus that revitalisation or regeneration of localities requires a coordinated partnership approach, drawing on government, business, industry, labour, and civil society to introduce decisive and integrated interventions that address rapid socio-economic decline in the immediate, facilitating economic recovery and growth over the medium- to long-term. Generally, there is an uncoordinated approach to interventions of this

nature and results in poor planning, implementation, low-level to no impact and a waste of efforts and resources. Sound regeneration and revitalisation interventions require a cross-sectoral and transversal approach that in turn requires an interactive and multi-stakeholder participation process.

From a different perspective, support for economic functional regions need to be considered. A functional region is organized around a node or focal point with the surrounding areas linked to that node by transportation systems, communication systems, or other economic association involving activities like manufacturing and retail trading. To be considered a functional region, at least one form of spatial interaction must occur between the center and all other parts of the region. By way of example, the metro may form a functional region with its cross-border municipal neighbor(s) to the north – up the West Coast – linked through a transport corridor and a number of industry or sector developments. Support to a functional region will look at inter-regional planning and co-ordination.

What is clear is that one size does not fit all – and that differentiated approaches are required when looking at rural and urban if we are to support the creation of decent employment through inclusive economic growth, the development of a skilled and capable workforce and the support of an efficient, competitive and responsive economic infrastructure network, in a meaningful manner as economic flows often overlap municipal boundaries. The sub-programme will provide a co-ordinated approach to how this department tackles national, provincial and local interventions that are geared at specific localities, taking the lead in driving and supporting an appropriate economic agenda for that region.

To measure the impact of our support services mentioned above and to determine if the department is indeed on the right track, establishing the status quo on LED performance areas is required. The department will therefore undertake LED maturity assessments with the aim of establishing baseline and for the purposes of benchmarking. In addition, the department will perform LED assessments on the next round of IDPs developed by municipalities (aligned to national efforts) and support through participation on IDP Indaba 1 and 2, the institutionalizing IDPs within our department.

Growth support to groups of regionally-based businesses

Sustainable LED requires clear economic thinking and acting and it is based on economic dynamics and business principles. While local businesses may represent the “economic brain” of the area, they would not have a priority of sufficiently balancing and taking into account ecological, economic and social development goals. Local business should articulate their interests and commit to a common agenda and delivery plan for economic development held by the local government and supported by provincial government. Contribution to the LED strategies in IDPs, the Provincial Strategic Objective One and the Economic Development Partnership therefore becomes important in setting an economic agenda for our region.

Growth, jobs and income can be reached and sustained if there are LED initiatives that concentrate on increasing productivity levels of businesses and the competitiveness of localities. Innovative proposals that enhance existing business operations, or expand current local production, of a group of businesses in local areas, is the target.

This may be in areas that look at strengthening access to land, transport and communication infrastructure, access to finance, skilled workers, energy and environment opportunities, availability of related industries, supporting institutions, etc. are examples of intervention areas that promote competitiveness. Specifically, the **LED Growth Fund to support business competitiveness** will aim to support an enabling environment for business by providing support to innovative economic development projects, that will crowd-in private sector investment, assist the sustainability &/or expansion of businesses and supports key business linkages to be made and allow the private sector to thrive.

Regional and Local Coordination

To deliver towards improving regional coordination, the sub-programme will target each of the spheres of government for attention across its programmes for delivery.

At provincial government level the sub-programme will drive the establishment of an **Inter-departmental Coordinating LED Working Group**. Government intervention, especially those geared at specific localities often require a cross-sectoral and transversal

“Successful private enterprise and productive public-private partnerships create wealth in local communities,” However, local government is “essential.” Partnership with the “business sector, community interests and municipal government” works in “conjunction” with local government’s collaborative strategic plans.

– Robert Cuthbert

provincial and national role-players and stakeholders in order to ensure an environment conducive to local economic development is achieved. The need for a transversal working group is evident if we aim to support vertical and horizontal integration of efforts that are geared at localities. This means that amongst others, spatial, social and economic aspects have to be considered if blockages are to be unlocked and opportunities are to be supported. The LED working group over time will expand its sphere of influence to reach across all three spheres of government for improved alignment and delivery.

The transversal forum will also serve to foster:

- greater alignment to formulate policy positions and attempt to influence opportunity at national platforms and then participating in national engagements with the aim of harnessing opportunity for synergy and creating impact.
- greater alignment with municipalities to establish and formulate LED position and actions in an attempt to influence local agendas and platforms to create real delivery and impact.

approach. This in turn requires an interactive and multi-stakeholder participation process. Active participation of the direct and indirect stakeholders is then a key component within the planning and implementation of strategies and action plans, i.e. participatory and multi-stakeholder strategy and action planning. The aim is to enhance cohesion between the relevant local,

The RLED programmes described above, are targeted at specifically delivering on improving regional and local coordination, increasing municipal capacity to tackle economic development and growth and having more local businesses expand across municipal areas to support growth, and so create impact on the priorities of economic inclusion, development and growth.

Strategic Objective	Improving regional and local coordination through strategic LED support to local economic role-players
Objective statement	To capacitate economic role-players, especially the 30 municipalities in the province, to plan and implement regional and local economic development and growth plans that contributes to jobs.
Baseline	No verified baseline data is available
Justification	The department aims to influence and make a positive impact on the growth and development trajectory of localities that contribute to the regional economy as a whole, through an agenda of economic inclusion, development and growth. Local and regional economic coordination is key as all three spheres government who needs to consider how to: <ul style="list-style-type: none"> • Provide suitable support services to municipalities so as to strengthening local government who is on the coalface of service delivery; • Create an environment supportive of private sector investment, link suitable public sector investment, and address the needs of communities within the development potential of regions with local projects and programmes.
Links	The goal is to improve regional and local coordination that has a positive impact on local economic role-players who ultimately contribute to economic development in localities. It is the role of provincial government and this department to bring to bear the right interventions, at the right time, with suitable resource allocations, in line with the holistic and integrated plan for development for regions.

4.5.1 Strategic objective annual targets for 2012/13

Strategic objective (outcome indicator)		Audited/Actual performance			Estimated performance	Medium-term targets		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
2.1	Number of municipalities with improved LED maturity assessment indices					6	6	6
2.2	Number of local businesses expanded across municipal areas				10	30	20	20

4.5.2 Performance indicators and annual targets for 2012/13

Nationally agreed sector specific performance indicators

Programme performance indicator (output indicator)		Audited/Actual performance			Estimated performance	Medium-term targets		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
2.1	Number of economic development projects supported at local and regional level			1	5	15	10	10
2.2	Number of capacity building interventions to municipalities	1	2	2	3	4	5	6
2.3	Number of LED strategies aligned to PGDS and other spatial development plans							

Provincial performance indicators

Programme performance indicator (output indicator)		Audited/Actual performance			Estimated performance	Medium-term targets		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
2.4	Number of LED Assessments					30	30	30
2.5	Number of municipal-specific economic development projects					3	4	5

4.5.4 Quarterly targets for 2012/13

Nationally agreed sector specific performance indicators

Performance indicator (output indicator)		Reporting period	Annual target 2012/13	Quarterly targets			
				1 st	2 nd	3 rd	4 th
2.1	Number of economic development projects supported at local and regional level.	Quarterly	15	5	5	5	
2.2	Number of capacity building interventions to municipalities	Quarterly	4		2	1	1
2.3	Number of LED strategies aligned to PGDS and other spatial development plans	Annual	-				

Provincial performance indicators

Performance indicator (output indicator)	Reporting period	Annual target 2012/13	Quarterly targets				
			1 st	2 nd	3 rd	4 th	
2.4	Number of LED Assessments	Annual	30				30
2.5	Number of municipal-specific economic development projects	Quarterly	3		1	1	1

4.6 SUB-PROGRAMME 2.3: ECONOMIC EMPOWERMENT

Public and private sector procurement from emerging and small enterprises has been recognised as a key driver of economic growth and development. It can create sustainability for small businesses and also act as a springboard for growth and ultimately, increased employment.

The Economic Empowerment sub-programme will focus its energies and effort on the utilisation of procurement as a means of increasing economic empowerment and ensuring inclusivity of all in the provincial economy. The Procurement Promotion Strategy will comprise the following interventions:

- a) Supplier development programme (SDP)
- b) Access to business finance and incentive schemes, and
- c) Awareness and advocacy

a) Supplier Development Programme (SDP)

The SDP will focus on small businesses that are willing to grow by (1) accessing public procurement opportunities or, (2) participating as new entrants in the supply chains of corporates or (3) expanding their existing activities within existing corporate supply chains. The rationale of assisting such businesses is twofold. Firstly, to grow and increase employment, and secondly, to encourage small enterprises that have been excluded from such opportunities to also become suppliers to mainstream businesses and hence promoting economic inclusion.

The SDP is aimed at strengthening and supporting the performance of SMMEs not only by enabling them to acquire the skills and capabilities required by industry but also raise their awareness with regards to issues of competitiveness in the global market. The programme will be done in collaboration with the South African Supplier Diversity Council (SASDC) and South African International Business Linkages (SAIBL). SASDC is a membership-based organisation comprising 13 corporates. These corporates have set aside the

purchase of goods and services from small businesses to the value of R100 billion.

Each small business participating in the SDP will receive the following support:

- Business diagnostics and capability determination: diagnosing the weaknesses and strengths of potential suppliers and capability to deliver as per contractor requirements (e.g. volume, quality, etc.);
- Implementation of improvement measures to reach full capability of satisfying the product and service demands of the contractor (e.g. corporate or government department);
- BBBEE verification. This verification will enable small businesses to tender for contracts and supply of goods and services and be able to claim the necessary BEE points. Equally important is that corporates utilising verified vendors are able to claim BEE points. The chances are virtually zero of a corporate transacting with a small enterprise that has not been verified; and
- Linkages to corporates seeking to purchase goods and services from small (BBBEE verified) suppliers.

The SDP will then enable small enterprises to:

- start work as a supplier of local or international main-contractors
- strengthen their existing relation with main-contractors
- solve the problems SMMEs are facing with their existing main-contractors
- leverage the position from supplier to strategic partners (more value added products)
- upgrade their performance and capabilities
- expand existing service offerings
- access new markets and funding for expansion

Another component of the SDP that will be implemented is the Supplier Open Days (SOD). These interventions, in partnership with Provincial Treasury will be conducted on a quarterly basis and will ensure

outreach to the rural areas. The SODs have proven over the years to be quite successful in not only making rural entrepreneurs aware of the opportunities offered by provincial procurement, but more importantly contributed to suppliers:

- being fully aware of the requirements for access provincial tenders;
- being taken through the processes of business registration, application for accessing finance and complying with regulatory requirements, such as Construction Industry Development Board (CIDB) registration; and
- receiving hands-on support regarding costing, project management and other management issues.

b) Access to Business Finance and Incentive Schemes

Access to credit is critical to any business. For small enterprises which play an important role in the development and growth of a country's private sector, access to credit and financing is crucial to their sustainability and growth—and ultimately to a country's economic growth, employment, and asset formation. As such, access to credit has become a key issue of concern for international development agencies, regulators, and policymakers in advanced and emerging economies alike. South Africa is no exception.

Even after 17 years of apartheid, access to small-business financing in South Africa is still constrained for many. Despite more emerging small enterprises gaining access to finance compared to ten years ago, financing remains limited for small enterprises in the second economy.

In empowering small enterprises through access to credit and finance, the following will be embarked upon:

- Entering into a partnership with the DTI to act as a channel and conduit for its incentives offered to small enterprises. The take of national incentives, such as the Black Business Supplier Development Fund, has historically been slow in the Western Cape. The main reason ascribed to this is the inadequate communications of these incentives. By taking on the role of “marketer” of these incentives, the sub-programme will directly influence the flow of funds to Western Cape based small enterprises. The sub-programme will also provide hands-on support to small enterprises applying for such incentives;

- Advocating and lobbying financial institutions to alter their lending criteria to be more relevant to the circumstances of emerging businesses. Also, designing financial products that are accessible by these fledging businesses;
- Advocating and lobbying public sector procurers and corporates to facilitate and accommodate financial institutions offering innovative financial products to emerging small enterprises. An example being the adoption of PGWC of the invoice discounting and cession of payment notion. The adoption of this concept will mean that much more small enterprises would be enabled to tender or bid for government contracts; and
- Facilitating access to finance offered by the development finance institutions, such as Khula, IDC and NEF. A constraining factor for many small enterprises wanting to access the services of these national agencies is that the processes and procedures are seemingly difficult and fraught with red tape. Through the sub-programmes support, accessing these services would be simplified and even demystified.

c) Advocacy and awareness

The access to information on opportunities and business support is a challenge to many emerging small enterprises. With limited networks, poor access to information deals a double blow to small enterprises wanting to either “graduate” from the informal sector (to the formal sector) or grow their existing businesses.

The sub-programme will embark on an advocacy and awareness campaign that will comprise:

- The upgrading of the provincial tender website to house all necessary information for enterprises to adequately access government procurement opportunities. The site will cover provincial and local authority tender opportunities as well as all parastatal and public entity opportunities;
- Workshops on tender regulations and opportunities and hands-on training on accessing these opportunities;
- Provincial-wide road shows and information sessions on a quarterly basis. The objective is two-fold; the communication of the new procurement regulations to suppliers and municipal officials and the on-going communication with especially rurally-based small enterprises; and
- On-going interaction with organised business through regular forum and engagement meetings.

Strategic Objective	To create an enabling business environment for sustainable economic empowerment through the promotion of procurement opportunities to local businesses.
Objective statement	To facilitate economic participation of emerging entrepreneurs and small businesses; the expansion of small businesses, as well as increasing economic opportunities awareness by improving access to procurement and business opportunities. This will be done through ensuring 330 economic opportunities realised, valued at R42 million over the MTEF period.
Baseline	Number of economic opportunities realised: 110 Number of job created: 0 Number of companies accessing business opportunities: 100
Justification	Procurement opportunities will be made available through inter alia, the provincial Tender Site. The objective is to have a credible, reliable and easily accessible source of information on opportunities available in the private and public sectors. The Supplier Development Programme will develop existing and expanding businesses and it will include programmes to improve the business management and project management capabilities of the beneficiaries.
Links	National Broad Based Black Economic Strategy, Broad Based Black Economic Act and the Codes of Good Practice, Preferential Procurement Policy Framework Act

4.6.1 Strategic objective annual targets for 2012/13

Strategic objective (outcome indicator)		Audited/Actual performance			Estimated performance	Medium-term targets		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2013/14
3.1	Number of existing businesses expanded/sustained	-	-		20	200	250	300
3.2	Number of jobs facilitated	-	-	-		200	220	240
3.3	Value of funding leveraged	-	-			R2m	R2, 5m	R3m
3.4	Value of procurement opportunities facilitated				R10m	R10m	R15m	R20m

4.6.2 Performance indicators and annual targets for 2012/13

Nationally agreed specific performance indicators

Programme performance indicator (output indicator)		Audited/Actual performance			Estimated performance	Medium-term targets		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
3.1	Number of target group specific opportunities identified	-	-	1 000	500	1 000	1 500	2 000
3.2	Number of target group specific interventions			100	100	20	30	40

Provincial performance indicators

Programme performance indicator (output indicator)		Audited/Actual performance			Estimated performance	Medium-term targets		
		2008/09	2009/10	2010/11		2011/12	2012/13	2013/14
3.1	Number of existing businesses assisted	-	-	-		750	800	850
3.2	Number of business/entrepreneurs promotion interventions	-	-	-	-	25	30	30
3.3	Number of visits/hits to the Provincial tender site				10 000	15 000	20 000	25 000

4.6.3 Quarterly targets for 2012/13

Nationally agreed sector specific performance indicators

Programme performance indicator (output indicator)		Reporting period	Annual target 2012/13	Quarterly targets			
				1 st	2 nd	3 rd	4 th
3.1	Number of target group specific opportunities identified	Quarterly	1 000	200	300	300	200
3.2	Number of target group specific interventions	Quarterly	20	2	8	8	2

Provincial performance indicators

Programme performance indicator (output indicator)		Reporting period	Annual target 2012/13	Quarterly targets			
				1 st	2 nd	3 rd	4 th
3.3	Number of existing businesses assisted	Quarterly	750	100	300	300	50
3.4	Number of business/entrepreneurs promotion interventions	Quarterly	25	5	10	5	5
3.5	Number of visits/hits to the Provincial tender site	Quarterly	15 000	3 000	4 000	4 000	4 000

4.7 SUB-PROGRAMME 2.4: RED TAPE REDUCTION

Improving the business environment or climate has become an important topic in the international discourse on private sector development. As most past efforts to increase the global competitiveness of developing economies have not been able to out-weigh the negative effects of disadvantageous legal, political and institutional frameworks governments have started to shift their focus increasingly on systematically analysing and influencing a country's business climate. The improvement of the regulatory environment is the single most important element of an economic growth strategy and the reduction of red tape remains high on the agenda of most OECD and countries looking to improving competitiveness.

Growing businesses create jobs. Government's job therefore is to create the environment that attracts investors, encourages innovation and supports initiative.

- Premier Helen Zille

The Western Cape government, through Strategic Objective 1, has adopted the reduction of Red Tape as a critical component in realising this objective. Likewise, Red Tape reduction also features prominently in national government's New Growth Plan.

The sub-programme will embark on the following three groups of interventions:

- Awareness and advocacy
- Structured responses to ad hoc red tape-related issues and blockages
- Sector-specific investigations and resolution proposals

Awareness and Advocacy

Red tape has been so pervasive that the spheres of government, government departments and agencies have almost come to accept it as part of the way of doing business. However, there has been a realisation red tape adds significantly to the cost of doing business. Thus the first step in the process of tackling red tape reduction is a programme of awareness and advocacy.

The sub-programme's programme of awareness and advocacy will focus on the following:

- Local authorities – both local and district municipalities. The campaign will comprise workshops with municipal officials and councillors and advise and support to municipalities requiring assistance with red tape reduction. Key partners in this campaign will be the South African Local Government Association (SALGA) and the German local government NGO, GIZ;
- Continuation of the Red Tape Reduction Call Centre. The services of the centre will be rolled out to include SALGA and municipalities. Extensive communication will be conducted targeting both informal and formal business associations and chambers of commerce;
- Targeting key provincial departments having interactions with business. This will include departments such as, Transport and Public Works, Agriculture and Environmental Affairs and Development Planning. This will be done through workshops and on-going engagements; and,
- On-going interactions with business associations and chambers of commerce, sector associations and government agencies/departments with the objective of creating awareness of the services of the sub-programme and eliciting red tape-related issues experienced by members of these associations.

Sector-specific investigations and resolution proposals

Red tape is a broad term and encompasses regulations, systems, procedures and human interfaces. Hence in addressing red tape-related matters it is advisable to be focussed on either transversal issues, e.g. labour legislation, or be sector-specific in addressing issues inhibiting development and growth of the selected sectors.

The sub-programme has selected the following sectors for in-depth investigation:

- Manufacturing with an emphasis on the clothing sector. The myriad of legislation, regulations and compliance-related issues affecting the sector has been well documented. Research point to these regulations having a stifling effect on the growth of many a small clothing manufacturing. The result being that small manufacturers with real growth potential prefer not to expand since they then become part of red tape regime which they can ill-afford.
- Information and Communication Technology (ICT). The focus here will be an investigation into the stifling effect on investment into the sector as a result of the Publicly Financed Research and development Act. The resolution or abolishment of this act will unleash significant venture capital investment into the sector.
- Informal sector development. The focus here will be on the regulations (e.g. municipal by-laws determining trading spaces and times) and legislation constraining the expansion and growth of the sector. If successful, many more unemployed people could be drawn into the sector and earn at least some wage income; and,
- Aquaculture. This sector holds promise of significant job creation if the sector is less constrained by the many legislative and regulatory barriers affecting it. Not only are the barriers in terms of the establishment of e.g. fish farms, but also in exporting the product.

Investigation of ad hoc red tape-related matters

Between the call centre enquiries and the structured sector-specific investigations there exists a gap in dealing with matters that become apparent during the normal course of business. An example of this is the red tape related to the testing of solar hot water cylinders (geysers) whereby the requirement now is that complete units (instead of components) are required to be sent to the SABS in Pretoria for testing. Not only is this too expensive for small enterprises manufacturing geysers, but centralisation has now meant that testing takes much longer than before.

The sub-programme will allocate dedicated resources to dealing with these *ad hoc* that emanate from organised business, SPVs and or other industry bodies.

We believe in appropriate regulation to ensure competition and promote sustainability. But we cannot make it so difficult to do business in South Africa that investors prefer to take their skills and capital elsewhere. We have to achieve the right balance

– Premier Hellen Zille

Strategic Objective	To create and maintain an enabling regulatory environment through the reduction of Red Tape and other unnecessary burdensome bureaucratic processes and procedures.
Objective statement	To reduce the identified and selected regulatory requirements flowing from regulations, legislation and interpretive policies by 25%.
Baseline	No baseline exists.
Justification	Regulatory environment is the single most important element of an economic growth strategy & remains high on agenda of most OECD countries Growing use of formalities (red tape) increase costs and multiply barriers for businesses through time and money needed for compliance, hence reducing regulatory certainty which is a key parameter for businesses
Links	To all government legislation, regulations and policies that influence the regulatory environment within which business and citizens must operate.

4.7.1 Strategic objective annual targets for 2012/13

Strategic objective (outcome indicator)		Audited/Actual performance			Estimated performance	Medium-term targets		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
4.1	% resolution rate on queries					85%	85%	85%
4.2	Number of position papers tabled to EISSC and accepted for further action.	-	-	-	2	4	7	9
4.3	Number of transversal blockages resolved					4	6	9

4.7.2 Performance indicators and annual targets for 2012/13

Provincial performance indicators

Programme performance indicator (output indicator)		Audited/Actual performance			Estimated performance	Medium-term targets		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2013/14
4.1	Number of call centre queries received	-	-		468	500	400	450
4.2	Number of transversal blockages identified for intervention					8	10	12
4.3	Number of position papers				1	6	7	9
4.4	Number of advocacy interventions					12	14	17

4.7.3 Quarterly targets for 2012/13

Provincial performance indicators

Programme performance indicator (output indicator)		Reporting period	Annual target 2012/13	Quarterly targets			
				1 st	2 nd	3 rd	4 th
4.1	Number of call centre queries received	Quarterly	500	125	125	125	125
4.2	Number of transversal blockages identified for intervention	Quarterly	8	2	2	2	2
4.3	Number of position papers	Quarterly	6	1	2	2	1
4.4	Number of advocacy interventions	Quarterly	12	3	3	3	3

4.8 RECONCILING PERFORMANCE TARGETS WITH THE BUDGET AND MTEF

4.8.1 Expenditure estimates

Summary of payments and estimates - Programme 2: Integrated Economic Development Services Department of Economic Development and Tourism											
Sub-programme R'000		Outcome					Medium-term estimate				
		Audited	Audited	Audited	Main appropriation	Adjusted appropriation	Revised estimate				% Change from Revised estimate
		2008/09	2009/10	2010/11	2011/12	2011/12	2011/12	2012/13	2013/14	2014/15	
1.	Enterprise Development	31 021	35 552	35 023	29 751	27 903	27 903	23 632	26 269	28 640	(15.31)
2.	Regional and Local Economic Development	6 327	11 017	9 040	9 350	9 777	9 777	9 520	9 908	12 145	(2.63)
3.	Economic Empowerment	4 507	3 330	5 700	4 731	5 176	5 176	6 353	6 636	8 352	22.74
4.	Red Tape							3 757	4 081	5 335	
5.	Management: Integrated Economic Development Services	180	4 931	1 698	7 910	8 410	8 410	1 966	2 079	2 198	(76.62)
Total payments and estimates		42 035	54 830	51 461	51 742	51 266	51 266	45 228	48 973	56 670	(11.78)

Summary of provincial payments and estimates by economic classification - Programme 2: Integrated Economic Development Services Department of Economic Development and Tourism											
Economic classification R'000		Outcome					Medium-term estimate				
		Audited	Audited	Audited	Main appropriation	Adjusted appropriation	Revised estimate				% Change from Revised estimate
		2008/09	2009/10	2010/11	2011/12	2011/12	2011/12	2012/13	2013/14	2014/15	
Current payments		15 924	17 713	15 274	24 629	23 053	23 067	29 908	31 653	36 350	29.66
Compensation of employees		9 222	11 067	11 486	15 790	13 873	13 701	16 113	17 405	18 252	17.60
Goods and services		6 702	6 646	3 786	8 839	9 180	9 366	13 795	14 248	18 098	47.29
Interest on rent and land				2							
Transfers and subsidies to		25 809	37 100	35 950	26 800	27 900	27 900	15 000	17 000	20 000	(46.24)
Departmental agencies and accounts		1 123	1 000		1 000	1 000	1 000	4 500	4 500	4 500	350.00
Public corporations and private enterprises		24 686	36 100	34 900	20 600	21 100	21 100	3 000	4 000	6 000	(85.78)

Summary of provincial payments and estimates by economic classification - Programme 2: Integrated Economic Development Services Department of Economic Development and Tourism										
Economic classification R'000	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimate			
	Audited	Audited	Audited							% Change from Revised estimate
	2008/09	2009/10	2010/11				2011/12	2011/12	2011/12	2012/13
Non-profit institutions			1 050	5 200	5 800	5 800	7 500	8 500	9 500	29.31
Payments for capital assets	302	17	237	313	313	289	320	320	320	10.73
Machinery and equipment	302	17	97	313	313	289	320	320	320	10.73
Software and other intangible assets			140							
Payments for financial assets						10				100
Total economic classification	42 035	54 830	51 461	51 742	51 266	51 266	45 228	48 973	56 670	(11.78)

4.8.2 Performance and Expenditure Trends

The adoption of Strategic Objective 1 and subsequent strategy development has given much impetus to the Programme having to reprioritise the direction and focus of its resources. In addition, the changing landscape – new challenges, the drive for efficiency and effectiveness and client demands for services that have substantial impact – has necessitated substantial introspection.

For the 2012/13 year and the outer MTEF years, the Programme will have:

- moved the implementation of all of its major projects away from implementing agents and into the department. For just one of the projects this will realise a saving of close onto R 5 million in terms of agency/institutional fees;
- adopted a facilitating role in small business centre-based support. The rationalisation of the Red Door programme (R12, 6 million - 2011/12) will see us migrating from being an active (and duplicative) player in the SMME (support centre) environment to that of facilitating and co-ordinating the geographic spread of services across the province. In doing so we envisage providing reasonable access to small business

- support to potential and existing entrepreneurs – both in terms of location and stage of business development. In this way, we are not tied in the medium to long term into expensive investment in infrastructure and operations. Through providing leveraging funding to other support organisations (both government, e.g., SEDA and NGO, e.g. The Business Place (R6 million) the programme is able to, in an efficient manner, facilitate centre-based support for small businesses. The change in role will see a significant swing in budget from infrastructure (Red Door centres) to value-adding programmes such as supplier development and competitiveness improvement;
- changed the way it does Regional and Local Economic Development support. The provincial “Centre for Excellence (R 1, 050 million)”, housed within the Programme will ensure hands-on support local authorities in terms of training, LED strategy development and improvement of local business climates. The expertise and resources will be within the Programme with eventually minimal use made of consultants in assisting local municipalities with LED-related issues;
- skewed its programmes and projects toward the support of the department’s priority sectors – ICT, Green technologies, aquaculture. In this way

-
- the sector-based approach of the department is supported and sectors are meaningfully impacted on - as opposed to the normal generic approach;
- allocated resources (not entirely) away from pre start-up micro businesses to more growth-oriented established businesses that have a higher propensity for labour absorption. The former small businesses will be assisted through a partnership network of centre-based organisations (e.g. national government agencies and PPPs).



PROGRAMME 3:
TRADE AND SECTOR
DEVELOPMENT

5 PROGRAMME 3: TRADE AND SECTOR DEVELOPMENT

5.1 PURPOSE

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

5.2 PROGRAMME STRUCTURE:

- Sub-programme 1: Trade and Investment Promotion
- Sub-programme 2: Sector Development
- Sub-programme 3: Strategic Initiatives
- Sub-programme 4: Management Trade and Sector Development

5.3 SITUATIONAL ANALYSIS

5.3.1 Performance delivery environment

The National Industrial Policy Framework (NIPF) provides the current national direction within the broader parameters of the country's economic and industrial path, setting out the dti's approach to South Africa's industrialisation trajectory. The NIPF seeks to facilitate diversification and intensification of the country's economy, with a particular emphasis on employment creation, as well as broader participation and contribution towards the African regional economies. The operationalisation of the NIPF was articulated through the 2007 Industrial Policy Action Plan, and subsequently refined through the Industrial Policy Action Plan II which was launched in 2010. The key thrusts outlined within the National Industrial Framework have varying degrees of direct relevance to the Province and the Department. All the themes within the IPAP II (with the exception of one) have direct applicability to Programme 3, namely leveraging procurement (as it is linked to localising manufacturing capability), developmental trade policies (as it is linked to sector specific enabling environments), and sector strategies; skills and education for industrialisation; industrial upgrading; innovation and technology; spatial and industrial infrastructure; and co-ordination, capacity and organisation.

On a provincial level, the key objectives, principles and approach to Economic Development of the Western Cape government are encapsulated within Strategic Objective One: Creating Opportunities for growth and Jobs. The twin thrusts of Strategic Objective One (SO1) are (a) The creation and maintenance of an

enabling environment for business, and (b) Demand-led, private-sector driven government support for growth sectors, industries and businesses. The approach and a significant number of the Growth Action Plans contained within Strategic Objective One are captured and will be implemented and/or supported by Programme 3's core responsibilities. This includes:

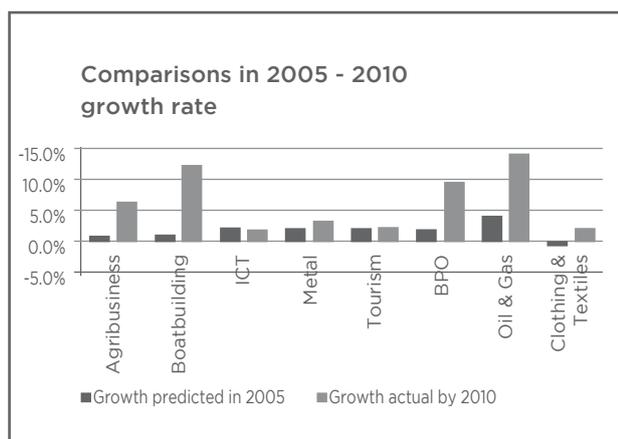
- **The Micro-Economic Development Strategy and Sector Support**, which underpins the sector strategies and cluster approach within Programme 3. The Sector Strategies provide the bottom-up, demand-driven approach with respect to SO1's emphasis on red tape reduction, skills development and enterprise development
- **Future Cape**, wherein Programme 3 will co-ordinate and provide secretariat support.
- **Infrastructure and asset development**, which will include Cape Catalyst economic-led infrastructure projects

The establishment of the Economic Development Partnership will have a major impact on the institutions that fall within the Programme, and particularly Wesgro and the SPV's. It has been agreed by Cabinet that Wesgro will be dis-established and that the new arrangements should be up and running by 1 April 2013. Precisely how the new institutional arrangements are going to be structured, will be determined over the course of 2012.

A further challenge is that the annual measures around which sectoral interventions are determined, are largely inappropriate in measuring the structural interventions required to move industries into a new trajectory and to create the hundreds of thousands of jobs that this economy requires. Through discussions with the key sector representatives, it has been determined that it is possible to create 367,000 jobs within the next 15 years through the targeted sectors, should the structural blockages be addressed. Best practice internationally e.g. European cluster work, recommends longer term measures, with intermediate outcomes. Until this is put in place, the Department runs the risk of measuring inappropriate indicators, that distort interventions towards micro-project delivery rather than addressing the major sectoral strategic opportunities and challenges.

A useful reflection of the long-term impact that we should be capturing, is the recent City of Cape Town analysis of actual priority sector growth over the 2005

- 2010 period, against the projected growth. As can be seen, the growth rates of the agri-business, boat-building, oil and gas, BPO and clothing and textiles is considerably above the original projections. This significant over-achievement, can largely be attributed to the contribution of the Department's sectoral and SPV interventions over the period.



Source: CoCT, Quantec

5.4 SUB-PROGRAMME 3.1 TRADE AND INVESTMENT PROMOTION

Strategy 1: Investment and Trade Promotion

Through the new EDP and network of internationally-interfacing organisations, the Province will proactively attract, facilitate, and retain foreign investment. It will promote exports and market access through the application of best practice methodology. It will provide generic marketing support to the Special Purpose Vehicles, and boost its cross-cutting facilitation services to investors and to the business entities in the region. Investment promotion and trade promotion efforts will increasingly be oriented towards pro-active targeted opportunities within the priority sectors.

The implementation for 2012/13 includes:

- Proactively promoting inward investment into the region;
- Facilitating inward investments through assistance;
- Assisting SPVs and existing and potential exporters with market access to international markets;
- Providing relevant investment and export intelligence; and
- Collaborating with the sector development bodies on marketing 16 initiatives

Strategic Objective	The stimulation, facilitation and increase of economic growth and opportunities through export and investment promotion and a strong economic regional brand
Objective statement	To facilitate employment through developing effective global participation and economic growth through tripling the trade and investment into the region from R1 billion per annum to R3 billion per annum, and facilitating 3000 jobs per annum as a result of the trade and investment by 2015.
Baseline	No of jobs facilitated/sustained = 1,000 Value of investments and exports = R700-million
Justification	Direct investment brings into the economy additional technology, expertise and foreign exchange, and through activities previously not undertaken in the province, creates jobs, while exports by globally competitive companies ensure the sustainability (and growth) of jobs within exporting businesses and additional revenue into the country. This contributes towards achieving above-average sustainable economic growth. Contributing towards the identified outputs and outcomes are interventions promoting the image of the province as a quality destination in which to do business or consume services. This results in increased demand; facilitates and recruits inward investment; offers supply side assistance to increasing businesses' capacity to take advantage of demand-side measures; opens new markets and generates demand from business and consumers outside the Western Cape in order to create work opportunities within firms as a result of a growth in demand.
Links	Attracting investment and increasing exports are key objectives in the National Industrial Action Plan, strategic objective one and the micro-economic development strategy.

5.4.1 Strategic objective annual targets for 2012/13

Strategic objective (outcome indicator)		Audited/Actual performance			Estimated performance	Medium-term targets		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
1.1	Value of investments and trade	R3 082m	R1 000m	R1,517b	R742m to R1.409b	R765m to R1.2b	R787m to R1.2b	R787m to R1.2b
1.2	Number of jobs facilitated/sustained	6 095	4 000	325	742 to 1409	765 to 1200	800 to 1200	800 to 1200

5.4.2 Performance indicators and annual targets for 2012/13

Nationally agreed Sector specific performance indicators

Programme performance indicator (output indicator)		Audited/Actual performance			Estimated performance	Medium-term targets		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
1.1	Number of trade and investments projects realised		12	6	7	10	14	14
1.2	Number of businesses assisted with exports	330	100	734	350	400	450	450

Provincial performance indicators

Programme performance indicator (output indicator)		Audited/Actual performance			Estimated performance	Medium-term targets		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
1.3	Number of new investment projects in the pipeline.			32	25	27	29	29
1.4	Number of interventions/projects realised with SDAs				16	20	23	23

5.4.3 Quarterly targets for 2012/13

Nationally agreed Sector specific performance indicators

Performance indicator (output indicator)		Reporting period	Annual target 2012/13	Quarterly targets			
				1 st	2 nd	3 rd	4 th
1.1	Number of trade and investments projects realised	Quarterly	10	-	3	3	4
1.2	Number of businesses assisted with exports	Quarterly	400	50	90	120	140

Provincial performance indicators

Performance indicator (output indicator)		Reporting period	Annual target 2012/13	Quarterly targets			
				1 st	2 nd	3 rd	4 th
1.3	Number of new investment projects in the pipeline	Quarterly	27	2	7	9	9
1.4	Number of interventions/projects realised with SDAs	Quarterly	20	-	6	6	8

5.5 SUB-PROGRAMME 3.2 SECTOR DEVELOPMENT

Strategy 1: Clustering

The Department has agreed to a holistic, sector-led approach to economic development, harnessing and focusing resources not only from the Department, but from the whole of government and the private sector. This sees the Department putting its concerted weight behind the priority sectors, that it anticipates will drive the expansion of the economy, thereby maximising sustainable private-sector-led job creation. The Department has therefore re-oriented spending on generic programmes to those that maximise opportunities within the priority sectors. This includes interventions in the SMME field such as mentorship, competitiveness, and skills interventions, trade and investment support through the EDP, unblocking regulatory challenges through the Red-Carpet unit, as well as infra-structural mega-projects through Cape Catalyst.

In developing and supporting economic sectors within the Western Cape region, the Department has continued its support for a clustering methodology and policies that have been strongly endorsed by the EDP process. This is primarily because the Department is cognisant that companies move to higher levels of competitive performance when economic foundations (e.g. labour pool, knowledge, physical infrastructure, regulations) are shaped to sector or cluster needs.

The cluster approach is based on the fact that competitive advantage is not dependent on the efficiency of individual firms alone, but rather by firms co-existing in supportive environments and institutions, along with dense networks of activities made up of businesses along the value-chain. As a result of this economic approach to improving competitiveness, the Department supports prioritised clustering initiatives to address market and network failure, and focuses on encouraging world class firms that derive a competitive advantage from being in the province. These clusters serve as structured dialogue platforms between

Growth in the Western Cape is highly dependant on developments within its prominent sectors

- Alan Winde

government, the private sector, academia and other stakeholders. They provide a source of intelligence to Government with respect to trends and challenges experienced within the industry, and through leveraging funding from different sources, the clusters implement sector projects beyond the resource scope of the Department (for the first time, the 2010/11 financial year saw more funding being leveraged into the SPV's than was transferred by PGWC - this trend is intensifying, particularly with the SPV's being the regional aggregators for the jobs funds).

To determine the choice of sector, the Department has done considerable work to refine its approach to sector selection. In terms of job-creation potential, an exercise was undertaken to look at the long-term employment creation potential across key sectors of the provincial economy, on the assumption that key bottlenecks would be unblocked and key advantages taken. The research, based on sectoral growth projections, as well as estimates from a range of industry experts reflect that over a 25 year period, 367,000 jobs could be created in the priority sectors. Of these 162,000 additional jobs can be created through a focus on the tradable sectors. In total these jobs would have an estimated impact of 500,000 additional jobs in the downstream and service sectors, based on a 3 to 1 multiplier. This would only be possible if the PGWC was able to provide them with sufficient support to tackle the challenges and opportunities. Clearly the budget available is not sufficient to fully achieve this potential, but is an indication of what can be achieved.

Consolidated baseline sector employment projections (3 years)					
Sector		Job Creation		Number of Additional Jobs by 2025	Annual Cost of Intervention
		2010	2025		
BPO	Without interventions	30,420	44,057		
	With interventions	30,420	72,903	28,846	12,000,000
Film	Without interventions	12,000	24,947		
	With interventions	12,000	38,066	13,119	10,000,000
Craft	Without interventions	12,000	13,932		
	With interventions	12,000	21,611	7,680	6,000,000
CMTs	Without interventions	15,000	11,079		
	With interventions	15,000	23,370	12,291	4,900,000
Full Line Clothing	Without interventions	23,000	16,987		
	With interventions	23,000	35,833	18,846	2,500,000
IT	Without interventions	26,000	30,185		
	With interventions	26,000	46,825	16,639	9,500,000
Boatbuilding	Without interventions	3,300	3,831		
	With interventions	3,300	6,860	3,029	3,500,000
Fashion	Without interventions	6,500	7,546		
	With interventions	6,500	15,578	8,031	1,700,000
Food	Without interventions	16,000	26,806		
	With interventions	16,000	40,574	13,768	3,000,000
Energy	Without interventions	1,387	6,636		
	With interventions	1,387	11,286	4,650	6,000,000
Oil and Gas	Without interventions	8,500	9,868		
	With interventions	8,500	35,507	25,638	12,000,000
Aquaculture	Without interventions	1,650	2,063		
	With interventions	1,650	6,892	4,830	5,000,000
Furniture	Without interventions	5,800	5,976		
	With interventions	5,800	10,445	4,469	3,500,000
Tooling	Without interventions	950	1,103		
	With interventions	950	1,975	872	3,300,000
TOTAL WITHOUT INTERVENTIONS		162,507	205,017		
TOTAL WITH INTERVENTIONS		162,507	367,725	162,708	82,900,000

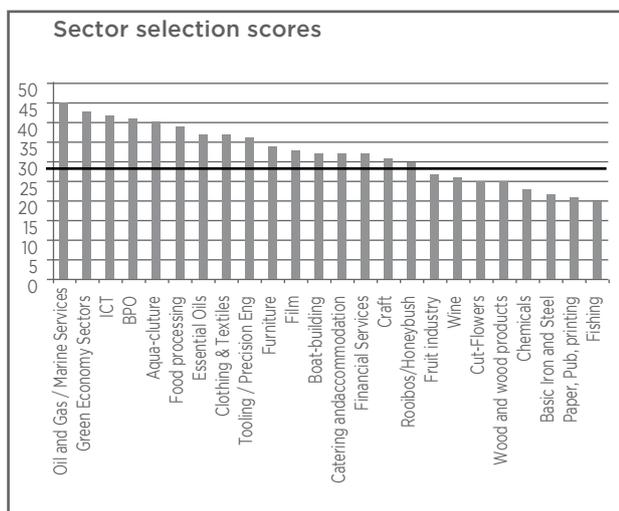
To further refine this, using criteria outlined in SO1, and most importantly those relating to the improvement of the business environment, and employment creation, the Department carried out a prioritisation exercise, whereby scores were allocated to a range of criteria for each sector. The choice of sector was determined through putting the sectors through a number of filters:

- The first filter that is emerging strongly from the PERO, deals with the need to focus on “tradable” sectors (both service and goods), that will assist in growing the economy, rather than deriving their

growth from other industries.

- The second filter puts the tradable sectors through a scoring matrix, looking at 10 qualitative and quantitative indicators, including growth prospects, job creation potential, degree of market failure, export potential, and responsiveness of the sector to collaborate.
- The third filter checks for alignment with DTI and other national strategies.
- The final filter revolves around the commitment of the sector to working with government, and to advancing a growth-oriented strategy.

The following emerged as the sector scores, following a quantitative and consensus-based scoring matrix (sectors with scores of 30 and above, have potential).



Based on the above, and given the budgetary constraints which has forced some hard choices, the Department advocates a dual sector strategy, focusing on “**Key Propulsive Sectors**” on the one-hand that will deliver the future boost to the economy to enable it to create new employment opportunities, while on the other, supporting the “**Employment Supporting Sectors**” that will stabilise the major current employment absorbing sectors, and ensure that they remain as the bedrock on which to build the new economy

The Key Propulsive Sectors are characterised by those that have significant market potential, ability to grow fast, and to create major employment opportunities. The Employment Supporting Sectors on the other hand, are characterised by being large employment sectors, with a main focus on upgrading and job retention.

Intensive and comprehensive support largely focused around skills, marketing and investment promotion to the Key Propulsive Sectors being:



Continued support to the Employment Supporting Sectors, particularly in the areas of firm level upgrading and value-chain alignment across local and global retailers.



Final year phasing-out allocations will be made to the following sectors:

- Tooling
- Furniture

The rationale for the phasing out of these sectors, is based largely on the size of the sector, as well as the limited job creation potential over the longer term.

The implementation for 2012/13 includes:

- Developing and growing industries through supporting 7 clusters within the Province, and phasing-out support to 2 clusters.
- Utilising international linkages for greater market access;
- Improving growth and markets through identification of opportunities within the targeted sectors and deepening the value proposition of industries;
- Driving collaboration amongst the clusters towards achieving greater synergies and share best practice through the Cluster Forum and joint initiatives;
- Promoting collaboration with national and international stakeholders such as UNIDO;
- Driving awareness of clustering and the benefits of value-chain collaboration across the region and nationally;
- Leveraging R30 million from stakeholders through the departmental support to the clusters;
- Assisting sector intelligence and knowledge-sharing in the production of economic sector indicator reports, and
- Developing a model of selection and sustainability for cluster support, including exit strategies.

SECTOR STRATEGIES:

BPO, Financial Services, and ICT

While the BPO, Financial Services and ICT are three independent sectors, each require its own strategy. They are co-dependant on each other for their respective development. These three services individually have consistently been one of the fastest 5 growth sectors. Financial services as a sector, which includes retail banking, investment banking, short-term insurance, life insurance and other financial services is heavily dependent on a well-functioning, competitively priced ICT sector.

ICT

The cost of ICT in the province has escalated both in absolute terms and in relative global terms. This development had exerted upward pressures on cost curves of financial services. Up to 20% of costs within financial services are ICT costs. The escalation in ICT costs has seen a dramatic offshoring of both ICT within financial services jobs and other financial services from South Africa. Nearly all financial services firms in South Africa offshore ICT requirements to other destinations. The rationale underpinning offshoring is not only cost, but the availability of skills. If interventions in this space are not developed and implemented, it possess the risk of further decreasing competitiveness of local financial services, the regions ability to exploit its current financial services capability and its ability to service global markets. Because of the strain exerted on ICT skills from financial services, other sectors such as retail, which has significant ICT requirements, are finding it difficult to implement and maintain ICT systems.

The ICT sector has approximately 27 000 persons in the industry and growth has been relatively flat despite fast growth for ICT skills. In addition to slow addition to the skills base, issues around quality of skills are common knowledge. The department will aggressively address issues around quality and rate of skills in collaboration with the private sector. It will only develop skills interventions where those skills will be immediately taken up by the private sector. Most interventions will be positioned at a post-graduate level. This will reduce resource waste. Academia and private sector will be seen as partners and will co-own all interventions. Private sector will be asked to contribute to initiatives. This approach has been piloted in the 2010/2011 financial year with significant success.

BPO

In the Western Cape, the BPO industry employs approximately 30 000 people. Despite the economic downturn, the BPO industry over the last 7 years has realised 20% growth per annum. The sector targets youth unemployment, which remains one of South Africa's biggest developmental challenges. It remains, in terms of cost to create a job, the most cost effective sector for the province, with the cost of creating one offshore job being less than R5 000. Nearly all revenue generated by the BPO sector goes towards salaries. In nearly all cases, BPO jobs are permanent, mostly fulltime employment.

A key challenge to attract BPO investment and jobs to the Western Cape is a lack of awareness by suitable investors of the Western Cape value proposition. The Western Cape must:

- Successfully profile itself to potential investors
- Ensure sustainability by growing the available supply of skills.

The provincial government has enabled BPeSA Western Cape to assume a driving position as the industry association and sector development agency. Support has taken the form of operational and project funding primarily for investment promotion and skills development.

The Department has also worked on a number of interventions to improve the province's value proposition. The highlight here was the establishment of a telecoms incentive to complement the national BPO wage subsidy incentive from the DTI.

The growth of the BPO sector is expected to create about 2000 jobs in this year and attracted over R200 million in foreign cash flows into the province.

The implementation for 2012/13 includes:

- Capacity has been created for a holistic sector strategy to be implemented, with resources now being devoted to BPO skills interventions.
- The investment promotion and destination marketing activities of the province is set to continue, with plans in place to considerably scale up efforts. This will highlight the Western Cape's value proposition and raise its profile as a first class global BPO destination.
- The BPeSA Skills strategy has been developed through considerable industry consultation and has identified clear development targets. With funding and resources now available for skills

development, the Western Cape BPO industry is set to receive a much needed boost in the skills space. This will add further value to the Western Cape's profile.

Financial Services

Financial Services is the single largest contributor to the local economy. Financial insurance alone contributes more than 15% to the regional economy. South Africa has one of the most mature financial services industries in the world. Various aspects of the local financial industry are recognised by global competitiveness studies (including that of the IMF) as world class. During this financial year the department has been engaging with local financial services firms. This brief period of engagement has seen some significant benefits in terms of potential job creation servicing global markets. The 2012/2013 financial year will realise an aggressive approach in positioning regional financial services to exploit its capability in servicing the offshore market and arresting the offshoring of local requirements.

The implementation for 2012/13 includes:

- Developing 4 major skills initiatives for ICT skills in collaboration with the academia, firms and the Skills Office. Interventions will primarily be at a post graduate level and will include Net, Java, Application Management, business analysis and systems analysis
 - Strengthening a marketing programme to promote Western Cape to reduce imports and increase FDI/outsourcing;
 - Implementing one pilot intervention around software process improvement techniques to facilitate improved software quality and reduced software development costs
 - Investigating strong niches within the ICT industry which demonstrate greater potential for growth including financial services (insurance, banking, asset management), retail and wholesale, business services and the design-led industries including communications and digital media.
 - Strengthening specialist forums within the ICT to improve industry cohesion and competitiveness;
 - Concluding a Regulatory Impact Assessment into the legal and economic impact of the ICT regulatory environment in SA, together with Programme 2: Integrated Economic Development Services
 - Assisting 120 ICT businesses with mentorship and skills development together with Programme 2: Integrated Economic Development Services.
- Promote ICT within financial services as a global centre of excellence.
 - Develop, promote and position financial services to service offshore financial markets
 - Significant ramping up of pro-active promotion of investment and outsourcing within the Business Process Outsourcing industry;
 - Attracting R500m investment into the BPO industry in strong collaboration with the WCEDP;
 - Researching the comparative and competitive advantage and value proposition within vertical markets within the Business Processing Outsourcing sector;
 - Pro-active marketing of niche industries within the Business Process Outsourcing sector; and
 - Promoting and harnessing value chain synergies within the identified verticals.

Oil and Gas and Marine Complex

The OGM complex has as its objective, the vision of becoming the oil and gas centre for Africa, with the potential to create 35,500 jobs by 2025. The past 8 years have seen significant growth in the sector, from R500m per year, to R1, 5billion worth of rig repairs per year. This has the potential to expand by a factor of five in terms of the market potential, which is estimated at about \$20billion per year off Africa. Despite the challenges of improving operational efficiencies in the ports, the industry has achieved a number of major milestones, including:

- Attracting R1, 5billion worth of orders each year, up from R500m in 2004, now employing 8500.
- Obtaining the go-ahead from Transnet for a logistics company, VAL to process with the development of the 1st phase of a supply hub in Saldanha.
- Achieving an offset obligation into a world-class repair quay at A-berth of R60m, and an investment of R200m into the Saldanha Fabrication yard.
- Trained up 300 artisans in critical oil and gas related skills
- Attracted the African headquarters of 3 offshore-servicing companies in three years.
- Achieving the inclusion of oil and gas into the IPAP as a priority sector
- Ensuring a highly pro-active and responsive SPV, with a membership of 400 provincial and national members.

In addition to supporting the cluster body, tackling the skills shortage within the industry and addressing the infrastructure constraints within the Port of Cape Town will be critical to the growth and development of the

Oil and Gas service industries. A system of standards also needs to be developed for the industry, in order to meet strict international compliance certification.

The implementation for 2012/13 includes:

- On-going work to address the operational inefficiencies within the Port of Cape Town to ensure that customers obtain a world class service, and to finalise the concessioning of the main ship-repair facilities;
- Ensuring that Saldanha attracts the necessary investment to take off as the supply hub for the Upstream Oil and Gas industry;
- Developing an operating model for the Oil and Gas Industry within the larger configuration of the Port of Cape Town;
- Maintaining a supplier directory of Oil and Gas stakeholders to promote Western Cape services within the Oil and Gas industry;
- Benchmarking the Oil and Gas industry together with UNIDO in order to develop supplier capacity and capabilities to attain quality standards;
- Attracting R1 billion worth of Oil and Gas projects into the Western Cape;
- Continuing to advocate and influence the implementation of projects and programmes for the Upstream Oil and Gas sector through National Departments; and
- Develop the market through export promotion and attracting foreign companies to use Cape Town as a supply base for West and East Africa.

The Green Economy

It's not a choice between our environment and our economy; it's a choice between prosperity and decline

– President Barack Obama (2009)

Working closely with the Department of Environmental Affairs and Development Planning, the Department will further develop the newly launched GreenCape Initiative. Networks will continued to be strengthened with key stakeholders to facilitate the major wind, solar and waste-to-energy projects that are being

envisaged over the next ten years. There is a long-term potential to generate 3000MW of RE in the Western Cape, which equates to well over R60 billion worth of capital investment. The role of the GreenCape Initiative will be to facilitate new power generation projects, but most importantly to maximise local content within each project. The GreenCape Initiative will work with Wesgro to facilitate new investments, with WCED and HEI's to develop new skills, and with defined industry sub-sectors to develop new industrial capabilities to give effect to the vision of the Western Cape becoming the Renewable Energy hub of South Africa, with a potential to create **over 10,000 jobs by 2025**, and a further 20,000 in non-energy related green projects.

Key implementation plans for 2012/13 include:

- Strengthening relationships with national and provincial stakeholders in order to lobby effectively in support of the local renewable energy industry;
- Initiating the Green Economy Manufacturing Hub in Atlantis, and ensuring the attraction of major wind manufacturers to the site;
- Playing a central role in ensuring that the appropriate skills development and training facilities for the renewable energy are established in the Western Cape;
- Partnering with the City of Cape Town to implement its plan to facilitate and accelerate the rollout of Solar Water Heaters, with the aim of replicating the roll-out model in other parts of the province; and
- Playing an information dissemination role for the green economy in the Western Cape.

Clothing, Textiles & Fashion Sectors (CTF)

Following a decade of job losses, there are strong signals that the industry has bottomed out, and the interventions by the provincial government and the DTI are finally bearing fruit. The sector is left with 23,000 workers "formally" employed, with a further 15,000 in the "informal" sector and 6500 in fashion. Through the work done by the 3 SPVs within the CTF sector, the Western Cape has achieved a unity of purpose unparalleled in South Africa, that has seen significant competitiveness gains across member firms, and a more stable industry on which to build. This has contributed to far greater buy-in from retailers, and previously unimagined support from national government, to ensure that the initiatives started 7 years ago, continue to positively impact on job creation in a sector that has the potential to grow employment, with a lower cost, than any other sector in the economy. The industry has

the potential to grow from **44,500 to 75,000 over 25 years**, driven largely by the substitution of imported product with local, and move back into niche-exports.

Through strong linkages of the CTF value chain with national government, the sector in the Western Cape has managed **to confirm more than R220m worth of funding over the next 3 years**. This funding has been leveraged directly **as a result of the R4, 4m funding support given by the PGWC**. Six years of hard work to change procurement strategies has also paid off, with major Retailers buying into the Fast Fashion & Quick Response models. The shift to Fast Fashion & Quick Response requires local Retailers to purchase a greater proportion of their offering within a local value chain, to achieve the turnaround times necessary for customer satisfaction, and the gross profit margins desired by shareholders of these publicly listed companies.

The PGWC takes a multi-faceted approach to supporting the CTF Sector, by understanding that it is a diverse value chain, which intersects at limited points. The Fashion SPV (the **Cape Town Fashion Council -CTFC**), drives innovation, trend origination, and brand development for local design talent; with additional assistance at a procurement, business management, market access and industry linkage level. The Full Line Manufacturing SPV (the **Cape Clothing & Textile Cluster - CCTC**) assists with improving the internal competitiveness of the main suppliers of finished products into the large Retail chains. The CCTC creates an opportunity for greater value chain linkages and dialogue, resulting in market access - especially with the Fast Fashion & Quick Response modelling. To achieve World Class Manufacturing outputs, CCTC member companies receive the knowledge and practical skills to be able to fulfil the Retail needs of speed, quality, flexibility, price and on-time-in-full delivery. The SMME / Cut, Make & Trim (CMT) SPV (the Western Cape **Clothing & Textiles Service Centre - CLOTEX**) assists the small manufacturers, with technical know-how, market access linkages with design houses (as they are too small to link directly with Retailers), business and management skills, and improving their internal capability, to be able to achieve compliancy, and sustained business functioning.

Agro, Aqua and Food processing

The Western Cape has three well-established Resource Based sub-sectors, namely Agri-business, food Processing and Aquaculture and each has its unique

potential to significantly contribute to sustainable job creation including the creation of opportunities for economic growth.

The agro-processing and food processing sectors, are in fact the largest employers within the manufacturing sectors, and have the potential to expand from **26,000 to 40,000 by 2025**. Agro-processing is a set of activities involved in the transformation of primary agricultural products into value added products. The sector consists of a wide range of relatively diverse sub-sectors, many of which draw on fundamentally different production processes and produce very different products with varying shelf-lives, intrinsic values, and responsiveness to changes in consumer demand and the outlook for economic growth. As a major component of agro-processing, the food-processing sector in the Western Cape is now the largest manufacturing sector in terms of employment 40,000 formal employees. Being a highly innovative sector, supported by strong technical skills and underpinned by a diversified agricultural base, the sector scores highly in terms of having the potential to expand employment.

In order to support the growth in the agro-processing sub-sectors, the Western Cape Department of Economic Development and Tourism (DEDT) is embarking on a process to target key sub-sectors of the food processing and agri-business subsectors, and to assist in establishing networks and forums for industry, academia, retailers, relevant government departments, and other supporting agencies in order to cooperate around high opportunity trends and areas for joint action. The Department will continue to strengthen its leadership in these sectors in collaboration with the Department of Agriculture.

In light of the above, the focus of the Agro-processing Unit for 2012/13 will be to:

- Stimulate greater partnership with key stakeholders in Fine Food and Honeybush industries to increase production, value addition and access to new markets.
- Promote growth and competitiveness in the agro-processing industries through supporting the sector with a market development programme, which entails supporting companies to promote new products of the industry, both domestically and internationally
- To improve access to domestic and export markets through assisting companies comply with accreditation and certification and standards.

- Support the industry through the food innovation support programme with new product and process development in order to increase new value added (speciality) products as a foundation for growth in the sector.
- Working closely with industry, the Department of Agriculture and the Department of Environmental Affairs and Development Planning brings about the establishment of an Aquaculture Industry Development Agency called the Western Cape Aquaculture Development Initiative (WCADI).

significant opportunities to create decent, sustainable, fulltime rural jobs. The implementation plan for the current year would be to address some of the key challenges hamstringing the growth of the sector and to facilitate the unlocking of potential opportunities. This includes clustering and partnerships with the private sector, facilitating the development of an industry led food and animal health certification programme to develop new and existing markets, as well as the identification of potential aquaculture development zones.

Aquaculture continues to grow more rapidly than any other animal food-producing sector and presents

Strategic Objective	To support and develop economic sectors as a key contributor towards the achievement of maximising economic opportunities, sustainability and growth.
Objective statement	To develop and grow businesses in prioritised sectors to facilitate and sustain 29,232 jobs, attract R6.1 billion worth trade and investment into targeted industries, leverage R230-million from stakeholders by 2015.
Baseline	No of jobs facilitated/sustained = 0 No of businesses expanded = 0 Value of stakeholder contributions = R29.2-million Value of investment and trade = R100-million
Justification	<p>Stimulating and supporting the development of sectors will be achieved through a range of initiatives targeting existing businesses within the relevant sector, and potential entrepreneurs and employees entering the industry. The initiatives will increase global competitiveness of enterprises operating within the sector, and facilitate demand access opportunities to facilitate the sustainability and growth of firms and employees within the affected firms. The expansion of firms will then also contribute towards above-average growth in the economy. The range of interventions offered to firms have a common purpose, namely to increase the number of sustainable jobs, to increase the expansion of firms, and to increase the number of new firms within the sector.</p> <p>The interventions will differ in intensity, priority and content, depending on the unique needs of the sector, and will (1) help established firms to help new suppliers come into existence and to help other suppliers expand through procuring preferentially, (2) offer supply-side assistance to increasing firms' capacity to take advantage of demand-side measures; (3) offer benchmarking services; (4) offer innovation and technology services; (5) increase the skills of targeted firms' management and employees; (6) facilitate sector development through keeping firms well informed about developments in their sectors; (7) increase the skills and experience of members of the workforce to increase their capacity to fill "skills gap" vacancies; (8) increase the skills and experience of low-skilled individuals to assist them to compete for employment effectively; (9) offer advice and services in all localities; (10) offer advice and services in localities in which per capita GRP is low; and/or (11) implement transformation programmes.</p>
Links	Developing and assisting sector development are key objectives in the National Industrial Action Plan, Strategic Objective one and the Micro Economic Development Strategy in order to transform the economy and achieve above average growth.

5.5.1 Strategic objective annual targets for 2012/13

Strategic objective (outcome indicator)		Audited/Actual performance			Estimated performance	Medium-term targets		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
2.1	Value of funding/ support leveraged	R10,099m	R11,579m	R 8,535m	R95,125m	R16,2m	R19,4m	R26,1m
2.2	Value of investment and trade facilitated	R1,082b	R704,025m	R1,150b	R1.7b	R1,550b	R102,3m	R153m
2.3	Number of jobs facilitated/sustained	4 578	1 570	2 000	3 200	6 450	9 580	49 162
2.4	Number of member firms benefitting from platforms facilitated					541	668	841
2.5	Number of assisted businesses expanded					170	215	310
2.6	Rand Value of cost saving					R5m	R5m	R5m
2.7	Value of ship/rig repair					R1b	R1.2b	R1,750b
2.9	Rand value of exports					R750 000	R750 000	R750 000
2.10	Salary contribution to GDPR					-	R12.6m	R32.7m

5.5.2 Performance indicators and annual targets for 2012/13

Nationally agreed Sector specific performance indicators

Programme performance indicator (output indicator)		Audited/Actual performance			Estimated performance	Medium-term targets		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
2.1	Number of people trained	4 926	600	448	30	330	600	600
2.2	Number of businesses assisted	8 204	831	70	55	445	475	505

Provincial performance indicators

Programme performance indicator (output indicator)		Audited/Actual performance			Estimated performance	Medium-term targets		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
2.3	Number of trade and investment projects realised	11	14	13	11	10	13	15
2.4	Number of information platforms facilitated					104	104	108
2.5	Number of partnerships established					5	6	7
2.6	Number of investments facilitated					3	3	3
2.7	Number of sector intelligence reports / Research/ catalogues delivered	-	-	11	11	6	6	6
2.8	Number of businesses assisted with exports	-	5	5	10	40	45	50

5.5.3 Quarterly targets for 2012/13

Nationally agreed Sector specific performance indicators

Performance indicator (output indicator)		Reporting period	Annual target 2012/13	Quarterly targets			
				1 st	2 nd	3 rd	4 th
2.1	Number of people trained	Annual	330				330
2.2	Number of businesses assisted	Annual	445				445

Provincial performance indicators

Performance indicator (output indicator)		Reporting period	Annual target 2012/13	Quarterly targets			
				1 st	2 nd	3 rd	4 th
2.3	Number of trade and investment projects realised	Annual	10	-	-	-	10
2.4	Number of information platforms facilitated	Quarterly	104	25	25	25	29
2.5	Number of partnerships established	Quarterly	5	1	1	1	2
2.6	Number of investments facilitated	Annual	3	-	-	-	3
2.7	Number of sector intelligence reports / Research/ catalogues delivered	Annually	6	-	-	-	6
2.8	Number of businesses assisted with exports	Quarterly	40	5	5	5	25

5.6 SUB-PROGRAMME 3.3 STRATEGIC INITIATIVES

Strategy 1: Infrastructure Development

Infrastructure plays an important role in promoting sustainable economic growth and making growth more inclusive. The lack of adequate infrastructure can hinder potential growth, weaken international competitiveness and adversely affect poverty reduction rates. While there are an array of government departments which are dedicated to provision of infrastructure – housing, roads, government buildings etc., the primary objective of the Cape Catalyst initiative within this sub-programme is on industrial infrastructure which will radically shift the growth trajectory of targeted sectors and significantly improve job creation.

The Cape Catalyst initiative draws on the economies of localisation rationale and is framed within the sector approach of the Department. As such, the need for Cape Catalyst intervention arises for the following reasons:

- Existing infrastructure is inadequate and/or inappropriate resulting in constraints in growth of companies and the monopolisation of limited infrastructure by dominant companies, thereby inhibiting competition.,
- Lack of efficient regulatory processes which impact on the cost and speed of doing business,
- Synergic geographic clustering of activities and companies to maximise synergies and reduce costs of business through the provision of common services,
- The need to maximise the economic potential of existing infrastructure and assets in spatial locations to re-address under-investment and geographic racial imbalances in deprived areas of the region.

Within this framework, there are a number of projects within the current Cape Catalyst portfolio. These are:

- a) **Saldanha IDZ:** The development of a designated industrial area within the vicinity of the Port of Saldanha which includes a concentrated controlled area for a secure customs hub and a focal point for designated infrastructural spend and incentives. This project is jointly funded and supported by the dti and DEDAT.
- b) **Western Cape Broadband Framework and Implementation Plan:** The Western Cape Broadband Strategy and Implementation Plan aims at co-ordinating and integrating government

action to radically improve the provision of telecommunication infrastructure, skills and usage within the Province.

- c) **East City Design Precinct:** The creation of a premier African precinct for design innovation, creativity and entrepreneurship in the Fringe, the eastern part of the Central Business District of Cape Town, in order to showcase design excellence, incubate emerging talent and enable new innovations to develop.
- d) **Port of Cape Town Precinct:** The establishment of a consensus Development Framework for the precinct of the City that surrounds and directly interacts with the Port of Cape Town.
- e) **Health Technology Hub:** The establishment of a Western Cape Health Technology Park in the Pinelands/Oude Molen area. The park will facilitate the co-location of related organisations, all of which have innovation in the bio-tech and health technologies arena as core to their business. The project was initiated by the National Department of Science and Technology, who will be funding the feasibility costs of the project.
- f) **Expansion of the Cape Town International Convention Centre:** The expansion of the current international convention centre is aimed at broadening the current offering of the facilities to attract larger international events with additional income-generating facilities such as exhibitions. The impact will be to increase the number of business tourists visiting the region.

Provincial Broadband Strategy

The Department of Economic Development and Tourism, is the lead department in the development of the Western Cape Broadband strategy and Implementation Plan (also known as the Provincial Telecommunications Infrastructure Strategy).

The objective of the initiative is two-fold.

- assist in achieving greater effectiveness and efficiencies in government service delivery in the province as well as,
- foster greater economic growth in the province.

In February 2011, the department began with the development of a Strategic framework, which serves as a guiding document to direct provincial investment and focus in Broadband. This was presented to Cabinet in June 2011, where it was approved and ratified.

As of July 2011, the development of the Implementation

Plan began where a number of key projects were identified for detailed investigation. These projects form the basis of the Implementation Plan, which is contextualised within the Strategic Framework as follows:

- Connected Leadership
- Connected Government (including Connected Schools)
- Connected Households
- International Connectivity
- Connected Communities
- Connected Business
- Low-cost computing

These projects have been synthesized into an integrated Master Implementation Plan and the 2012/13 financial year will see the preparation of these initiatives for implementation.

Saldanha IDZ

The objective is to establish an Industrial Development Zone (IDZ) in or near the Port of Saldanha as a mechanism to:

- Attract FDI and stimulate industrial development
- Co-ordinate industrial and spatial planning and positioning of mega infrastructure projects
- Crowd in complementary investments and boost manufacturing

The efforts to establish the Industrial Development Zone (IDZ) in Saldanha Bay has gathered significant momentum. After the public launch of the results of the feasibility study in Saldanha at the end of October 2011 the plans for this purpose built industrial state are well advanced.

The feasibility study found that after 25 years, an IDZ in Saldanha Bay could generate a minimum annual return of R11.2 billion for the economy and could create 12 000 sustainable jobs. The study also found that there was sufficient non-environmentally sensitive land upon which the development could take place.

The project team, including all major stakeholders, are now in the process of the official application for designation from the Department of Trade and Industry. This is a complex process and includes resolution of some of the issues around land holding, environmental sensitivities, linkages with the Port of Saldanha and the exact positioning of the IDZ. It is expected that designation should be finalised by the end of 2012/13.

Within 2011/12 financial year, the Department has developed three feasibility/business case studies which are to be tabled at Cabinet for endorsement in terms of implementation and budget allocation. Delivery for 2012/13 is therefore subject to obtaining the necessary approvals from Cabinet and additional budgetary support.

The implementation for 2012/13 includes:

- Building capacity of the Cape Catalyst Unit
- Improving the responsiveness of the Unit to emerging opportunities through broadening the number of infrastructure projects to be explored and then supported;
- Commencing the Western Cape Broadband Strategic Framework and Implementation Plan through the establishment of the WC Broadband Programme Office and initiating at least two projects contained within the Implementation Plan
- Finalising Business Case Plan of the Saldanha IDZ and application process for IDZ status;
- Initiating one project within the Fringe (the East City Design Precinct) and Design Capital initiative;
- Supporting the development of the Cape Health Technology Hub
- Together with City of Cape Town, finalising the Vision Framework of the Port of Cape Town Precinct
- Facilitating, together with the City of Cape Town, the expansion of the Cape Town International Convention Centre to expand the region's tourism market.
- Supporting the National initiative to upgrade the 12 Fishing Harbours in the Western Cape.

Strategic Objective	Grow and develop the provincial economy and facilitate economic opportunities through development of strategically competitive and/or infrastructural initiatives, and develop an economic brand for the province
Objective statement	To facilitate the implementation of strategic programmes to create 3,100 jobs and facilitate R1-billion of economic infrastructure.
Baseline	No of sustainable jobs facilitated/sustained = 0 Value of infrastructure = 0
Justification	Strategic Initiatives are primarily about improving the enabling economic environment in which businesses operate in order to support and strengthen their competitiveness and overcome barriers to growth.
Links	Developing and assisting infrastructure and strategic initiatives are key objectives in National Industrial Action Plan, Strategic Objective one and the Micro Economic Development Strategy in order to create a proper business environment and achieve above-average, equitable growth.

Strategic objective annual targets for 2012/13

Strategic objective (outcome indicator)		Audited/Actual performance			Estimated performance	Medium-term targets		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
3.1	Number of jobs facilitated/sustained			-	-	-		3 100
3.2	Value of infrastructure investment			-	-	-		R1 000m

Performance indicators and annual targets for 2012/13

Sector specific performance indicators

Programme performance indicator (output indicator)		Audited/Actual performance			Estimated performance	Medium-term targets		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
3.1	Number of people trained							
3.2	Number of infrastructure projects supported	2	5	5	6	6	10	10

Quarterly targets for 2012/13

Sector specific performance indicators

Performance indicator (output indicator)		Reporting period	Annual target 2012/13	Quarterly targets			
				1 st	2 nd	3 rd	4 th
3.1	Number of people trained	Annual					
3.2	Number of infrastructure projects supported	Annual	6				6

5.7 RECONCILING PERFORMANCE TARGETS WITH THE BUDGET AND MTEF

5.7.1 Expenditure estimates

Summary of payments and estimates - Programme 3: Trade and Sector Development Department of Economic Development and Tourism											
Sub-programme R'000		Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimate			
		Audited	Audited	Audited				2012/13	2013/14	2014/15	% Change from Revised estimate
		2008/09	2009/10	2010/11							
1.	Trade and Investment Promotion	20 537	16 650	15 000	12 750	14 956	14 956	18 500	18 864	19 235	23.70
2.	Sector Development	22 408	26 693	33 609	34 457	36 176	36 176	44 810	45 875	46 814	23.87
3.	Strategic Initiatives	161	3 239	4 000	14 279	17 212	17 212	31 045	112 361	115 334	80.37
4.	Management: Trade and Sector Development	3 867	4 239	1 828	1 879	1 879	1 879	1 303	1 386	1 446	(30.65)
Total payments and estimates		46 973	50 821	54 437	63 365	70 223	70 223	95 658	178 486	182 829	36.22

Summary of provincial payments and estimates by economic classification - Programme 3: Trade and Sector Development Department of Economic Development and Tourism											
Economic classification R'000		Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimate			
		Audited	Audited	Audited				2012/13	2013/14	2014/15	% Change from Revised estimate
		2008/09	2009/10	2010/11							
Current payments		10 825	10 695	12 853	26 221	27 373	27 324	41 512	43 943	46 225	52.17
Compensation of employees		6 248	6 971	10 238	14 960	13 051	12 990	17 124	18 224	19 093	31.82
Goods and services		4 577	3 724	2 614	11 261	14 322	14 334	24 455	25 719	27 132	70.61
Interest on rent and land				1							
Transfers and subsidies to		35 762	39 989	41 367	37 050	42 756	42 756	53 879	134 343	136 404	26.02
Departmental agencies and accounts		21 856	19 325	15 000	12 250	14 956	14 956	22 000	22 464	22 735	47.10
Universities and technikons		37									
Public corporations and private enterprises		69	1 000						80 000	81 790	
Non-profit institutions		13 800	19 664	26 360	24 800	27 800	27 800	31 879	31 879	31 879	14.67

**Summary of provincial payments and estimates by economic classification -
Programme 3: Trade and Sector Development
Department of Economic Development and Tourism**

Economic classification R'000	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimate			
	Audited	Audited	Audited				2012/13	2013/14	2014/15	% Change from Revised estimate
	2008/09	2009/10	2010/11							
Households			7							
Payments for capital assets	369	137	217	143	94	143	200	200	200	39.86
Machinery and equipment	369	137	104	143	94	143	200	200	200	39.86
Software and other intangible assets			113							
Payments for financial assets	17									
Total economic classification	46 973	50 821	54 437	63 365	70 223	70 223	95 658	178 486	182 829	36.22

5.7.2 Performance and expenditure trends

The programme's budget for the 2012/13 financial year increases from the previous financial year's allocation. During the 2011/12 financial year the Programme's original budgetary allocation amounted to R 63,365 and was adjusted to R 70,233 million when compared to the new allocation of R 95, 658 million in 2012/13 financial year. This represents an increase of 27% and largely reflects the decision to accommodate for earmarked allocations to Wesgro and an increase in infrastructure projects as well as the decision to bring enterprise development and skills projects back under the sectors from the IEDS budget.

As a primary agent in the support for employment creation and economic growth, the Department proposes a "Dual Sector" choice of sector. This covers the high growth, propulsive sectors, that are going to generate considerable new economic benefits for the economy. These are the Oil, Gas and Marine (OGM) complex, the ICT, BPO and Financial Services sectors, and the Green Economy. The allocation for these sectors for 2012/13 will be R21, 479 million.

The second set of sectors for prioritisation is the agro-processing sector, and clothing, textiles and fashion sectors. Both of these large sectors provide stable bedrock for sustained employment in large volumes, with positive, but more limited growth potential. The

allocation for these sectors for 2012/13 will be R8, 800 million.

In line with the vision of maximising impact through deeper and more targeted interventions, the Department has taken the decision to provide a final year of limited support to two sectors, namely furniture, precision engineering and tooling, which will no longer receive funding in the outer years of the budget. The allocation for these sectors for 2012/13 will be R 800 thousand. This signifies a decrease of 288% from 2011/12 allocation of R 2, 85 million

The Department has also looked at a number of ways to merge or consolidate costs across the SPV's, and to ensure collaboration without duplication. A number of meetings were held to attempt to bring SPV's in related sectors together. Even in clothing and textiles, where there are two SPV's, the benefits of a merger was not recommended for the following reasons:

- a) Even though they are in the same sector, the CCTC deals with the large manufacturers, who have very specific needs regarding upgrading, competitiveness improvement and market access requirements. Clotex on the other hand, deals with building the capacity of owner-managers, and technical skills issues for small CMT's. The two have no overlap in membership or in the offering.
- b) Both organisations are independent, and have

very different operating models. As per Andrew Borraine's EDA findings, potential cost savings would be limited, apart from a small amount on rental and audit fees. Even this will be ameliorated by the new Companies Act and lighter reporting requirements.

- c) A pilot was run whereby the GreenCape initiative was run through an existing SPV. Again, the pilot has not yielded significant savings, and the hassle factor of the GreenCape not being in control of the accounts, tips it in favour of rather being independent.

One of the key strategies that the Programme will emphasis on the coming year will be infrastructure Development, which will be used as a tool to promote sustainable economic growth. The Programme was allocated a total budget of R20,500 million for its interventions, some of these are:

- Commencing the Western Cape Broadband Strategic Framework and Implementation Plan through the establishment of the WC Broadband Programme Office and initiating at least two projects contained within the Implementation Plan
- Finalising Business Case Plan of the Saldanha IDZ and application process for IDZ status;
- Initiating one project within the Fringe (the East City Design Precinct) and Design Capital initiative;
- Supporting the development of the Cape Health Technology Hub
- Together with City of Cape Town, finalising the Vision Framework of the Port of Cape Town Precinct
- Facilitating, together with the City of Cape Town, the expansion of the Cape Town International Convention Centre to expand the region's tourism market.
- Supporting the National initiative to upgrade the 12 Fishing Harbours in the Western Cape. me of the Programme interventions under this strategy will be to:

To ensure clarity and alignment amongst the Province's entities, the Department has facilitated a process of "trilaterals" between each of the SPV's, Department officials and Wesgro to ensure that there is unity of purpose and agreement as to the opportunities, markets, and the role each is to play. This has ensured that there will not be any duplication in terms of role or function.

The massive investment in infrastructure must leave more than just power stations, rail-lines, dams and roads. It must industrialise the country, generate skills and boost much needed job creation.

- President Jacob Zuma



PROGRAMME 4:
BUSINESS REGULATION
AND GOVERNANCE

6 PROGRAMME 4: BUSINESS REGULATION AND GOVERNANCE

6.1 PURPOSE

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

6.2 PROGRAMME STRUCTURE

- Sub-programme 1: Regulation Services
- Sub-programme 2: Consumer Protection
- Sub-programme 3: Liquor Regulation

6.3 SITUATIONAL ANALYSIS

6.3.1 Performance delivery environment

Regulation was once generally viewed as anti-development and a negative force in an environment seeking to grow the economy. It 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 equity. 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. For the reasons set out above, and to give effect to the international law obligations of the Republic, it was deemed necessary to establish a statutory framework that –

- promotes and protects the economic interests of consumers;
- improves access to, and the quality of, information that is necessary so that consumers are able to make informed choices according to their individual wishes and needs;
- protects consumers from hazards to their well-

being and safety;

- develop effective means of redress for consumers;
- promotes and provides for consumer education, including education concerning the social and economic effects of consumer choices;
- facilitate the freedom of consumers to associate and form groups to advocate and promote their common interests; and
- promotes consumer participation in decision-making processes concerning the marketplace and the interests of consumers.

In addition, the Western Cape carries heavy social burdens that need to be addressed through appropriate and effective regulatory measures. It has, for example:

- The highest incidence of foetal alcohol syndrome in the world;
- The highest teenage pregnancy rate in the country, often linked to alcohol abuse;
- High levels of substance abuse in the country;
- Very high rates of domestic abuse and violent crime; and
- Its population is, in line with the rest of the country, heavily over-indebted.

It is against this backdrop that the Department, as the driver of economic development in the Province, commits itself to promotion of social responsibility in the trading environment. It is also against this backdrop that the Business Regulation and Governance Programme has designed its strategic interventions to fully meet the needs of the citizens of the Western Cape.

Sub Programme 4:1 Regulatory Services

The enabling business environment comprises all relevant economic, political, social, regulatory and international factors external to firms in the Western Cape. The focus of this strategy is on all government policies and practices, which “set the rules of the game” for business in the province and which influence the performance of the market, incentives to invest and the cost of business operations. The ideal enabling environment is one that minimizes the hurdles to sustainable business profitability, investment and job creation. The strategy of Regulatory Services is therefore aimed at ensuring that possible regulatory barriers that inhibit business growth and development are identified and addressed by way of policy or legislative intervention.

Sub Programme 4:2 Office of the Consumer Protector

The strategies of the Office of the Consumer Protector (OCP) are specifically aimed at addressing the following areas:

- **Consumer Rights Awareness:** Specific programmes will be implemented to stimulate and enhance the levels of awareness amongst consumers of the Province about a variety of consumer rights and obligation issues. The strategy is also specifically geared at addressing the low levels of financial literacy awareness amongst different categories of consumers in the province. These interventions are now more important than ever especially with the full implementation of the Consumer Protection Act, 2008 (Act 68 of 2008) on 1 April 2011. The aforementioned legislation now places a statutory obligation on provincial consumer protection offices to embark on wide scale consumer education initiatives within their areas of jurisdiction.
- **Consumer Redress Services:** This strategy is intended to provide adequate statutory protection measures to consumers that may have been the victim of an unfair business practice. The operationalisation of the Western Cape Consumer Affairs Tribunal, as well as the provision of alternative dispute resolution services to consumers will be the focal area of this strategy. The implementation of the Consumer Protection Act 2008 (Act 68 of 2008) will also further enhance the protection measures that can be enforced by the provincial office of the Consumer Protector.
- **Strategic Partnerships:** The formulation of strategic partnerships with key stakeholders within the consumer protection environment will ensure that key priorities will be achieved consistently. This will contribute towards the enhancement of the role played by the OCP across the province. The Consumer Protection Act, 2008, places a strong

emphasis on the need for effective partnerships between government and other role players in the consumer protection arena and as such continued engagements in this regard will be done. The partnerships between government (local/provincial and national), academia, business and civil society that have been built over the past few years will now be strengthened in the upcoming financial year.

Sub-programme 4.3 Liquor Regulation

The focus of the 2011/12 financial year is finalising the legislation and regulatory requirements that enable the full implementation of the Western Cape Liquor Act (4) of 2008. This Act gives effect to the remaining sections of the legislative provisions which will allow for the implementation of the final phases required to regulate liquor licensing for retail, sale and micro-manufacturing.

6.4 SUB-PROGRAMME 4.1 REGULATION SERVICES

Strategy 1: The enhancement of systems and procedures in respect of business regulation

The Regulatory Services unit will also be responsible for the evaluation of business licence application appeals that are submitted to the Provincial Minister. In terms of the current provisions of the Businesses Act, a municipality with jurisdiction in a particular area is designated as the authority responsible for approving or rejecting a business licence application. The legislation furthermore states that the provincial Minister responsible for Economic Development is authorised to act as the appeal authority in appeal matters. The Regulatory Services unit will therefore be responsible for supervising and managing the business licence appeals process which would also include providing the Minister with strategic advice, if required.

Strategic Objective	An effective provincial trading environment facilitated through a reduction in regulatory barriers and inhibiting compliance requirements.
Objective statement	To identify and reduce regulatory barriers that inhibit business formation and growth, through a process of scanning all relevant legislation, analysing it with a view to simplify, shorten and where possible, eliminate business processes, amending and repealing legislation and taking any other measures required to achieve this objective. To ensure that a total of 10 policy, legislative and operational barriers are reduced over the next 5 years.
Baseline	4 legislative assessments completed and 2 business licence appeals concluded
Justification	The South African, and by extension, the Western Cape, trading environment is often assessed as being restrictive, cumbersome and unfriendly to entrepreneurs and investors. The need therefore exists to remove regulatory and compliance barriers and renders the provincial trading environment more conducive for entrepreneurs and investors. This will ultimately increase the ease of establishing and operating businesses in the Province and lead to higher levels of investment, This, in turn, will lead to job creation and business growth.
Links	Creating opportunities for growth and jobs through maintaining an enabling environment for business and to provide demand-led, private sector driven support for growth sectors, industries and businesses (Strategic Objective 1).

6.4.1 Strategic objective annual targets for 2012/13

Strategic objective (outcome indicator)		Audited/Actual performance			Estimated performance	Medium-term targets		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
1.1	Number of identified regulatory barriers reduced	1	1	0	2	2	3	3

6.4.2 Performance indicators and annual targets for 2012/13

Nationally agreed Sector specific performance indicators

Programme performance indicator (output indicator)		Audited/Actual performance			Estimated performance	Medium-term targets		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
1.1	Number of barriers identified	1	1	0	2	2	3	3
1.2	Number of barriers addressed	1	1	1	2	2	3	3

6.4.3 Quarterly targets for 2012/13

Nationally agreed Sector specific performance indicators

Performance indicator (output indicator)		Reporting period	Annual target 2012/13	Quarterly targets			
				1 st	2 nd	3 rd	4 th
1.1	Number of barriers identified	Quarterly	2		1	1	
1.2	Number of barriers addressed	Annually	2				2

6.5 SUB-PROGRAMME 4.2 CONSUMER PROTECTION

Strategy 1: Enhancing the levels of awareness amongst consumers about consumer rights and the importance of financial literacy

The vision of this strategy on Consumer Protection is that consumers within the Western Cape will become knowledgeable on consumer protection matters which will in turn assist them when entering into transactions within the market place. The vision of the OCP is that informed consumers will be able to independently assert their rights when faced with a dispute during a transaction. In addition, the focus will also be on creating an environment in which consumers are knowledgeable about the issue of basic financial management and the consequences of being over indebted.

The activities that will be embarked upon are as follows:

Proactive information and education policy

Consumer protection and emphasis on quality and standards are an integral part of any development strategy

- Pratibaha Patil

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 whose market is growing intensively, adapting itself to the functioning of the free market system. At the same time there is a need to expand the information and education activity, covering new thematic areas and using new communication methods. Considering 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 challenging areas 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 maintain the trend with this new form of consumerism.

In the 2012/13 financial year, the OCP intends to continue basing consumer protection policy on regularly obtained and reliable information about South African, and specifically Western Cape consumers. The most important objective of the OCP's research activities is to obtain background information for designing its educational and information programmes. Social research will be undertaken in the OCP's direct communication with consumers and entrepreneurs. The results of the research will be used in the framework of information campaigns, public relations activities and working meetings, which aim to strengthen the social dialogue. The data acquired will constantly be used by the OCP in its communication with other Government agencies, regulatory bodies, as well as Non Governmental Organisations (NGOs), academic circles and the media. The OCP will be embarking on regular research initiatives to, amongst others, address the following:

- A survey of the level of consumer awareness within the province i.e. how many consumers are aware of the provincial government services in this regard;
- The areas of improvement within the service offerings of the OCP;
- The levels of service satisfaction amongst consumers that have utilized the services of the OCP;
- The impact of basic financial literacy interventions conducted during the preceding year.

Specific consumer education activities

In the forthcoming period the OCP will continue to carry out an active educational and information activity, focusing mainly on the education of various groups of consumers and the business community. The consumer education programmes will primarily focus on the implementation of the Consumer Protection Act, what the mandate of the office is as well as knowledge of redress options. Specific programmes will however also be developed to address issues that emanate from the Consumer Protection Act, 2008. In this regard a continued roll out of topics related to the Act must be done. This will be important so as to ensure that the implementation of the Act becomes successful within the province.

The OCP's campaigns will also be executed in cooperation with the National Consumer Commission (NCC) that is established in terms of the Consumer Protection Act, 2008. The NCC is a national public entity and performs the functions as prescribed in the Consumer Protection Act, 2008. The Consumer Protection Act envisages a scenario in which the NCC and the provincial office work closely together on all areas relevant to the mandate of Consumer Protection. These campaigns will also be synergised and aligned with other campaigns that may be embarked upon by other provincial OCP offices and statutory regulatory bodies. In the forthcoming period the OCP plans to execute education campaigns relating to the following consumer issues:

- The Consumer Protection Act and the benefits to a consumer ;
- The responsibility on business in terms of the Act;
- Benefits and risks related to the use of the latest technologies (concluding distance contracts, via the Internet, the phone, mail orders, etc.);
- Product safety. The objective of this campaign will be to draw consumers' and entrepreneurs' attention to the factors that determine the safety and quality of products;
- Marketing and Advertising. Campaigns concerning this issue will inform consumers of the specificity of this media message (e.g. the marketing techniques used in advertising, misleading advertising, etc.);
- Consumer rights and obligations. The OCP's research shows that consumers still need to be educated on the scope of basic consumer information. That is why, in the coming years, the OCP will continue the information and education activities concerning specific consumer issues such as: prohibited contractual clauses applied in particular market sectors; the rights of consumers as provided for in the Consumer Protection Act, the types and methods of concluding consumer credit agreements; and
- The educational and information campaigns will be addressed to various social groups: youth, adults, the elderly, and the business sector. The Office will continue its cooperation with consumer organisations, regulatory bodies, ombudsmen and the mass media, through which it will try to reach society. In this respect, the expert support of academic circles will also be very important.

In order to meet the needs of the present day, the OCP will use in its campaigns a varied set of communication tools. The workshops and information sessions, in particular, have been playing an important role in the

system of information and education. In the future the OCP will continue to organise, individually and together with other institutions, events promoting consumer knowledge. This will include workshops, information sessions, and conferences, with the participation of South African and foreign institutions responsible for consumer protection, representatives of academic circles, as well as entrepreneurs. The events will be an opportunity to exchange views and experiences between different entities involved in consumer protection policy, as well as consumers in general. The OCP's events focus on the issues which are important from the point of view of the consumer (e.g. relating to particular market segments). New legislative initiatives within the scope of consumer rights protection are also discussed at these events.

On the other hand, the OCP will continue to prepare the following categories of publications:

- Brochures and leaflets concerning practical consumer issues;
- Publications for the youngest consumers, consumer handbooks;
- Reports summarising investigations of particular market segments;
- Reports on the Office's activity.

Similarly to the information and education campaigns, the OCP's publications will be addressed to different consumer groups and will vary with respect to their essential contents and layout. Moreover, due to the Internet becoming an increasingly popular and comprehensive source of consumer knowledge, the OCP will intensify its use of the internet as a tool for communicating with consumers and entrepreneurs. The priorities of the OCP's website will be easy access and usefulness.

The media is still a very important channel of communication. It is useful for the purposes of popularisation of consumer knowledge. The main objective of the OCP's cooperation with mass media is to reach the public opinion with its message. Similarly, as in the previous years, the Office will continue its everyday cooperation with the media (e.g. interviews of the OCP's management and employees and press releases).

Financial Literacy Education Campaigns

The advent of the global recession has led to a greater need for consumer protection agencies to focus on providing consumers with adequate and relevant

information, which will assist them in meeting the challenges posed by the recession.

In South Africa the lack of financial literacy 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. It must be noted that it is not only low income communities that demonstrate low levels of financial literacy in South Africa. Various studies (including the Finscope report) outline the fact that the lack of financial literacy remains a major challenge in South Africa. It appears that the low income households, farm workers, and pensioners remain the economic citizens most vulnerable to exploitative schemes.

Research conducted in South Africa on the issue of personal savings has also indicated that we are a country with low household savings rates. The research indicates that 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 as amongst the most affluent income groups. A major behavioural shift is therefore required, away from a consumer and credit-oriented mindset, toward one of financial prudence. 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.

The OCP as a Provincial Government Consumer Protection Agency therefore has a critical and crucial role to play within the arena of enhancing financial literacy amongst the most vulnerable of communities. The education and awareness strategy will focus on this topic and resources will be ploughed into addressing this need within communities. The OCP will therefore conduct a number of workshops, information sessions and other awareness initiatives across the province specifically focussing on the issue of basic financial literacy and financial life skills.

Strategy 2: Provision of a consumer redress service:

2.1 Consumer Tribunal and Alternative dispute Resolution

The focus of this strategy is to provide consumers of the Western Cape with an accessible and user friendly consumer dispute resolution service. It aims to ensure that consumers are effectively protected from possible harmful business practices. In order to achieve this, the Office of the Consumer Protector will, via its Consumer Affairs Tribunal, provide a statutory redress service to consumers who may have fallen victim to an unfair business practice. This is a matter of strategic importance, especially in light of the increased role that provincial consumer tribunals or consumer courts will play with the implementation of the Consumer Protection Act, 2008. The Consumer Protection Act envisages a scenario where consumer tribunals, both National and Provincial, will be able to adjudicate consumer disputes that are referred to it by the National Consumer Commission. The Tribunal now acts as a statutory body that is empowered to adjudicate alleged unfair business practices that have a negative effect on consumers within the province. It is therefore an important service that is effective, easy and accessible to consumers within the province.

In addition to the Consumer Tribunal, the OCP will continue to enhance the Alternative Dispute Resolution (ADR) services it provides to consumers. In terms of the operational practice of the OCP, all consumer disputes are first channeled via ADR in an attempt to amicably resolve matters between the two disputing parties. In order to continue providing a high quality service to the public, the OCP will enhance and refine its ADR processes which will include the refinement of management processes, advanced training for staff and the extension of the scope of services rendered. The resolution of consumer complaints is aligned with the Five year Strategic Plan. The activities of the Tribunal will contribute towards the achievements of the objectives contained therein. 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. Experience over 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. Courts of law often 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 the businesses. Consequently, the development of amicable dispute resolution systems must be included in the concept of developing Corporate Social Responsibility. It is impossible to ensure high level consumer protection without building appropriate standards common for all the bodies involved in out-of-court dispute resolution.

The efficiencies in the OCP's business processes, honed over several years of being the leader in utilising outsourcing (call centre) and electronic complaints management systems will be further enhanced. This will include the refinement of the call centre management processes, including statistical data gathering, customer satisfaction reports and turn around times for complaint resolutions. In line with the Provincial Government's focus on being the best regional government, these processes will be enhanced, so as to improve service delivery, as well as the monitoring and evaluation of services to the public. The Office of the Consumer Protector will also further enhance the electronic case management system (CMaTS). These enhancements will lead to benefits such as better management reporting, increased productivity of individual users of the system, better analysis of complaints, and better and easier monitoring of turnaround times. All of these enhancements make the system an effective tool for service delivery improvement in the hands of both

management and the users of the system, with positive feedback reported by consumers.

Strategy 3: The Enhancement of Strategic Partnerships

This strategy will focus on the development of closer cooperation with consumer organisations. It will be in line with the provisions of the Consumer Protection Act, 2008 which acknowledges the important role and function of consumer organisations. A significant challenge here is strengthening the position of consumer organisations as important market actors that safeguard the respect for consumer rights. This objective cannot be achieved without direct support and long-term actions aimed at strengthening the structures and resources of consumer organisations. In order to ensure that the implementation of this strategy is effective we will also be aiming to secure co-operation with University Legal Aid/Advice Centres. As the specificity of consumer problems keeps increasing, in the next few years it will be necessary to expand consumers' access to professional legal aid. This will be done through initiating closer cooperation with Student Legal Aid/ Advice Centres operating at universities. Student law clinics provide free legal advice to consumers under the supervision of professional research tutors. This initiative aims to break away from the traditional theoretic approach to teaching law and reform it into a more "vocationally oriented" one. It should also be stressed that co-operation with academic circles could pave the way for formal academic courses on consumer protection to be developed.

Strategic Objective	A business environment that reflects high levels of consumer rights awareness by a majority of the Western Cape population and business community, supported by effective complaints management and resolution mechanisms
Objective statement	Through various education and awareness initiatives ensure that at least 60% of public in the Province are aware of the OCP and services it offers and the establishment of 25 Consumer NGO's partnerships. Save consumers at least R10m through successful complaints resolution.
Baseline	Low levels of awareness, where only approximately 3 in 10 consumers are aware of basic consumer rights. A highly effective complaints management and resolution mechanism at head office with low level service delivery through NGO structures in rural areas.
Justification	Low levels of consumer rights awareness, coupled with non-existing and inadequate complaints management and resolution mechanisms in the past lead to exploitation and often severe economic hardship for the consumers involved. Even with the availability, in recent years, of sophisticated, easily accessible complaints resolution mechanisms, consumers continue to be exploited and lose their hard-earned cash through unfair business practices and fraud. This is especially true of vulnerable consumers.
Links	Consumer rights awareness and availability of resolution and enforcement mechanisms will reduce exploitation of consumers and contribute to their economic well-being. Consumer education and the availability of easily accessible complaints resolution mechanisms are key objectives of the Consumer Protection Act, 2008.

6.5.1 Strategic objective annual targets for 2012/13

Strategic objective (outcome indicator)		Audited/Actual performance			Estimated performance	Medium-term targets		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
2.1	Awareness levels	-	20%	0	20%	30%	50%	60%
2.2	Number of strategic consumer NGO partnerships established	-	6	0	15	20	25	25
2.3	Monetary value saving to consumers	-	R500 000	R1,038m	R1,5m	R3m	R4m	R4m
2.4	Percentage of consumers indicating satisfaction with the level and standard of service provided by OCP	-	-		40%	50%	60%	70%
2.5	Percentage of consumers indicating a change in financial behaviour subsequent to OCP intervention.	-	-		25%	30%	40%	60%

6.5.2 Performance indicators and annual targets for 2012/13

Nationally agreed Sector specific performance indicators

Programme performance indicator (output indicator)		Audited/Actual performance			Estimated performance	Medium-term targets		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
2.1	Number of consumer education programmes conducted	100	128	146	150	200	250	250
2.2	Number of complaints received	6 716	7 051	14 204	8 000	12 000	13 500	13 000
2.3	Number of complaints resolved	4 701	4 935	6 997	6 000	9 000	10 000	10 000

Provincial performance indicators

Programme performance indicator (output indicator)		Audited/Actual performance			Estimated performance	Medium-term targets		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
2.4	Number of complaints forwarded to the Tribunal for consideration	-	4	0	50	100	300	300
2.5	Number of consumer education publications developed	-				10	12	20
2.6	Number of Regional offices operationalised	-	4	3	4	4	4	4
2.7	Number of research reports concluded					2	3	4
2.8	Number of financial literacy workshops conducted	-	35	52	40	60	100	100
2.9	Number of attendees at financial literacy workshops	-	-		500	1 000	1 500	1 500

6.5.3 Quarterly targets for 2012/13

Nationally agreed Sector specific performance indicators

Performance indicator (output indicator)		Reporting period	Annual target 2012/2013	Quarterly targets			
				1 st	2 nd	3 rd	4 th
2.1	Number of consumer education programmes conducted	Quarterly	200	70	70	40	20
2.2	Number of complaints received	Quarterly	12 000	3 500	3 500	3 000	2 000
2.3	Number of complaints resolved	Quarterly	9 000	2 500	2 500	2 000	2 000

Provincial performance indicators

Performance indicator (output indicator)		Reporting period	Annual target 2012/13	Quarterly targets			
				1 st	2 nd	3 rd	4 th
2.4	Number of complaints forwarded to the Tribunal for consideration	Quarterly	100	15	25	35	25
2.5	Number of consumer education publications developed	Quarterly	10	3	2	3	2
2.6	Number of Regional offices operationalised	Annual	4				4
2.7	Number of research reports concluded	Annual	2				2
2.8	Number of financial literacy workshops conducted	Quarterly	60	20	20	10	10
2.9	Number of attendees at financial literacy workshops	Quarterly	1 000	350	350	150	150

6.6 SUB-PROGRAMME 4.3 LIQUOR REGULATION

In 2003, the National Government passed the new liquor legislation, namely the Liquor Act, 2003. Item 2 of Schedule 1 ("Transitional Provisions") of the Act, which stipulates that despite section 46 (which makes provision for the repeal of the Liquor Act, 1989, and the two Amendment Acts passed in respect thereof), the Liquor Act, 1989, remains in force within a province until its Premier or Member of the Executive Council (or, in the case of the Western Cape, the Provincial Minister) responsible for liquor has notified the (national) Minister responsible for liquor that the said province has enacted its own liquor legislation and agrees on a date for the proclamation of the said legislation.

The suite of Western Cape Liquor legislation is made up of:

- The Western Cape Liquor Act, 2008 (Act 4 of 2008);
- The Western Cape Liquor Amendment Act, 2010 (Act 10 of 2010); and
- The Regulations issued in terms of the Western Cape Liquor Act, 2008.

The Western Cape Provincial Parliament passed the Western Cape Liquor Act, 2008 (Act 4 of 2008) ("the 2008 Act") on 27 November 2008. This Act regulates, amongst others, liquor licensing in the Province.

In the interim, the following provisions of the Liquor Act, 2008 were brought into operation by way of two Proclamations; being Proclamation 22 in Provincial Gazette 6593 dated 23 December 2008 and Proclamation 4 in Provincial Gazette 6758 dated 10 June 2010:

- Section 1 (definitions);
- Parts of section 76 (general offences);
- Section 80 (offences regarding motor vehicles); and
- Parts of section 87 (penalties and forfeiture).

In December 2010, the Western Cape Provincial Parliament passed the Western Cape Liquor Amendment Act, 2010 (Act 10 of 2010) ("the Amendment Act").

In October 2011, a letter was sent to the National Minister of Trade and Industry to seek agreement on the date of termination of the Liquor Act, Act 27 of 1989 and the implementation of the Western Cape Liquor Act, Act 4 of 2008 as amended by the Western Cape Liquor Amendment Act, Act 10 of 2010. The National Minister of Trade and Industry provided a formal response in agreement on 08 December 2011.

The bringing into operation of the remaining sections of the 2008 Act and the 2010 Amendment Act will allow for the establishment of a fully functional provincial public entity to be renamed in the Public Finance Management Act as the “Western Cape Liquor Authority”. On this basis, the Liquor Authority will comprise of:

- (i) The Liquor Authority Governing Board;
- (ii) The Liquor Licensing Tribunal;
- (iii) The Liquor Appeal Tribunal; and
- (iv) An organisational structure which will include a Chief Executive Officer, with a staff complement that will execute the requisite functions such as licensing administration, enforcement and compliance and advocacy and stakeholder relations.

The remaining sections of the Western Cape Liquor Act, 2008 and the Western Cape Liquor Amendment Act, 2010 need to be brought into operation. The final version of the Western Cape Liquor Regulations, 2011, (“the Regulations”), was signed by the Provincial Minister of Finance, Economic Development and Tourism on 30 September 2011.

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

The Western Cape Liquor Authority only has a regulatory power with respect to licensed outlets.

It regulates the licensed liquor trade in the Western Cape by constantly monitoring the licensed premises in the Province. The Governing Board of the Western Cape Liquor Authority will oversee the regulation of the liquor industry in the Western Cape. The Liquor Licensing Administration unit will administer all liquor applications in the Western Cape for consideration by the Liquor Licensing Tribunal. The Liquor Licensing Tribunal will adjudicate all liquor license applications. The Appeal Tribunal adjudicates appeals for the review of decisions by the Liquor Licensing Tribunal. The Liquor Enforcement and Compliance unit will ensure compliance of liquor license legislation and regulation. The Advocacy and Stakeholder Relations unit will provide advocacy, communication and stakeholder relation services.

The business processes for the lodgment and consideration of liquor license applications from the National Liquor Act, 1989 to the Western Cape Liquor Act, 2008 will change substantially. These changes notably include:

- Zoning as an absolute requirement for the consideration of liquor license applications.
- Trading hours and days as determined by the municipality if that respective municipality’s by-laws on trading hours and days have been implemented.
- A dual lodgment process whereby the liquor license application is lodged directly with the Western Cape Liquor Authority and the relevant Designated Liquor Officer.
- More provision for effective offences and enforcement.
- A dedicated fund for combatting the negative social consequences of the liquor trade.
- Greater public notification processes for new liquor license applications which will be the responsibility of the Western Cape Liquor Authority.
- The introduction of an Appeals Tribunal which may set aside any decision of the Liquor Licensing Tribunal.

Strategic Objective	A regulatory environment that reflects high levels of participation by the public, a maximising of the benefits of the industry for the Province and its people and a minimising of its negative effects through increased awareness, reduced availability of liquor and better law enforcement.
Objective statement	To facilitate community participation in respect of all applications for liquor licences. Ensure that all licensed premises are inspected at least once a year. Reduce the negative socio-economic impact of the industry by raising public awareness of liquor-related harms through initiatives that reach at least 70% people through mass media messages, and contribute to the transformation of the liquor industry by reducing the ratio of unlicensed to licensed premises from 3:1 to 2:1.
Baseline	Public participation occurs in respect of only approximately 60% of applications for liquor licences. Between 600 and 800 new licences have been approved and issued annually over the past 3 years. Approximately 95% of existing licences are renewed every year, thereby sustaining jobs at the aforementioned rate per outlet. High levels of liquor abuse and irresponsible and unlawful trading prevail and the industry remains largely untransformed in terms of ownership, the spread of outlets and the level of regulation.
Justification	Liquor is a potentially harmful substance that is said to cost the Western Cape economy in excess of R3bn annually and brings to bear severe negative socio-economic effects on the population of the Province. It is therefore imperative that public participation in the regulation of the product is maximised to curtail these negative effects. Despite its negative consequences, the liquor industry, with impacts in the tourism and leisure industries, is a major contributor to the provincial economy, said to generate revenue in excess of R4bn per annum, creating and sustaining thousands of jobs annually. However, the industry remains largely untransformed in terms of ownership and the number of licences issued, and needs to become more inclusive in accordance with the PGWC's objective of inclusive economic development.
Links	Increased community participation and more public awareness of liquor harms will promote the allocation of licences in accordance with community sentiment, reduce the above-mentioned negative socio-economic effects and contribute to the wealth and economic growth of the people and the Province as the economic burden of liquor abuse is reduced, while facilitation of entry into the industry for HDIs will make the industry more inclusive and contribute to the economic growth and prosperity of those entrants.

6.6.1 Strategic objective annual targets for 2012/13

Strategic objective (outcome indicator)		Audited/Actual performance			Estimated performance	Medium-term targets		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
3.1	Percentage liquor outlets licensed	-	27%	6,75%	28,5% (baseline: 28 000)	32,6% (baseline: 26 000)	37,5% (baseline: 24 000)	37,5% (baseline: 24 000)

6.6.2 Performance indicators and annual targets for 2012/13

Nationally agreed Sector specific performance indicators

Programme performance indicator (output indicator)		Audited/Actual performance			Estimated performance	Medium-term targets		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
3.1	Number of applications received (new licences and secondary applications)	2 170	2 200	1 965	3 200	1 500	1 500	2 000
3.2	Number of licenses issued	624	800	519	900	500	550	600
3.3	Number of awareness interventions conducted	90	200	72	100	100	125	150
3.4	Number of people reached through awareness interventions	320 339	2 000 000	889	2 500 000	800	850	900

Programme performance indicator (output indicator)		Audited/Actual performance			Estimated performance	Medium-term targets		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
3.5	Number of inspections conducted	-	1 000	795	2 000	2 000	2 500	2 500
3.6	Number of social responsibility programme conducted							

6.6.3 Quarterly targets for 2012/13

Nationally agreed Sector specific performance indicators

Programme performance indicator (output indicator)		Reporting period	Annual target 2012/13	Quarterly targets			
				1 st	2 nd	3 rd	4 th
3.1	Number of applications received (new licences and secondary applications)	Quarterly	1 500	375	375	375	375
3.2	Number of licenses issued	Quarterly	500	125	125	125	125
3.3	Number of awareness interventions conducted	Quarterly	100	25	25	25	25
3.4	Number of people reached through awareness interventions	Quarterly	800	200	200	200	200
3.5	Number of inspections conducted	Quarterly	2 000	500	500	500	500
3.6	Number of social responsibility programme conducted						

6.7 RECONCILING PERFORMANCE TARGETS WITH THE BUDGET AND MTEF

6.7.1 Expenditure estimates

Summary of payments and estimates - Programme 4: Business Regulation and Governance Department of Economic Development and Tourism											
Sub-programme R'000		Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimate			
		Audited	Audited	Audited				2012/13	2013/14	2014/15	% Change from Revised estimate
		2008/09	2009/10	2010/11							
1.	Governance										
2.	Regulation Services										
3.	Consumer Protection	7 803	10 598	8 734	11 551	9 751	9 751	9 381	10 800	11 833	(3.79)
4.	Liquor Regulation	7 483	9 245	7 299	9 029	9 029	9 029	15 023	15 620	16 062	66.39
Total payments and estimates		15 286	19 843	16 033	20 580	18 780	18 780	24 404	26 420	27 895	29.95

**Summary of provincial payments and estimates by economic classification -
Programme 4: Business Regulation and Governance
Department of Economic Development and Tourism**

Economic classification R'000	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimate				% Change from Revised estimate
	Audited	Audited	Audited				2012/13	2013/14	2014/15		
	2008/09	2009/10	2010/11				2011/12	2011/12	2011/12	2012/13	
Current payments	12 280	17 319	14 828	19 874	18 574	18 568	16 497	18 420	19 795	(11.15)	
Compensation of employees	6 993	8 277	10 118	15 701	13 054	13 074	14 360	15 313	16 064	9.84	
Goods and services	5 287	9 042	4 710	4 173	5 520	5 494	2 137	3 107	3 731	(61.10)	
Transfers and subsidies to	2 529	2 408	950	500			7 700	7 700	7 700	100	
Departmental agencies and accounts		758					7 700	7 700	7 700	100	
Non-profit institutions	2 529	1 650	950	500							
Payments for capital assets	457	103	246	206	206	212	207	300	400	(2.36)	
Machinery and equipment	457	103	161	206	206	186	207	300	400	11.29	
Software and other intangible assets			85			26				100	
Payments for financial assets	20	13	9								
Total economic classification	15 286	19 843	16 033	20 580	18 780	18 780	24 404	26 420	27 895	29.95	

6.7.2 Performance and expenditure trends

Budget allocations resulted in two areas of the Programme, in particular, being affected negatively: The regional office initiative at the OCP had to be implemented later than planned and more incrementally than initially envisaged and secondly, the Inspectorate of the Liquor Board was not able to carry out inspections at a rate commensurate with the referrals to it of matters by the Board. In both Sub-programmes, relatively flat allocations in respect of the education and awareness components have resulted and will continue to result in lower numbers of target audiences being reached.

The regional office initiative will proceed, albeit at a slower pace. Non-critical posts will, in the short term, be sacrificed to ensure that additional inspectors can

be employed to address the critical area of inspections, coupled with the implications for monitoring, enforcement and compliance.

In the education and awareness arenas in Sub-programmes, partnerships and joint ventures with the industry will be used to leverage funding and other resources.

With regard to Liquor Regulation, the sub-programme will operate as a public entity as of 1 April 2012. As a result, the sub-programme's budget has increased by 66.39% or R5 994 million in 2012/13. This makes provision for the establishment as well as operational costs of the Liquor Board as a fully fledged Public Entity.



PROGRAMME 5:
ECONOMIC PLANNING

7. PROGRAMME 5: ECONOMIC PLANNING

7.1 PURPOSE

The purpose is to develop provincial economic policies and strategies to achieve and measure sustainable economic development. The Economic Planning programme is established to act as an advisory arm of the Department of Economic Development and Tourism on matters of economic policy and the economy in general. It has the responsibility of developing or facilitating the development and implementation of sound provincial economic policies and strategies based among other factors, the analysis of economic data and stakeholder consultations representing the various subjects in the area of government economic operations. This is done to ensure that plans and programmes of all the Province's government departments are well aligned to and integrated with these economic policies and strategies.

The National Government has adopted a strong focus on economic development when outlining its priorities during in the 2009 medium term strategic framework. The priorities specifically related to economic development have been stated as follows:

- i) Creation of decent employment through inclusive economic growth
- ii) Development of a skilled and capable workforce, and
- iii) Support for an efficient, competitive and responsive infrastructure network.

As it is the fundamental belief of this Department and Province that economic growth is at the heart of all successful development and that growth is driven primarily by the private sector operating in a market environment, the role of the state should therefore create and maintain an enabling environment for business and provide demand led private sector driven support for tradable or propulsive sectors, industries and business.

As such, the Province has responded to these outcomes through the development and approval of Strategic Objective 1: Increasing opportunities for growth and jobs (SO 1) by focusing the Departments work on seven core areas namely:

- An economic strategic plan and accompanying policies developed to support the achievement of economic growth and job opportunities;
- An enabling business environment that limits hurdles to business growth, increasing economic investment and subsequently contribute to job

creation;

- Government support that is demand-led and private sector driven;
- Infrastructure-led economic growth that enhances the competitiveness of the region; AND
- The required skill set is matched with the work opportunities and brings about shared economic growth.

7.2 PROGRAMME STRUCTURE:

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

The Western Cape Government and in particular DEDAT has paid special attention towards good governance and accelerated service delivery. Given the resources that are channelled through service delivery vehicles and public entities, DEDAT will develop more capacity and resources for internal governance and oversight programs such as monitoring and evaluation.

7.3 SITUATION ANALYSIS

7.3.1 Performance delivery environment

The Department will give effect to National Outcome 4 and PSO 1 by orientating the Department towards investment in building the base of clients, jobs, taxes, firms, and economic infrastructure for the economy rather than an expenditure on a public service. This will be achieved through fulfilling its public and private leadership function which will draw on all spheres of government, business and institutional leaders with clear links to micro-economic policies and frameworks. The Department will also enhance its intelligence and evidence systems that will provide continuous observation of economic activity, trends, conditions and performance leading to regular assessments of intervention performance. Furthermore, the Department will embark on a visioning and agenda setting process that will lead to both long term thinking and common agendas and shared plans between all economic parties and stakeholders. The translation of the intelligence and visions into strategies, action plans and tactics will be operationalized into coherent and consistent planning frameworks for the Province.

To achieve its mandate the programme constantly tracks economic developments and policy

developments in the Province and in South Africa. The programme uses credible economic data sources and best practice quantitative analytical tools to analyse economic policies and strategies relevant and applicable to the Province. Some of the provincial and national economic policy frameworks that guide the programme's work include among others, the Provincial Strategic Objective 1 i.e. creating opportunities for growth and jobs, other 11 Provincial Strategic Objectives, National Industrial Policy Framework, Industrial Policy Action Plan, the New Growth Path, National Development Plan produced by the National Planning Commission etc. The Programme endeavours to provide valuable policy advice through:

- Benchmarking of policy initiatives with best practices internationally, nationally and provincially;
- Conducting learning networks to improve the quality of policy research outputs;
- Conducting macroeconomic analysis and review;
- Producing up-to-date and reliable statistics and economic indicators for the Province; and
- Building M&E capacity to track performance against set outcomes.

For 2012/13 the programme will provide strategic support to Provincial Strategic Objective 1's strategic directive and co-ordinate the Economic and Infrastructure Strategic Sector Steering Group and the working groups i.e. Provincial Skills Development Forum, Enabling Environment, Infrastructure, Expanded Public Works Programme etc.

The Economic Development Partnership is being established to lead, co-ordinate and drive the economic growth, development and inclusion agenda for Cape Town and the Western Cape Province.

It will achieve this through:

- Provision of Cape economic and market intelligence and monitoring (evidence-led strategy);
- Guidance of the Cape economic vision and strategy (leadership and common agenda);
- Securing of business attraction, retention and expansion (business and investment climate);
- Leadership of the Cape brand platform (marketing alliance); and
- Organisation of economic systems for optimum delivery.

The EDP does not substitute the role of government in the economy, but rather, by being market- and

industry-facing, adds value to government roles and functions.

7.4 SUB PROGRAMME 5.1 POLICY AND PLANNING

“South Africa is a country built on possibility. Possibility lies in making a difference and creating value from a situation – without denying that certain issues exist.”

– Benjamin Zander

The purpose of this sub-programme is to develop provincial economic policies and strategies. The lack of coherent cross-cutting provincial wide economic planning and lack of strategy coherence with other spheres of government results in the silo effect and problems of scale, reach, speed and quality of delivery. Therefore, this programme will focus on the following:

Co-ordination of strategic planning processes

The Strategic Planning unit supports Province-wide cross-cutting economic development, by providing strategic information to inform strategic planning processes of the DEDAT to give effect to Strategic Objective 1. The unit facilitates the strategic agenda of the Department, i.e. it facilitates the strategic goals and objectives in terms of the above policy and legislative mandates, and ensures they are translated into departmental policies, programmes and projects, aligned with the Province's Strategic Objective 1. To this end, it facilitates departmental management of strategic planning sessions.

Co-ordination of Transversal Management System

The unit will provide secretariat support in the Steering Committee and Working Groups to enable them to give effect to the strategic directive(s). The unit will, inter alia:

- Develop, co-ordinate and revise the operational programmes/projects for the strategic directive(s),
- Execute continuous co-ordination and networking

- management within the Committee,
- Manage, control, monitor and report to the Steering Committee/Working Group(s),
- Provide professional, technical and administrative guidance/advice as required,
- Co-ordinate transversal research and analysis as requested by the Steering Committee/Working Group(s),
- Budget for the day-to-day functioning of the Committee/Group(s), and
- Act as the secretariat for the Committee/Group(s).

Management of High level Strategic Projects through the Executive Dashboard

The unit monitors the Department's activities at a strategic level, to ensure alignment of programmes and projects with the broader departmental and provincial strategic agenda. This is done by means of

the Executive Projects Dashboard, the project tracking performance monitoring system, which closely monitors the progress of departmental projects. Programme managers are responsible for the loading and updating of their projects and budgets, and the system enables the HOD, Minister, and Premier to keep track of progress and to be alerted to challenges and delays timeously.

The Premier has identified Provincial Cabinet Priority projects that must be implemented for the next 5 years. These projects form part of the provincial strategic agenda between the Minister, HOD and the Premier. These projects are loaded on the Dashboard and are monitored on a quarterly basis; they form an integral part of how departments' performance is managed at a provincial level.

Strategic Objective	Strengthening institutional governance for improved service delivery
Objective statement	The provision of support to the leadership i.e. Minister, HOD and the Departmental Top Management (DTM), in undertaking planning processes that provide a coherent vision and strategic outcomes.
Baseline	Strategic Objective 1, IPAP, reviewed sector and theme strategies
Justification	To provide guidelines and influence the economic agenda of the Province.
Links	IPAP and other economic policies and strategies developed and implemented to achieve sustainable economic development.

7.4.1 Strategic objective annual targets for 2012/13

Strategic objective (outcome indicators)		Audited/Actual performance			Estimated performance	Medium-term targets		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
1.1	Updated Provincial Economic Development Strategy		1	1	1	1	1	1

Sector specific performance indicators

Programme performance indicator (output indicator)		Audited/Actual performance			Estimated performance	Medium-term targets		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
1.1	Number of economic strategies developed				2	2	2	2
1.2	Number of economic strategies reviewed				4	4	4	4

Provincial performance indicators

Programme performance indicator (output indicator)		Audited/Actual performance			Estimated performance	Medium-term targets		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
1.3	Number of Strategic Planning sessions			14 Matrix Planning Sessions	2	2	2	2
1.4	Number of quarterly Project Dashboard Analysis			4	4	4	4	4
1.5	Number of meetings (transversal management system)				3	4	4	4

7.4.2 Quarterly targets for 2012/13

Sector specific performance indicators

Performance indicator (output indicator)		Reporting period	Annual target 2012/13	Quarterly targets			
				1 st	2 nd	3 rd	4 th
1.1	Number of economic strategies developed	Quarterly	2			1	1
1.2	Number of economic strategies reviewed	Quarterly	4	1	1	1	1

Provincial performance indicators

Performance indicator (output indicator)		Reporting period	Annual target 2012/13	Quarterly targets			
				1 st	2 nd	3 rd	4 th
1.3	Number of Strategic Planning sessions	Quarterly	2		1		1
1.4	Number of quarterly Project Dashboard Analysis	Quarterly	4	1	1	1	1
1.5	Number of meetings (transversal management system)	Quarterly	4	1	1	1	1

7.5 SUB PROGRAMME 5.2 RESEARCH AND DEVELOPMENT

The purpose of this sub-programme is to conduct economic research. Research and development will gradually be transferred to the Economic Development Partnership. The Department will be responsible only for sector specific outcomes irrespective of where the institutional structure of the research unit resides. For 2012/2013, the economic research output of the Department will be on data organised in the form of research and the research and development initiatives.

To build strong economic intelligence the Department will:

- Track and analyse macroeconomic developments in the global, national and provincial economies;
- Conduct relevant macroeconomic research on the province's economy;
- Produce up-to-date and reliable statistics and economic indicators for the Province;
- Create and maintain an economic model to produce up to date statistical data in all the priority

In a society of little economic development, universal inactivity accompanies universal poverty

- Ryszard Kapuscinski

subsectors of the Department i.e. developing and maintaining a statistical portal;

- Undertake Quarterly Statistical and Economic Analysis;
- Respond to information requests by Stakeholders.
- Provide 'Snapshot' reports on key social economic developments at local, national and global levels; and
- Conduct sector based research including sector skills gap.

Strategic Objective	To provide research that informs the strategic objective of the Department
Objective statement	To provide a minimum level of credible provincial economic data for all citizens and business community of the Western Cape in the next 5 years.
Baseline	MEDS Research
Justification	To inform the strategic decisions of the Department to promote Growth, employment and new enterprises in the economy
Links	Provincial Economic policies and strategies developed and implemented to achieve sustainable economic development

7.5.1 Strategic objective annual targets for 2011/12

Strategic objective (outcome indicator)	Audited/Actual performance			Estimated performance	Medium-term targets		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
1.1 Established and recognised as the repository of credible Provincial economic intelligence				Fully functioning research unit			

Sector Specific performance indicators

Programme performance indicator (output indicator)		Audited/Actual performance			Estimated performance	Medium-term targets		
		2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
1.1	Number of research reports	5	3	6	10	10	10	10
1.2	Number of Research and Development initiatives supported	-	1	1	1	1	1	1

7.5.2 Quarterly targets for 2011/12

Sector specific performance indicators

Performance indicator (output indicator)		Reporting period	Annual target 2012/13	Quarterly targets			
				1 st	2 nd	3 rd	4 th
1.1	Number of research reports compiled	Quarterly	10	2	3	3	2
1.2	Number of Research and Development initiatives supported	Quarterly	1	-	-	-	1

7.6 SUB-PROGRAMME 5.3 KNOWLEDGE MANAGEMENT

The purpose of this sub-programme is to ensure that information relevant to the execution of the departmental economic development mandate is made available timeously to departmental users by using proper design sourcing, storage and dissemination technologies. The information should be relevant to the development of the provincial economy within the national agenda.

The global economy is becoming more knowledge-based striving on innovation and optimal use of human capital as opposed to relying on physical assets/resources as was the case in the past. This global shift has necessitated organisations to pay close attention to their knowledge management systems. The MEDS also realised a knowledge-based economy, which will rest on interconnected and interdependent pillars of innovation, economic and institutional infrastructure, information infrastructure and education. Therefore, effective knowledge management requires a combination of critical organisational elements such as information and communication technology, human resource practices, appropriate organisational structure and culture, in order to ensure that knowledge is optimally used within DEDAT. In implementing knowledge management systems, it is imperative that DEDAT adopt processes, organisational structure and culture that allows for the use of human

capital within the paradigm of the knowledge economy. As the capacity improves, the knowledge management system will adapt. Consequently there will be more knowledge creation and sharing of culture which should allow us to respond better to economic development challenges of the Province.

This sub-programme is guided by policies, among others: Innovation Towards Knowledge-based Economy - Ten years (2008 - 2018)

However, due to capacity, the programme will only focus on the following:

Develop and maintain a reliable system for storing economic information

For the Knowledge Management sub-programme to be effective in managing information and knowledge for the Department, it should look at continuously improving the systems used for gathering, storing and disseminating processed information. The sub-programme should take heed of information generated from the IMF, World Bank, United Nations, OECD, SARB, STATSSA and other national economic analysts. Also important is the gathering and storage of information that will assist DEDAT personnel to have broader understanding of socio-economic challenges and associated capacity building in order for them to be empowered to respond appropriately in the context of their own implementation environments.

The unit will gather, store and disseminate reliable economic data from all available economic data sources at the resource centre for easy accessibility by all departmental staff. The resource centre will also disseminate data through electronic systems to all stakeholders.

Implementation of Enterprise Content Management

Implementation of Livelink across the Province will have the following advantages for departments:

- Provision of an integrated approach to managing information including documents and records;
- Introduction of a computer-based file plan;
- Improvement in the Department's ability to track the location of all documents and records managed;
- Provision of instant access to relevant and useful information by users;
- Improvement in the Department's ability to exchange and share information and knowledge;
- Improvement in the Department's business processes;
- Improvement in quality through the delivery of the right documents at the right time;
- Improvement in administrative efficiency and effectiveness;
- Assistance with monitoring and managing performance;
- Increase in productivity and decision making; and
- Enablement of the promotion of access to information for external customers/stakeholders.

Strategic Objective	Strengthening institutional governance for improved service delivery
Objective statement	To strengthen the institutional governance for improved service delivery through development and maintenance of knowledge management systems to capture, store and disseminate information for organisational learning
Baseline	Enterprise Content Management (Livelink)
Justification	Enabler for economic development
Links	Provincial Economic policies and strategies developed and implemented to achieve sustainable economic development

7.6.1 Strategic objective annual targets for 2012/13

Strategic objective (outcome indicator)		Audited/Actual performance			Estimated performance	Medium-term targets		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
1.1	Level of staff awareness increased (252 staff members)				151	176	201	226

Sector specific Performance indicators

Programme performance indicator (output indicator)		Audited/Actual performance			Estimated performance	Medium-term targets		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
1.1	Number of provincial economic intelligence reports produced			1	4	4	4	4

Provincial performance indicators

Programme performance indicator (output indicator)		Audited/Actual performance			Estimated performance	Medium-term targets		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
1.2	Fully functioning resource centre			Refurbishing of the resource centre	100% functioning resource centre	100% functioning resource centre	100% functioning resource centre	100% functioning resource centre
1.3	Fully functioning e-filing in accordance with Provincial guidelines				Establishment of e-filing system within the Department	Capacitation of the DEDAT to be able to use the system	100% functional e-filing system	100% functional e-filing system
1.4	Number of learning networks facilitated			2	4	4	4	

7.6.2 Quarterly targets for 2012/13

Sector specific performance indicators

Performance indicator (output indicator)		Reporting period	Annual target 2012/13	Quarterly targets			
				1 st	2 nd	3 rd	4 th
1.1	Number of provincial economic intelligence reports produced	Quarterly	4			2	2

Provincial performance indicators

Performance indicator (output indicator)		Reporting period	Annual target 2012/13	Quarterly targets			
				1 st	2 nd	3 rd	4 th
1.2	Fully functioning resource centre	Annually	100% functioning resource centre				100% functioning resource centre
1.3	Fully functioning e-filing in accordance with Provincial guidelines	Annually	Establishment of e-filing system within the Department				Establishment of e-filing system within the Department
1.4	Number of learning networks facilitated	Quarterly	4			2	2

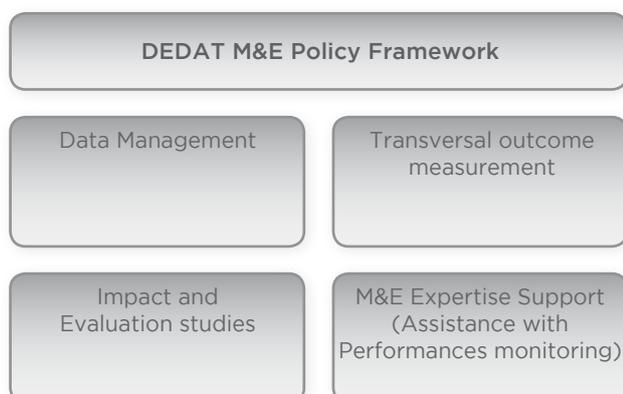
7.7 SUB-PROGRAMME 5.4 MONITORING AND EVALUATION

The overall purpose of this sub-programme is to determine the effectiveness and impact of departmental strategies (through measurement of programmes and projects). This can only be achieved through an increased focus on outcome measurement. The results based M&E is built within a strategic management processes and the focus will be on the establishment of outputs and outcomes.

DEDAT Results Based Performance Monitoring and Evaluation Strategic Policy Framework which was developed in 2011/12, provides a blueprint of how a results-based approach will be implemented. The framework sets out the strategic direction in order to support an outcome-based approach in DEDAT:

- Management of non-financial performance information of the DEDAT (including the beneficiary database)
- Assessment and evaluation of the effects of departmental programmes and projects on the core economic indicators of the department
- Conducting evaluation and impact studies across the DEDAT
- Provision of M&E expertise support across the DEDAT, specifically to ensure coherency of project and programme-level objectives to the strategic objective.

The pillars of the outcome based M&E policy framework can be graphically illustrated as follows:



These strategic processes cannot be easily effected without a strong buy-in by key role players and the commitment towards the implementation of findings that emanate from these processes. The above components of the M&E policy framework will be described in greater detail below.

Strategy 1: M&E Data Management

The Premier has introduced the business intelligence (BI) initiative with the aim of strengthening data management processes and putting in place data quality assurance. DEDAT has been asked to participate in the pilot of the Provincial Business Intelligence initiative. The benefits of the process to DEDAT include:

- Enhanced access to information;
- More timely access to information;
- Improved decision making and data quality;
- Greater operational efficiency through timely operational reports;
- Enable programmes to move from reactive to proactive decision making; and
- Greater integration of business intelligence with spatial information

The Business Intelligence initiative fits well with the M&E unit's strategic focus on data management for the 2012/13 financial year. The purpose of the M&E data management strategy will therefore be two-fold: to develop and implement strategies and guidelines to ensure data quality of DEDAT economic non-financial performance information; and to develop and maintain a compliance monitoring and reporting system for the Department which links with the Provincial business intelligence initiative. The integrated M&E data management system will allow for the following:

- Management and co-ordination of the development, and updating of a consolidated matrix of indicators (baseline data collection; Dashboard and early warning system);
- Overall management of the collection, collation, validation and analysis of data from various sources, including other entities;
- Organisation of data to ensure it goes through the different levels of the DIKW (data, information, knowledge, wisdom) hierarchy;
- Conducting of assessments on data quality which promote the improvement of data quality;
- Provision of data support when institutional performance assessments and service delivery monitoring is undertaken;
- Delivery of performance reports at various levels, ie project, programme and institutional level; and
- Production of relevant spatial information reports.

Strategy 2: Transversal departmental outcome measurement

The Provincial Government has published Provincial Strategic Objective (PSO) 1 as an overall policy framework for economic growth and employment

opportunities. The strategic directive provides the underlying logic as to how PSO1 will be achieved. Five objectives and accompanying economic indicators have been identified which need to be measured and reported on, on an annual basis.

Aside from the objectives referred to above, the M&E unit will also report on the outcomes that are delivered transversally within the DEDAT (i.e. more than one Programme contributes to these outcomes). In this instance the M&E unit will collect all evidence and juxtapose the actual performance against set targets. The main criterion when considering the evidence will be to render a judgement on the relevancy and credibility of the information provided. Given the change in strategy from the 2011/12 financial year, the Monitoring and Evaluation unit will firstly produce concluding reports on the key economic 2011/12 APP outcomes.

To execute the above, the Monitoring and Evaluation unit will need to put systems and processes in place to commence the tracking of the different levels of outcomes. This strategy will therefore link closely with strategy one as the reporting on different levels of outcomes need to be supported by a holistic, up to date, credible, high-quality data system.

Strategy 3: Undertaking of outcome and impact evaluation of strategic projects, programmes and initiatives

Outcome and impact evaluation of strategic projects and programmes will be undertaken annually. Monitoring constitutes the routine checking of progress against set targets, while evaluations constitute in-depth performance reviews and are concerned with “so what?” questions. Evaluation complements performance monitoring and reporting in that while monitoring collects, records, analyses, and reports on performance aspects, evaluation investigates the causal factors for programme failure or success, determines whether the outcomes are being achieved in the short, medium, and long terms, and whether there is sustainability.

Within DEDAT, evaluation or impact studies can be done at project level or programme level.

Strategy 4: Monitoring and Evaluation expertise support across the DEDAT

Programme Managers and Project Managers are tasked to undertake performance monitoring on a continuous basis. The M&E unit's role in the case of performance

monitoring is to provide support to Project Managers and Programme Managers in order for them to follow good M&E practices. A Monitoring and Evaluation plan will be developed for each programme which will set out how the continuous monitoring and tracking of outcomes will be done. The M&E Plan will amongst other things include the following:

- The list of Projects to be monitored/ evaluated within the specific Programmes
- Roles and responsibilities (including where external providers are sector bodies are involved)
- How development of monitoring/ evaluation tools will be done
- Reporting lines and frequency of reporting
- Project management of M&E function

The M&E plan is a collaborative effort and although initiated by the M&E unit is done in close consultation with top management of the various sub programmes. Once signed off, the plan provides a blueprint for monitoring and evaluation activities which in turn ensure integration of M&E into the project implementation phases. The capacity building around Monitoring and Evaluation practices will occur concurrently given the participatory approach followed by the M&E unit.

Monitoring activities produces performance information on a continuous basis which is a critical component in the overall policy framework:

- Basic monitoring data must feed into the overall M&E data management system which contributes to the compilation of a comprehensive M&E data system;
- Evaluation studies are reliant on monitoring data. If not available, data needs to be collected well after an intervention has come to an end, which often leads to a strong reliance on beneficiaries' ability to recall information. This limits the credibility and validity of data collected; and
- Without monitoring data, evidence based decision making is not possible. This leads to budgetary and programme-design decisions being based on anecdotal comments instead of sound scientific data collection.

Strategy 4.1: Maintain partnerships with research institutions

Although not included in M&E policy framework as a separate focus area, it has been repeatedly said that government alone cannot solve all the challenges facing public discourse in our country. Forging partnerships with research, academic institutions, professional bodies, public entities, constitutional institutions and

monitoring and evaluation institutions are just one way to ensure the unit remains up to date on latest M&E developments and enhance the quality of M&E information produced.

A number of partnerships have been forged with research, monitoring and evaluation institutions and

the strategy for the year ahead will be to maintain the existing partnerships, but to also seek innovative ways to enrich existing partnerships. At the core of this strategy is the enhancement of quality in the M&E work, innovations and strategic inclusion of specialist views in different sectors of economic development and tourism.

Strategic Objective	Strengthening institutional governance for improved service delivery
Objective statement	To strengthen institutional governance for improved service delivery through conducting 10 Monitoring and 5 evaluations across the Department's programmes and projects, thereby facilitating organisational learning.
Baseline	5 evaluation reports and 20 monitoring reports
Justification	To ensure implementation of policies and plans
Links	Provincial Economic policies and strategies developed and implemented to achieve sustainable economic development

7.7.1 Strategic objective annual targets for 2012/13

Strategic objective (outcome indicator)		Audited/Actual performance			Estimated performance	Medium-term targets		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
4.1	100% Monitoring and Evaluation results utilised	-	Not met	100% Monitoring and Evaluation results utilised				

7.7.2 Performance indicators and annual targets for 2012/13

Nationally agreed sector specific performance indicators

Programme performance indicator (output indicator)		Audited/Actual performance			Estimated performance	Medium-term targets		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
4.1	Number of monitoring reports produced	20	21	10	6	10	10	10
4.2	Number of evaluation reports produced	5	5	5	5	5	5	5

Provincial performance indicators

Programme performance indicator (output indicator)		Audited/Actual performance			Estimated performance	Medium-term targets		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
4.3	Management of a M&E Framework		Establishment of the beneficiaries database	Review of DEDAT data base system	Development of draft M&E policy framework	Pilot the M&E data management system	Full scale implementation of M&E data management system	Management of M&E framework
4.4	Number of transversal outcome reports produced	-	-	-	4	4	4	4
4.5	Number of Sub Programme M&E Plans developed	-	-	-	4	4	4	4

7.7.3 Quarterly targets for 2012/13

Nationally agreed sector specific performance indicators

Programme performance indicator (output indicator)		Reporting period	Annual target 2012/13	Quarterly targets			
				1 st	2 nd	3 rd	4 th
4.1	Number of monitoring reports produced	Quarterly	10	-	-	5	5
4.2	Number of evaluation reports produced	Quarterly	5	-	-	2	3

Provincial performance indicators

Programme performance indicator (output indicator)		Reporting period	Annual target 2012/13	Quarterly targets			
				1 st	2 nd	3 rd	4 th
4.3	Management of a M&E System	Annually	Pilot the M&E data management system	-	-	-	Pilot the M&E data management system
4.4	Number of transversal outcome reports produced	Quarterly	4	-	-	2	2
4.5	Number of Sub Programme M&E Plans developed	Quarterly	4	-	2	2	-

7.8 SUB-PROGRAMME 5.5: MANAGEMENT

Management support will provide overall strategic guidance, support and oversight to all sub-programmes i.e. policy and planning, research and development, knowledge management and monitoring and evaluation. Furthermore, management will provide strategic support to the Department in its implementation of the Economic Development Partnership. The character of the proposed EDP will be:

- Market-facing (understanding long-term demand trends);
- Industry-facing (understanding needs of firms and investors);
- Partnership-based organisation (rather than traditional public entity); and
- Centre of gravity for the Western Cape economic delivery system.

The EDP will be responsible for aggregation of effort in the following key strategic areas:

Economic intelligence

The main focus here will be to create economic intelligence by integrating all economic intelligence work in the Province: e.g. Provincial Treasury PERO; Wesgro IQ; DEDAT; City, etc.

Vision and strategy

The vision and strategy will mainly focus on giving effect to the Future Cape 2040 vision, the Provincial Strategic Plan process; Cape Town City Development Strategy; draft City Economic Development Strategy, etc.

Business and investment climate

The focus will be on regional competitiveness and contested markets, and scanning the overall business and investment climate (The Red Tape to Red Carpet; CT Competitiveness Report, business organisations, City, etc.). The outcome of this area of work will be to

recommend remedial steps to improve the climate for business attraction, retention and expansion. There is a need to disaggregate the needs of corporates/ multinational businesses, small and medium enterprises, micro-enterprises, and the needs of the informal economy.

Common brand platform and marketing alliance

This common brand and marketing alliance will coordinate closely with the outcomes of the Future Cape, so that the regional vision (where we want to be in the next 30 years), strategy (how we get there) and brand (who and what we are now as a region) are aligned (working group: e.g. Brand CT; Events Strategy; etc.). This work needs to take into account the need to develop an economic location/ business brand and not just a visitor brand.

Reform and adjustment of regional economic delivery system (“doing things differently”)

To reform and adjust regional economic delivery system will:

- Re-orientate economic development activities in the City and Province beyond micro-projects through a consultative process with business organisations, to organise business participation in the EDP Convene EDP CEOs Forum, with mandatory participation by economic agencies and entities receiving public funds from either PGWC or City of Cape Town; and
- Progressively establish sub-regional economic partnerships (Cape Town City-region; South Cape; Karoo; West Cape)

The unit will provide high level support which includes resource allocation for the establishment of the EDP, operational costs i.e. staff, rent, infrastructure, and project specific. It will also exercise oversight on how resources are spent including performance on the above key results areas.

Strategic Objective	Strengthening institutional governance for improved service delivery
Objective statement	To strengthen institutional governance for improved service delivery through resource allocation to the Western Cape Economic Development Agency
Baseline	None
Justification	To ensure implementation of policies and plans
Links	Provincial Strategic Objective 1

7.8.1 Strategic objective annual targets for 2012/13

Strategic objective (outcome indicator)		Audited/Actual performance			Estimated performance	Medium-term targets		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
1.1	Updated Provincial Economic Development Strategy		1	1	1	1	1	1

7.8.2 Performance indicators and annual targets for 2012/13

Provincial performance indicators

Programme performance indicator (output indicator)		Audited/Actual performance			Estimated performance	Medium-term targets		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
1.1	Number of support initiatives to Economic Development Partnership					4	4	4

7.8.3 Quarterly targets for 2012/13

Provincial performance indicators

Performance indicator (output indicator)		Reporting period	Annual target 2012/13	Quarterly targets			
				1 st	2 nd	3 rd	4 th
1.1	Number of support initiatives to Economic Development Partnership	Quarterly	4	1	1	1	1

7.9 RECONCILING PERFORMANCE TARGETS WITH THE BUDGET

7.9.1 Expenditure estimates

Summary of payments and estimates - Programme 5: Economic Planning Department of Economic Development and Tourism											
Sub-programme R'000		Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimate			
		Audited	Audited	Audited				2012/13	2013/14	2014/15	% Change from Revised estimate
		2008/09	2009/10	2010/11							
1.	Policy and Planning		926	782	1 078	1 078	1 078	5 389	5 648	5 908	399.91
2.	Research and Development	3 584	5 186	4 155	5 205	4 702	4 702	5 161	4 806	4 924	9.76
3.	Knowledge Management	637	776	1 057	2 826	2 554	2 554	2 537	2 710	2 891	(0.67)
4.	Monitoring and Evaluation	850	1 301	2 531	3 047	2 581	2 581	3 283	3 966	4 052	27.20
5.	Management	774	1 872	3 274	4 876	4 017	4 017	3 559	3 968	4 179	(11.40)
Total payments and estimates		5 845	10 061	11 799	17 032	14 932	14 932	19 929	21 098	21 954	33.47

**Summary of provincial payments and estimates by economic classification -
Programme 5: Economic Planning
Department of Economic Development and Tourism**

Economic classification R'000	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimate			
	Audited	Audited	Audited				2012/13	2013/14	2014/15	% Change from Revised estimate
	2008/09	2009/10	2010/11							
Current payments	5 246	9 646	11 492	16 943	14 843	14 848	15 463	16 322	16 980	4.14
Compensation of employees	2 509	4 151	6 430	9 575	9 219	9 213	9 742	10 308	10 794	5.74
Goods and services	2 737	5 495	5 061	7 368	5 624	5 635	5 721	6 014	6 186	1.53
Interest on rent on land			1							
Transfers and subsidies to	500	317	9				4 250	4 446	4 646	
Departmental agencies and accounts	500	300								
Non-profit institutions							4 250	4 446	4 646	
Households		17	9							
Payments for capital assets	99	98	298	89	89	84	216	330	328	157.14
Machinery and equipment	99	98	208	89	89	84	216	330	328	157.14
Software and other intangible assets			90							
Payments for financial assets										
Total economic classification	5 845	10 061	11 799	17 032	14 932	14 932	19 929	21 098	21 954	33.47

7.9.2 Performance and expenditure trends

The Programme budget has increased from 2011/12 revised estimate by 33.47%. However the programme is expected to have a decrease in the number of projects to be implemented due to uncertainty relating to the Research and Development unit moving over to the EDP and as such; this has impacted other unit's budget allocation as there is no clarity around the organisational structure of the WCEDP as yet. This

situation is expected to have an impact on the 2012/13 Performance targets i.e. the Programme APP targets have decreased significantly from 20 output targets in 2011/12 to a potential 17 output targets in 2012/13 i.e. decrease in the number of interventions however as the clarity around WCEDP strategic intervention and the related output and outcome targets is ascertained, it is expected that the performance environment may be explained better with much clarity to inform decision making.



PROGRAMME 6:
TOURISM, ARTS AND
ENTERTAINMENT

8 PROGRAMME 6: TOURISM, ARTS AND ENTERTAINMENT

8.1 PURPOSE

To facilitate opportunities for growth and increased inclusivity within the tourism, arts and entertainment sectors.

8.2 PROGRAMME STRUCTURE

The Programme is structured as follows:

- Sub-programme 6.1: Management Tourism, Arts and Entertainment
- Sub-programme 6.2: Tourism Growth
- Sub-programme 6.3: Tourism Participation
- Sub-programme 6.4: Destination Marketing Organisation
- Sub-programme 6.5: Commercial Arts and Entertainment

Tourism Destination Performance

The World Tourism Organisation recorded 935 million international arrivals in 2010, a 6.7% increase compared to the 877 million arrivals recorded in 2009. South Africa reported a growth and received 8 073 552 international arrivals in 2010, a 15.1% increase on the 7 011 865 arrivals in 2009, which means that South Africa outperformed the global market by more than 8%. The 15.1% growth in tourist arrivals to South Africa outperformed that of every other region in the world, including arrivals growth of 13.9% for the Middle East, 12.6% for Asia and the Pacific, 7.7% for the Americas, 6.4% for Africa and 3.2% for Europe.

It is important to acknowledge that the particularly good growth in South Africa's arrivals figures was undoubtedly given a significant boost by the 2010 FIFA World Cup. South Africa in fact recorded a peak in tourist arrivals in June and July 2010, which is traditionally our low season. From the results of surveys on arrivals during the World Cup, we know that more than 309 000 tourists arrived in South Africa for the primary purpose of the World Cup. The World Cup arrivals therefore represent about 4% of the total arrivals for 2010.

The total spend from tourists visiting South Africa during the first quarter of 2010 was R18.3 billion which represents a 27.9% growth in spend compared to R14.3 billion in the first quarter of 2009. National tourism's contribution to GDP for 2009 was R194.5 billion, a 5.4%

increase from the 2008 tourism GDP contribution of R184.4 billion.

The Western Cape experienced a 14.3% growth with 1 504 698 tourist arrivals in 2010, from 1 316 795 arrivals received in 2009. There has also been an increase in Foreign Direct Spend (30.7%) where the province achieved R21.7 billion in 2010 compared to R16.6 billion achieved in 2009. Bed nights in the Western Cape also increased by 27.4% with a total number of bed nights of 19 971 821 in 2010 compared to 15 680 688 bed nights recorded during 2009.

The Western Cape is the Business Tourism Hub of Africa. The Cape Town International Convention Centre (CTICC) has to date made a cumulative contribution of R14.1 billion to the national Gross Domestic Product (GDP). It is expected to contribute a further R17.3 billion over the next five years. There has also been a R4.9 billion cumulative contribution to the Western Cape Gross Geographic Product (GGP). During 2010 the CTICC contributed R2.31 billion to national GDP and R835.7 million to the Western Cape GGP. Visitor days make up the major part of the macro-economic contribution of the CTICC. There were nearly 1, 120, 000 visitor days in 2010 from delegates and visitors to the CTICC.

8.3 SITUATIONAL ANALYSIS

8.3.1 Performance delivery environment

While the Western Cape is one of South Africa's leading tourist destinations, its tourism potential needs to be fully realised. The following areas inhibit tourism growth:

- Insignificant positioning of the destination as a dynamic business tourism destination.
- Insignificant positioning of the destination as a vibrant leisure tourism destination.
- Lack of dedicated centralised funding and resources to develop and market events.
- Limited and unrealised new tourism infrastructure, niche markets, routes and tourism products.
- New businesses and tourism products are not spread as widely as possible, both geographically and seasonally.
- Insufficient tourism businesses sustained over a period of time.
- Quality of skills and customer service need to be matched and sustained to global standards.
- Weak linkages between tourism and the commercial arts and entertainment sectors (craft, film, music, visual arts and performing arts).

The Provincial approved Strategic Objective 1: Creating opportunities for growth and jobs re-affirms that a key feature of the provincial economy is “a thriving multi-dimensional international tourism industry with strong links to the creative and cultural sectors. This is another sector that has, until the downturn that started in 2008, shown a strong increase in contribution to the Western Cape economy”. Strategic Objective 1 emphasises destination marketing for tourism, destination marketing for major events, and growth sectors supported and informed by the MEDS research, including support for the Tourism sector.

The Strategy, adopted for the development of all dimensions of the Tourism sector in South Africa in general and in the Western Cape in particular, is one which is the tried and tested standard in major tourism countries and sub-national regions worldwide.

The fundamental purpose of the strategy is to increase demand for tourism business, accommodation, land transport and the like. This results in more business for established firms, enough additional business for new firms to establish themselves and big opportunities for large foreign firms (Dubai World and the Taj Hotel) to establish themselves and thrive in the market. As Tourism is fundamentally a service business, new business translates into new jobs across the employment levels and in all the sub-sectors which make up the tourism industry.

Demand is increased in two ways. First, by more visitors coming to the destination and, second, as a result of visitors spending more (by staying longer, travelling further away from the entry point into the province, buying higher value goods and services and so on).

To attract a greater number of visitors, a destination has to maintain its past levels of tourism marketing and constantly increase the quality and quantity of its tourism marketing offering. However, one cannot market a destination of no substance as in the very competitive global tourism market, it will be exposed as such very soon. In this light, the destination has to be built up, firstly, to ensure that it offers the basic services which travellers expect anywhere in the world (Internet, spas, quality restaurants offering a wide variety of cuisines, etc.) and, secondly, to offer attractive, quality and unique products.

The quality and variety of these products and services determine the quality of “the destination experience”.

The product offering in its entirety is the way in which visitors judge Cape Town and the Western Cape. Among the many elements making up a quality and varied destination are: whether there are unique products which appeal to the visitors; the frequency and quality of the events in its annual calendar; whether it is safe, easy to find one’s way around (roads and signage); whether there is good quality service; and whether people, in general, are helpful.

In order to ensure that “the destination experience” is high quality, we need to help firms to become globally competitive, bring new goods and services to the market (innovation), ensure they have the right skills when they need them, and ensure a “service excellence” orientation.

We also need to assist with the development of new tourism niche markets, routes, infrastructure, sites, attractions and facilities in the destination. In some cases, the market takes the initiative (Ratanga Junction). In others, Government and Business work co-operatively (Route 62). In yet other cases, Government takes the lead as the market will or cannot undertake certain developments on its own (Agulhas).

The case is the same for tourism marketing. The core focus of marketing worldwide is Leisure Tourism. However, Business Tourism is an increasingly growing focus, supported by facilities like the Cape Town International Convention Centre. In the Western Cape, because Cape Town is the main entry point and also the area of the greatest concentration of attractions in the province, active tourism marketing initiatives need to be undertaken to get visitors to travel beyond the Cape Town Functional Area.

In order to ensure that our tourism marketing efforts are most impactful, there needs to be clear domestic (key emphasis) and international marketing strategies behind our efforts. These, in turn, are based on quality market research and a clearly defined Destination Brand Identity which distinguishes Cape Town and the Western Cape as a brand among so many other similar brands internationally (Malaysia, Bali, North Africa, etc.). So behind tourism marketing lies strategies, research and, inter alia, a carefully crafted brand identity. Similarly, behind the quality of the destination lie initiatives to help firms to be competitive, members of the workforce to be more skilled, initiatives to ensure the safety and security of visitors and so on.

Put in simpler terms, all of the elements listed above are an inextricably interwoven set of initiatives which build firms and employees and the physical environment into a quality and varied destination which is then marketed to attract visitors in the competitive global market place. Destinations are delicate ecosystems which require attention being paid to the full spectrum of elements which keep them in balance and growing. Take away even one element out of the whole package of initiatives (for example, safety initiatives) and the perception of the destination as a whole is harmed, fewer visitors arrive with obvious consequences for growth and jobs.

Public sector interventions in the tourism industry are effected through the activities of tourism marketing, tourism development and tourism regulation. The strategic direction and policy imperatives for tourism as a whole are set out by the Department.

The Programme also facilitates opportunities for sector development in Commercial Arts and Entertainment.

8.4 SUB-PROGRAMME 6.1: MANAGEMENT TOURISM, ARTS, AND ENTERTAINMENT

Strategy 1: Development and coordination of the programme strategic agenda

Tourism, Arts and Entertainment Management provides effective, integrated and co-operative planning for tourism, arts and entertainment, with the following key deliverables:

- Updated tourism, arts and entertainment sector strategy to reflect the current status in the sectors and to include any new developments, innovation, global best practice and the necessary interventions.
- The co-ordination and facilitation of the Western Cape Tourism, Arts and Entertainment Partnership to ensure consultative and co-operative governance, with an emphasis on sector meetings and the Tourism HRD Sub-committee.
- Scanning the global and domestic environment for the latest developments in the tourism, arts and entertainment sectors.
- Monitoring and evaluation of efficiency, effectiveness, impact and sustainability of the programmatic performance for Programme 6: Tourism, Arts and Entertainment.

Strategic Objective	To achieve global best practice in public sector organisation delivery.
Objective statement	To provide effective, integrated and co-operative planning for the tourism, arts and entertainment sectors by maintaining the Western Cape Tourism, Arts and Entertainment Partnership and by establishing sector qualitative and quantitative profiles in order to ensure improved interventions and measurement at impact level.
Baseline	No baseline
Justification	To provide a platform for the Department to shape and deliver the most cost effective and impactful interventions by providing strategic support for the Tourism, Arts and Entertainment sectors through policy and strategy development, legislation, research, and monitoring and evaluation. Policy and strategy development are critical for firms and citizens to be effective players in the global economy.
Links	Medium Term Strategic Framework, MEDS, Workforce Development Strategy, JIPSA, National Skills Development Framework, Small Business Act, Western Cape Tourism Development Framework.

8.4.1 Strategic objective annual targets for 2012/13

Strategic objective (outcome indicator)		Audited/Actual performance			Estimated performance	Medium-term targets		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
1.1	Qualitative and quantitative profiles for Tourism, Arts and Entertainment	-	-	2	2	1	1	1

8.4.2 Performance indicators and annual targets for 2012/13

Provincial Performance indicators

Programme performance indicator (output indicator)		Audited/Actual performance			Estimated performance	Medium-term targets		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
1.1	Number of members engaged in the WC Tourism, Arts & Entertainment Partnership	-	-	816	750	300	300	300
1.2	Number of Strategic Support interventions for Tourism, Arts & Entertainment	WC Tourism Development Framework reviewed and updated	6 – 5 year Sector Strategies	2 annually updated Sector Strategies	2 annually updated Sector Strategies	1 annually updated Sector Strategy	1 annually updated Sector Strategy	1 annually updated Sector Strategy
		3 research/ position papers completed	4 position papers completed	2 research papers (baseline)	2 position papers	2 position papers	2 position papers	2 position papers
		M&E system in line with Departmental M&E System	1 Project evaluated	2 Outcome indicators monitored	2 Outcome indicators monitored and evaluated			

8.4.3 Quarterly targets for 2012/13

Provincial Performance indicators

Performance indicator (output indicator)		Reporting period	Annual target 2012/13	Quarterly targets			
				1st	2nd	3rd	4 th
1.1	Number of members engaged in the WC Tourism, Arts & Entertainment Partnership	Annually	300	-	-	-	300
1.2	Number of Strategic Support interventions for the Tourism, Arts & Entertainment	Annually	1 annually updated Sector Strategy	-	-	-	1 annually updated Sector Strategy
		Annually	2 position papers	-	-	-	2 position papers
		Annually	2 Outcome indicators monitored & evaluated	-	-	-	2 Outcome indicators monitored & evaluated

8.5 SUB-PROGRAMME 6.2: TOURISM GROWTH

Tourism Growth addresses sector supply and demand factors. Indicators of growth are an increase in the number of visitor arrivals, spend and number of bed nights. The Tourism Growth Directorate takes into account all the elements that will enhance the environment to ensure that the product offering is varied, of a good quality and provides world class tourism experiences.

Strategy 1: Tourism Development

Growth in the tourism industry is focused on playing an aggressive and proactive role in the development of tourism niche markets, routes, infrastructure, sites, attractions and facilities, the environment in general as well as the expansion of tourism products. This is formalised in the Western Cape Tourism Development Plan. The Western Cape Tourism Development Plan emphasises a wider distribution of visitors throughout the province and the identification of economic opportunities especially with regard to local tourism development. The Western Cape Tourism Development Plan is updated on an annual basis and there is extensive consultation to identify areas and products for tourism development.

Development of tourism related products

A tourism product is made up of tangible and intangible components including basic facilities, infrastructure, tourism services, leisure activities, image symbolic values which offers benefits that may draw certain types of consumers as it appeal to their specific travel motivations and needs. The development of tourism products will focus on a niche market and route development.

Culture and Heritage Tourism has been identified as a tourism niche market and a provincial **Cultural and Heritage Tourism** strategy will be drafted in line with the national strategy.

There is a need to develop tourism routes that flow from Cape Town as the hook to spread visitor flow to the regions. The development of these tourism routes needs to transcend municipal boundaries and lead to the development and marketing of new packaged value-for-money visitor experiences. The following routes have been identified: Route 1: **City to West Coast**; Route 2: **City to Central Karoo via the Cape Winelands**; and Route 3: **City to the Garden Route through the Overberg**. The development of

these tourism routes must fundamentally happen at local level with active participation and buy-in from the private sector (suppliers of the tourism offerings) and local government. The Department will facilitate engagements with all relevant stakeholders, and be the lead facilitator for private sector involvement in tourism route development. In the 2011/2012 financial year the Department commenced development of the City to West Coast route. In the 2012/2013 financial year the Department will continue with phase 2 of the West Coast route as well as commence with development of the City to Central Karoo route via the Cape Winelands route.

Identification of tourism-related infrastructure projects for implementation

There is a **need to expand the development scope for tourism** and to ensure that co-delivery is against big impactful projects with regard to tourism-related infrastructure. The Department's emphasis will be on assisting Local Tourism Offices (LTOs) and municipalities in identifying bankable infrastructure projects and advice on all legalities needed in the planning phase, to ensure that we have sound business plans and projects. In this way, the Department will be able to identify projects that need to be implemented.

The criteria for identifying provincial projects that can leverage funds from the private sector and national departments have been refined. This includes identification and implementation of new and existing tourism-related infrastructure such as Agulhas and the False Bay coastline. Also, there will be a review of the national parks and nature reserves in the Western Cape with a view to better leverage these assets as a tourism product offering.

In addition, Tourism Development will address various blockages, constraints, including developmental and other aspects with regard to tourism infrastructure, sites, attractions and facilities.

Strategy 2: Tourism Support Services

Tourism support services will provide standard supply side support services to create an enabling environment for consumers. Quality assurance, road signage, safety and support are some of the supply side interventions to enhance the quality of the visitor experience.

Tourism Safety and Support

The safety and security of tourists is one of tourism's main priorities. While safety and security is not a

core mandate of the tourism portfolio, maintaining a positive image of the destination and creating a safe visitor friendly environment is part of the tourism portfolio. The Western Cape Tourism Safety and Support Programme is used as a best practice model by the national Department of Tourism which can be replicated in other provinces.

The Western Cape Tourism Safety and Support programme aims to counter the negative perceptions of the safety of the destination and create a positive and caring atmosphere for tourists in distress. The programme manages any unfortunate incident involving tourists, and has both re-active and pro-active components. The re-active component responds to tourists in distress in the form of the **24/7 tourism victim support programme**. Implementation of the pro-active programme includes:

- Planning.
- Networking.
- Co-ordination and liaison with key role-players and tourism stakeholders.
- The establishment of a comprehensive data bank with all relevant contact details.
- Printing and distribution of safety tips to organisations.

Key partners include the National Department of Tourism, the South African Police Service, the Department of Justice and Constitutional Development, the Department of Correctional Service, the WC Department of Community Safety, industry associations, consulates, embassies, regional and local tourism organisations and all other relevant stakeholders.

Tourism Quality Assurance

The Tourism Grading Council of South Africa (TGCSA), established by the national Tourism Department, ensures the standard of quality of accommodation and conference venues, Meetings, Exhibitions and Special Events (MESE) throughout South Africa. TGCSA provides a rigorous framework and a process for the grading and implementation of its voluntary star grading system

The Western Cape Tourism Quality Assurance programme, in partnership with the Tourism Grading

Council of South Africa, is a mechanism that **assesses and re-assesses establishments** in the following tourism categories:

- Serviced Accommodation (B&B, Guesthouses).
- Non-serviced accommodation (self-catering).
- Tour operators.

Minimum requirement inspections are conducted to qualify tourism products for membership of their specific local tourism organisation. The Programme is also a preparatory grading process of tourism products leading into the grading process of the TGCSA. The Programme has provincial tourism quality assurance assessors who validate the different assessment categories. The Western Cape Tourism Quality Assurance Programme is fundamental to building a quality destination.

Tourism Road Signage

Tourism Road Signage is a vital component of a tourist's access to information. It is the final stage whereby travellers are able to find their way to a tourism product or service. The Department developed the Western Cape Tourism Road Signage Framework for the signing of individual facilities and establishments and established and maintains the Regional Tourism Liaison Committees (RTLCS) to facilitate tourism road signage applications. The road authorities have strict criteria (warrants) and procedures to follow in terms of design, symbols and application. The Department has also facilitated the tourism road signage of a number of tourism routes. The signage of tourism routes is reliant on Road Authority support and a strong tourism marketing motivation and support.

The National Department of Tourism hosts the Tourism Road Signage Committee which oversees technical changes to tourism road signs and legislation. Provincial tourism representation is important especially with regard to rationalisation of tourism symbols, changes to warrants (criteria) and tourism route development.

Key partners include the national Department of Transport, SANRAL (South African National Road Agency Limited), the national Department of Tourism, Western Cape Department of Transport and Public Works, provincial and local engineers, municipal officials and local tourism authorities.

Strategic Objective	The achievement of above average sustainable economic growth (measured by output and by value) which gives rise to significant numbers of new sustainable employment opportunities.
Objective statement	To develop the destination to globally competitive standards. 100% tourism establishments maintained to minimum standard.
Baseline	No baseline.
Justification	Development and enhancement of the destination is fundamentally linked to tourism destination marketing in terms of ensuring that the visitor experience is positive.
Links	Medium Term Strategic Framework, MEDS, Workforce Development Strategy, JIPSA, National Skills Development Framework, Small Business Act, Western Cape Tourism Development Framework.

8.5.1 Strategic objective annual targets for 2012/13

Strategic objective (outcome indicators)		Audited/Actual performance			Estimated performance	Medium-term targets		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
2.1	Percentage of tourism establishments maintaining minimum standards [total number of est. on the databases as at 31 March 2013]	-	-	89%	80%	80%	90%	90%

8.5.2 Performance indicators and annual targets for 2012/13

Provincial performance indicators

Programme performance indicator (output indicator)		Audited/Actual performance			Estimated performance	Medium-term targets		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
2.1	Number of tourism products supported/ developed	-	-	-	2	2	2	2
2.2	Number of tourism related infrastructure projects identified	6	-	1	2	2	2	2
2.3	Number of tourism establishments or individuals supported/ assisted	1 602	1 286	1 932	1 338	788	800	800

8.5.3 Quarterly targets for 2012/13

Provincial performance indicators

Performance indicator (output indicator)		Reporting period	Annual target 2012/13	Quarterly targets			
				1 st	2 nd	3 rd	4 th
2.1	Number of tourism products supported/developed	Quarterly	2	-	-	1	1
2.2	Number of tourism related infrastructure projects identified	Annually	2	-	-	-	2
2.3	Number of tourism establishments and or individuals supported/ assisted	Quarterly	788	175	225	176	212

8.6 SUB-PROGRAMME 6.3: TOURISM PARTICIPATION

Tourism Participation ensures access to the tourism industry in term of human resources development and enterprise development. The aim of the Participation Directorate is to increase participation by citizens of the province in the tourism industry as well as provide a regulatory function in terms of tourist guiding.

Strategy 1: Tourism Human Resources Development

The National Skills Development Strategy III (2011/12-2015/16) 2010 highlights the challenges that face youth which includes inadequate skills levels and poor work readiness of many young people leaving formal secondary and tertiary education and entering the labour market for the first time. This is compounded by inadequate linkages between institutional and workplace learning, thus reducing the employability and work readiness of the successful graduates from FET and HET institutions, not to mention the many who enter the world of work without a formal qualification.

The National HRD Strategy drafted by the National Department of Tourism (2008) highlights that competitiveness comes through its people. People present part of the tourism product, and “visitor value”. When people in the sector lack skills and when the sector cannot acquire and sustain the skilled people it needs, then the consequent under-performance of the industry has a rippled effective into other sectors and can drag the development agenda as a whole.

The Tourism industry has been identified as a priority economic sector with great potential to growth. It is therefore that Tourism is placed as a highly prioritised sector within the province. The demand for skills and skills development remain very high in the sector. The growth and expansion of the industry accounts for the increase for skills demand responsive to industry needs.

The serious challenges facing the creation of economic opportunity is addressing the mismatches and responding to the gap between school and the workplace for youth to gain access to a tourism qualification and gain appropriate practical exposure to assist in bridging the gaps between the school system for access to the academic world for entry to the world of work and this plays a vital role in the economy whereby providing the required skills to provide an enabling environment to create opportunities for growth and jobs.

Financial assistance remains another key challenge for the new entrants to gain access to career, training and development and employment opportunities and for current workforce to gain access to training and development to advance their skills level to intermediate and higher skilled occupational categories to encourage career progression/mobility within the industry.

The National HRD Strategy highlights that the context of HRD in the Tourism sector seems to highlight the need for a strategy which will bring more coherence and synergy to its skills development efforts.

For tourism to be successfully prioritised by the province, accurate and precise skills planning needs to take place to effectively address its scarce and critical skills shortages.

Therefore the Western Cape Tourism Human Resource Development (HRD) Implementation Plan has been drafted in line with the objectives of the National Tourism HRD Strategy, national and provincial objectives above to identify and implement a set of focused strategic priorities that would create the participation of all tourism stakeholders to promote human resource development in the tourism industry to achieve the objectives for creating jobs and employment within the province.

The WC Tourism HRD Implementation Plan has the following strategic focus for the financial year 2012/2013:

- Increase the supply of appropriate skills to meet current and future skills' demands.
- Facilitate workplace learning and employment opportunities for new entrants.
- Broker influence and ensure co-ordination between all education and training institutions and private sector.
- Promote Service Excellence for current workforce.
- Facilitate quality training and career mobility for current workforce.

In line with the above strategic focus, the Tourism Human Resource Development sub-directorate will implement the following strategic projects for the financial year 2012/2013:

Tourism FET skills programme to respond to the “mismatch” which occurs between what is produced by

the school system and that what is required by FETs; the “mismatch” which occurs between that which is required by the workplaces and that which is produced by the HEIs, FETs and school system to address the skills shortages and mismatches and enhance Tourism stakeholder participation that will positively contribute towards the creating and sustaining of jobs within the Western Cape Tourism industry.

Tourism Collective Bursary project to respond to the “mismatch” which occurs between what is produced by the school system and that what is required by HEIs; the “mismatch” which occurs between that which is required by the workplaces and that which is produced by the HEIs to address the skills shortages and mismatches and enhance Tourism stakeholder participation that will positively contribute towards the creating and sustaining of jobs within the Western Cape Tourism industry.

Tourism Service Excellence Customer Service project to respond to the “mismatch” which occurs between that which is required by the market for the business to be competitive and that which the business is able to offer to address the skills shortages and mismatches and enhance Tourism stakeholder participation that will positively contribute towards the creating and sustaining of jobs within the Western Cape Tourism industry.

The Western Cape Tourism HRD Implementation Plan highlights that a critical factor in the successful implementation of the plan is the increased partnerships between key role-players in the industry namely employers, prospective employees and tertiary institutions. The **Tourism HRD Sub-committee** in the Western Cape Tourism, Arts and Entertainment Partnership is an exemplary example of intense stakeholder engagements for Tourism Human Resources Development. There will be participation from the National Department of Tourism, CATHSSETA, the national Department of Labour, the Western Cape Education Department, HEIs, FETs and private training providers, Regional and Local Tourism Organisations as well as other relevant stakeholders. The most important deliverable of the Tourism HRD Sub-committee is to provide stakeholder input into the execution of the Tourism HRD Implementation Plan.

Strategy 2: Tourism Enterprise Development

The Department has over the past nine years addressed the need for tourism business management training sessions for entrepreneurs in all the regions of the

Western Cape. The strategy will focus on attracting more entrepreneurs to enter the industry and own and operate businesses throughout the sector and provide support for such entrepreneurs.

The Tourism Enterprise Development programme addresses the needs of entrepreneurs in the industry. It aims to intensify breadth and depth of the participatory interventions in tourism enterprise development. Targets have been refined over the MTEF period to focus on sustainable participation by existing tourism businesses in the industry. The Tourism Enterprise Development Intermediate and Advanced training sessions equip entrepreneurs to manage and grow their tourism businesses.

Supporting and expanding existing tourism businesses:

The focus in this area is on businesses that have been operating in the tourism industry for at least a year and above. The following support is provided to existing businesses:

Tourism Enterprise Development – Intermediate

This is a business skills programme aimed at equipping entrepreneurs to manage and grow their businesses. This programme focuses on development of business strategy and plans, marketing, financial management, human resources management and portfolio development

Tourism Enterprise Development – Advanced

A needs-based business skills programme aimed at mainstream entrepreneurs, with the specific focus on Tour Operators, E marketing, and improving efficiency and reducing waste within businesses.

Tourism Enterprise Development – Mentorship

The Tourism Mentorship programme is based on the linkage between selected participants and Mentors from the private sector industry bodies in the province. For the past few years this programme has been rolled out in partnership with the Tourism Enterprise Partnership (TEP). The Tourism Enterprise Partnership (TEP) is a joint public-private-sector partnership that facilitates growth, development and sustainability of tourism enterprises to become internationally competitive.

Tourism Economic Empowerment

The National Tourism Sector Strategy places emphasis on the implementation of the strategies and programmes to encourage businesses to improve their BEE scores and reach tourism charter targets.

In order to address economic empowerment, the Department provides sessions on tourism BEE compliance as well as assistance to businesses in obtaining the BEE certificates.

Tourism Charter Awareness contributes to bringing a greater understanding of BEE to the broader stream of tourism businesses, and identifies the benefits of implementing transformation strategies within businesses.

Business Support: In order to offer businesses support, Exempted Micro Enterprises (EMEs) are assisted with the verification process.

Tourism Networking sessions: In partnership with the private sector, the Department will continue to facilitate networking sessions aimed at creating an opportunity for tourism businesses to get referrals and so on.

Strategy 3: Tourism Regulation

The tourist guiding sector in South Africa is governed by the National Tourism Second Amendment Act, 2000 and the Regulations in Respect of Tourist Guides, 2001. As set out in the Act and the Regulations, the National Registrar and Provincial Registrars' of Tourist Guides are responsible for the registration, regulation and development of tourist guides.

Arising from the mandate of the Provincial Registrar contained under Section 21 (2) of the Act, the following illustrates alignment of interventions with the legislative mandate:

Tourist Guide interventions	Tourist Guide legislative mandate
Training and up-skilling programmes for existing tourist guides.	To develop the tourist guiding sector within the province.
The illegal guiding inspection programme focuses on inspection of tourist guides in terms of registration and compliance.	To deal with complaints, exercise disciplinary powers and deal with issues of disqualifications.
Communication and awareness through the distribution of quarterly newsletters and pamphlets/ booklets to tourist guides.	To promote the tourist guiding sector within the province. To publish or otherwise disseminate information pertaining to the tourist guiding sector.

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.

Strategic Objective	The achievement of a situation in which opportunity exists of participating in the economy, through employment and business ownership, for all who seek such opportunity
Objective statement	To facilitate economic empowerment of individuals/small businesses by facilitating/sustaining 2 408 jobs in Tourism Human Resources Development (+ 3 130 jobs in Tourism Enterprise Development = 5 538 jobs); and 1 565 businesses expanded in Tourism Enterprise Development. To achieve a regulatory environment where 75% of all tourist guides are registered/ regulated.
Baseline	Number of jobs facilitated/sustained = 0. Percentage tourist guides registered = 0.
Justification	This strategic objective contributes to encouraging more individuals to expand and sustain their existing businesses. It also contributes to enabling individuals to either become employed or achieve improved employment in the tourism industry.
Links	Medium Term Strategic Framework, MEDS, Workforce Development Strategy, JIPSA, National Skills Development Framework, Small Business Act, Western Cape Tourism Development Framework

8.6.1 Strategic objective annual targets for 2012/13

Strategic objective (outcome indicator)		Audited/Actual performance			Estimated performance	Medium-term targets		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
3.1	Number of jobs facilitated/sustained: Tourism human resources development	-	-	-	397	300	300	300
	Number of jobs facilitated/sustained: (Tourism enterprise development)	-	-	-	1 150	300	300	300
3.2	Number of existing businesses expanded / sustained through tourism enterprise development	-	-	-	575	100	100	100
3.3	Percentage of tourist guides registered [Total number of tourist guides on the database as at 31 March 2012]	-	-	57%	60%	65%	70%	75%

8.6.2 Performance indicators and annual targets for 2012/13

Provincial performance indicators

Programme performance indicator (output indicator)		Audited/Actual performance			Estimated performance	Medium-term targets		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
3.1	Number of people trained in Tourism (tourism human resources development)	183	468	3 556	1 670	1 870	2 030	2 130
3.2	Number of existing businesses assisted (tourism enterprise development)	190	390	-	630	625	700	750
3.3	Number of individuals registered (tourist guides)	1 531	3 012	2 844	2 000	1 000	1 000	1 000
3.4	Number of individuals/ tourism related businesses inspected or monitored (tourist guides)	-	-	-	900	1 000	1 050	1 050

8.6.3 Quarterly targets for 2012/13

Provincial performance indicators

Performance indicator (output indicator)	Reporting period	Annual target 2012/13	Quarterly targets			
			1 st	2 nd	3 rd	4 th
3.1 Number of people trained in Tourism (tourism human resources development)	Quarterly	1 870	150	700	700	320
3.2 Number of existing businesses assisted (tourism enterprise development)	Quarterly	625	90	170	240	125
3.3 Number of individuals registered (tourist guides)	Annual	1 000	-	-	-	1 000
3.4 Number of individuals/tourism related businesses inspected or monitored (tourist guides)	Quarterly	1 000	200	200	300	300

8.7 SUB-PROGRAMME 6.4: DESTINATION MARKETING ORGANISATION

The Tourism Marketing Strategy will:

- Enhance Tourism Competitive Marketing.
- Position tourism marketing for the whole destination.
- Facilitate alignment between national, provincial and local government.
- Understand the roles and effort at national and local levels to avoid duplication.
- Utilise new social media marketing opportunities.
- Demonstrate return on investment of all marketing effort and spend in terms of a pre-agreed measuring instrument.

Delivery will fundamentally be based on:

1. Geographic and psychographic target market segmentation in direct response to Cape Town and the Western Cape and in line with South African Tourism.
2. Major shift from traditional tourism marketing methods to full exploitation of new media for tourism marketing opportunities.
3. Demonstrate return on investment of all tourism marketing effort and spend in terms of a pre-agreed measuring instrument.

Key focus areas for Tourism Marketing:

1. Maximise international leisure marketing.
2. Deepen domestic leisure marketing.
3. Maximise business tourism opportunities / MICE tourism/Conventions.
4. Enhance support to develop and market Events.
5. Tourism E-marketing platform.

We who live in free market societies believe that growth, prosperity and ultimately human fulfillment, are created from the bottom up, not the government down. Only when the human spirit is allowed to invent and create, only when individuals are given a personal stake in deciding economic policies and benefiting from their success - only then can societies remain economically alive, dynamic, progressive, and free.

- Ronald Reagan

Strategic Objective	The achievement of above average sustainable economic growth (measured by output and by value) which gives rise to significant numbers of new sustainable employment opportunities.
Objective statement	To open new markets and generate demand from business and consumers with 87 923 international arrivals, R1.27bn Foreign Direct Spend and 400 000 domestic visitors attributed to tourism marketing efforts by CTRU.
Baseline	2009/2010: Total international arrivals to the Western Cape was 1,504 698 of which 79 749 is attributed to the marketing efforts of the DMO. 79 749 translates into 2 848 direct jobs and 3 987 indirect jobs Total domestic visitors to the Western Cape were 4 000,000 of which 400,000 is attributed to the marketing efforts of the DMO. Foreign Direct Spend in 2009 was R20 bn of which R1bn visitor spend is attributed to the marketing efforts of the DMO. Note: the calculation of visitor arrivals and Foreign Direct Spend attributed to the marketing efforts of the DMO are conservative calculations in line with international standards for calculating the performance of destination marketing organisations.
Justification	Tourism is one of the most labour intensive economic sectors in the province. Annually, international tourists generate R20 bn in foreign direct spend. To this end, marketing of the destination is of paramount importance to generate tourism demand.
Links	Medium Term Strategic Framework, MEDS, Workforce Development Strategy, JIPSA, National Skills Development Framework, Small Business Act, Western Cape Tourism Development Framework.

8.7.1 Strategic objective annual targets for 2012/13

Strategic objective (outcome indicators)		Audited/Actual performance			Estimated performance	Medium-term targets		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
4.1	Number of international arrivals to the Western Cape	1 529 832	1 504 698	1 501 620	1,679,855	1,658,929	1,741,876	1,828,970
	Number of international arrivals attributed to the marketing efforts of CTRU	81 081	79 749	79 586	89,032	87,923	92,319	96,935
4.2	International Foreign Direct Spend	R20,8b	R20b	R21.8b	R22,04b	R24b	R25.2b	R26.5b
	International Spend attributed to the efforts of CTRU	R1b	R1b	R1.2b	R1,2b	R1,27b	R1,34b	R1.4b
4.3	Number of domestic visitors	3 600 000	4 000 000	3.2m	4,265,640	3m	3,1m	3,3m
	Number of domestic visitors attributed to the marketing efforts of CTRU	360 000	400 000	170 000	426,564	300,000	310,000	330,000

8.7.2 Performance indicators and annual targets for 2012/13

Provincial performance indicators

Programme performance indicator (output indicator)		Audited/Actual performance			Estimated performance	Medium-term targets		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
4.1	Number of Joint Marketing Agreements secured	7	7	12	6	5	5	5
	value of Joint Marketing Agreements secured	R62,7m	R126,4m	R172,082m	R45m	R42m	R42m	R42m
4.2	Number of Conference Bids secured	19	9	17	16	16	16	16
	value of Conference Bids secured	R244m	R55m	R249,650m	R360m	R360m	R360m	R360m
	Number of delegates attending conferences	19 600	5 650	22 200	33 000	34 000	34 000	34 000
4.3	Number of events supported	18	19	10	6	6	6	6
	Value of events supported	R1,2b	R1,3b	R950m	R1b	R1b	R1.1b	R1,2b

8.7.3 Quarterly targets for 2012/13

Provincial performance indicators

Performance indicator (output indicator)		Reporting period	Annual target 2012/13	Quarterly targets			
				1 st	2 nd	3 rd	4 th
4.1	Number of Joint Marketing Agreements secured	Quarterly	5	2	1	1	1
	value of Joint Marketing Agreements secured	Quarterly	R42m	R15m	R9m	R9m	R9m
4.2	Number of Conference Bids secured	Quarterly	16	4	4	4	4
	value of Conference Bids secured	Quarterly	R360m	R90m	R90m	R90m	R90m
	Number of delegates attending conferences	Quarterly	34 000	8 500	8 500	8 500	8 500
4.3	Number of events supported	Quarterly	6	2	1	1	2
	Value of events supported	Quarterly	R1bn	R350m	R150m	R150m	R350m

8.8 SUB-PROGRAMME 6.5: COMMERCIAL ARTS AND ENTERTAINMENT

The policy recommendations of the Western Cape Micro-economic Development Strategy states that the Commercial Arts and Entertainment sector “has the potential to be an important contributor to the provincial economy, displaying the following characteristics: thriving and fast-growing commercialised sub-sectors, particularly in film and craft; significant export earnings; large scale consumption of indigenous commercial arts and entertainment products; a rich source of new tourism products; and a major contributor to the attractiveness of the Western Cape as a tourism destination”.

The two key interventions are:

1. Commercialise Arts and Entertainment, including sector development support for film and craft.
2. Increase trade to global markets and market access for film and craft.

On this basis, the strategic imperative for the Commercial Arts and Entertainment sectors is to concentrate on the commercialisation and globalisation of product offering as part of the Cape offering to the tourism industry.

The Department has, for the past 10 years, invested effort and resources into the Film and Craft sectors. This has resulted in sector maturity and significant growth as well as cohesion and increased export earnings. Furthermore, growth and positive economic potential for the Western Cape is expected from the Film and Craft sectors.

Status of the Film Sector

The film sector in the Western Cape employs approximately 12,500 personnel and brings in approximately R5.5bn annually to the region.

Due to the global downturn there has been a reduction in the number of commercial films and shoots being made in Cape Town by foreign production companies. However, this has presented a new opportunity for local based emerging film-makers to produce and export international productions.

Strategy 1: Growth of the Film Sector

The growth of the film sector is focused on:

- Main Focus: Aggressive marketing of the Western Cape as a film destination, with a focused film trade promotion strategy to encourage as many

international block-busters and commercials to be filmed in the Western Cape.

- Develop a regional film rebate framework, including access to national rebates. This will include accessing formal structures such as Provincial Treasury and SARS to develop the proposal.
- Support commercial orientation of existing film-makers.
- Explore potential of developing local-content film-making.
- Develop local film audiences (appreciation of film and consumption of product).

Intervention 1: Commercialisation of Film Businesses

Commercialisation will assist film businesses to:

- Increase productivity and participation in the formal economy; and
- Utilise a sector development approach to connect these otherwise isolated entrepreneurs and so create value chain cohesion, networking and information support to enable them to successfully bring their goods to market.

Film Sector Development

Sector Development incorporates an approach that focuses on local content for local consumption, with international relevance.

Intervention 2: Film Trade Promotion

Facilitate increased access and trade to global markets in Film through trade promotion and innovation. The emphasis is on marketing South Africa as a preferred destination for film productions as well as marketing the services of local producers. The investment recruited brings in foreign currency which positively impacts on the economy, especially the tourism industry. By also importantly encouraging development of local content, the film sector will progress and grow from only being a service driven industry to a more sustainable one with Intellectual Property being shared with locals which will in turn boost economic growth.

Status of the Craft Sector

The status of the craft sector is currently very mixed. The retail sector is currently under strain. However, craft producers are now directly accessing international markets and are experiencing an increase in export opportunity due to high demand for good quality South African products. The employment ratio in the craft sector in the Western Cape is steady at 1-5 and the sector currently employs an estimated 11 000 people.

Strategy 2: Growth of the Craft and Design Sector

The growth of the craft sector is focused on:

- Main Focus: Develop market access locally and internationally.
- Support commercial orientation of crafters.
- Further develop a product range that targets relevant consumer segments.
- Co-ordinate and profile the design sectors.

Intervention 1: Commercialisation of Crafters

Commercialisation will assist craft entrepreneurs to move from the margins where they do business informally and with difficulty, to the mainstream where they are able to develop consistent relationships with diverse but formal markets and in so doing build more profitable and durable businesses.

Craft Sector Development

Sector Development strategies for the craft sector include the development of networks; the creation and exploitation of opportunities for growth; the development of knowledge resources and the widespread dissemination of information and the promotion of the sector to stimulate new entrants, new markets and new consumers.

Craft Enterprise Development - Intermediate and Advanced for craft entrepreneurs in existing businesses

Accredited training offers opportunity for development of skills within a quality assured environment, with a standardised approach and monitoring in place. Learners gain credits towards qualifications which are nationally and internationally recognised. Planned activities include providing opportunities in the Western Cape region as part of the Rural Outreach programme to rural craft producers.

Craft Enterprise Development - Mentorship

Essential to the successful implementation of skills transfer is mentorship. Central to the Craft Mentorship programme is the development of a suitable pool of qualified mentors and business coaches with sector specific expertise, who are able to address the particular needs of craft producers.

Intervention 2: Facilitate access and increased trade to global markets

Craft trade (domestic and international)

The market is the most critical driver for growth and sustainability in the craft sector. The market place for crafts takes many different forms: it is direct to

The difference between a successful person and other is not the lack of strength, not a lack of knowledge, but rather a lack of will

- Vince Lombardi

consumer at craft markets, events, conferences and exhibitions; and it is business to business through formal trade show environments. There are expanding opportunities in export markets for South African craft products and web-based 'shopping' is a growing trend.

Craft product and innovation support

The ability to engage with the full cycle of product development from idea to prototype is central to the innovation of new product. For this to happen, innovative practices need to be encouraged and a suitably resourced environment is required. These resources are developed in the CCDI's Creativity, Design and Innovation programme and reside in the 'centre of innovation' which includes the FabLab. The focus of this facility is on the integrated articulation of idea development processes into physical product that is appropriate to its purpose, material and market.

Strategic Objective	The achievement of above average sustainable economic growth (measured by output and by value) which gives rise to significant numbers of new sustainable employment opportunities.
Objective statement	To develop and grow firms in prioritised sectors by facilitating 732 Craft Innovation jobs + 1 074 Craft Enterprise Development jobs = 1 806 craft jobs); and 366 Craft Innovation + 537 Craft Enterprise Development = 903) businesses expanded; R4,714 bn of trade and investment; and R11,095,000 funds leveraged.
Baseline	Number of jobs facilitated/sustained = 0. Number of businesses expanded = 0.
Justification	This strategic objective contributes to encouraging more individuals to expand and sustain their existing businesses. It also contributes to enabling individuals to either become employed or achieve improved employment in the commercial arts and entertainment sectors.
Links	Medium Term Strategic Framework, MEDS, Workforce Development Strategy, JIPSA, National Skills Development Framework, Small Business Act, Western Cape Tourism Development Framework, Provincial Commercial Arts and Entertainment Strategy.

8.8.1 Strategic objective annual targets for 2012/13

Strategic objective (outcome indicator)		Audited/Actual performance			Estimated performance	Medium-term targets		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
5.1	Number of jobs facilitated/sustained: Craft enterprise Development	-	-	-	126	300	300	348
	Number of jobs facilitated/sustained: Craft innovation	-	-	-	180	180	180	192
5.2	Number of businesses expanded/ sustained (Craft enterprise Development)	-	-	-	63	150	150	174
	Number of businesses expanded / sustained (Craft innovation)	-	-	-	90	90	90	96
5.3	Value of investment and trade (film and craft)	R1,25b	R1,3b	R1,123m	R1,27b	R1,27b	R1,3b	R1,3b
5.4	Value of funds leveraged (commercial arts and entertainment)	-	-	R16,923m	R1,950m	R2,050m	R2,150m	R2,350m

8.8.2 Performance indicators and annual targets for 2012/13

Provincial performance indicators for 2012/2013

Programme performance indicator (output indicator)		Audited/Actual performance			Estimated performance	Medium-term targets		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
5.1	Number of businesses assisted (Craft enterprise development)	-	-	-	250	300	300	300
	Number of businesses assisted (Craft innovation)	-	-	509	150	200	250	250

Programme performance indicator (output indicator)		Audited/Actual performance			Estimated performance	Medium-term targets		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
5.2	Number of trade and investment projects facilitated in Film	63	65	122	100	50	50	50
5.3	Number of existing businesses facilitated with opportunities in trade and export(domestic & international exports in Craft)	120	187	452	300	350	350	350
5.4	Number of Craft members	-	-	2 229	50	50	50	50
5.5	Number of economic sector intelligence reports	-	-	4	5	2	2	2

8.8.3 QUARTERLY TARGETS FOR 2012/2013

Provincial performance indicators for 2012/2013

Performance indicator (output indicator)		Reporting period	Annual target 2012/13	Quarterly targets			
				1 st	2 nd	3 rd	4 th
5.1	Number of businesses assisted (Craft enterprise development)	Quarterly	300	50	100	100	50
	Number of businesses assisted in Craft: Craft innovation	Quarterly	200	25	75	75	25
5.2	Number of trade and investment projects facilitated in Film	Quarterly	50		10	30	10
5.3	Number of existing businesses facilitated with opportunities in trade and export(domestic & international exports in Craft)	Quarterly	350	140	140	35	35
5.4	Number of Craft members	Annual	50	-	-	-	50
5.5	Number of economic sector intelligence reports	Annual	2	-	-	-	2

8.9 RECONCILING PERFORMANCE TARGETS WITH THE BUDGET AND MTEF

8.9.1 Expenditure estimates

Summary of payments and estimates - Programme 6: Tourism, Arts and Entertainment Department of Economic Development and Tourism											
Sub-programme R'000		Outcome			Main appro- priation	Adjusted appro- priation	Revised estimate	Medium-term estimate			
		Audited	Audited	Audited				2012/13	2013/14	2014/15	% Change from Revised estimate
		2008/09	2009/10	2010/11							
1.	Management: Tourism	1 530	4 244	2 981	3 006	3 006	3 006	3 703	3 902	4 066	23.19
2.	Tourism Growth	10 411	7 359	5 789	9 625	7 936	7 936	6 306	6 527	6 773	(20.54)
3.	Tourism Participation	7 952	8 072	8 359	7 888	7 508	7 508	9 388	9 418	9 708	25.04
4.	Destination Marketing Organisation	31 826	43 043	38 205	32 440	35 439	35 439	25 000	20 000	20 000	(29.46)
5.	Commercial Arts and Entertainment	13 623	8 095	8 654	9 504	9 050	9 050	8 643	8 737	8 828	(4.50)
Total payments and estimates		65 342	70 813	63 988	62 463	62 939	62 939	53 040	48 584	49 375	(15.73)

Summary of provincial payments and estimates by economic classification - Tourism, Arts and Entertainment Department of Economic Development and Tourism											
Economic classification R'000		Outcome			Main appro- priation	Adjusted appro- priation	Revised estimate	Medium-term estimate			
		Audited	Audited	Audited				2012/13	2013/14	2014/15	% Change from Revised estimate
		2008/09	2009/10	2010/11							
Current payments		20 144	15 953	14 726	21 763	16 526	16 462	21 820	22 364	23 205	32.55
Compensation of employees		8 842	9 992	10 541	12 387	11 666	11 636	13 077	13 781	14 455	12.38
Goods and services		11 302	5 961	4 184	9 376	4 860	4 826	8 743	8 583	8 750	81.16
Interest and rent on land				1							
Transfers and subsidies to		44 817	54 778	48 913	40 585	46 298	46 298	31 020	26 020	26 020	(33.00)
Provinces and municipalities						1 000	1 000				(100.00)
Departmental agencies and accounts		35 317	45 943	39 605	32 440	36 439	36 439	25 000	20 000	20 000	(31.39)
Universities and technikons		150	368	144							

Summary of provincial payments and estimates by economic classification - Tourism, Arts and Entertainment Department of Economic Development and Tourism											
Economic classification R'000	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimate				
	Audited	Audited	Audited							% Change from Revised estimate	
	2008/09	2009/10	2010/11				2011/12	2011/12	2011/12	2012/13	2013/14
Public corporations and private enterprises		1 800	850								
Non-profit institutions	9 350	6 456	7 495	7 495	7 995	7 995	4 920	4 920	4 920	(38.46)	
Households		211	819	650	864	864	1 100	1 100	1 100	27.31	
Payments for capital assets	349	82	349	115	115	179	200	200	150	11.73	
Machinery and equipment	349	82	259	115	115	179	200	200	150	11.73	
Software and other intangible assets			90								
Payments for financial assets	32										
Total economic classification	65 342	70 813	63 988	62 463	62 939	62 939	53 040	48 584	49 375	(15.73)	

8.9.2 Performance and expenditure trends

The Programme's budget allocation has steadily decreased over the MTEF period, with 2012/13 showing the most significant decrease in project funding allocation of R12, 658, million (excluding the enterprise development allocation hosted in Programme 2 Integrated Economic Development Services during the 2011/12 financial year for tourism and film) for R2, 380,000. The decrease in allocation is mostly in the Sub-Programme 6.4 DMO which is now reflecting a total decrease of R11,439 million (this includes the R1, 220 million allocated to the DMO for events). The total budget allocation for the Programme amounts to R53, 040 million this presents a decrease of 16% or by R9, 899 million.

In line with the Provincial Strategic objective 1: Creating opportunities for growth and jobs re-affirms that a key feature of the provincial economy is "a thriving multi-dimensional international tourism industry with strong links to the creative and cultural sectors and with that the Programme will be placing heavy emphasis on increasing & developing the western cape tourism market demand for tourism business, accommodation, land transport and the like. The above will be achieved through the implementation of core projects such as

CTRU marketing with a total allocation of R25 million, tourism enterprise development R1, 7 million, tourism development with a budget of R1, 2 million and the development of the Film and Craft industries with a total allocated budget of R 2 million and R4, 9 million respectively.

Our first priority is to create the conditions needed for inclusive economic growth and job creation. This is by far the most important way in which our economy can create job opportunities for our citizens and, more importantly, redress the legacy of poverty and underdevelopment

- Premier Hellen Zille



PROGRAMME 7:
SKILLS DEVELOPMENT
AND INNOVATION

9 PROGRAMME 7: SKILLS DEVELOPMENT AND INNOVATION

9.1 PURPOSE

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

The programme 7 purpose feeds into the vision of the National Skills Development Strategy (NSDS) III: "A skilled and capable workforce that shares in, and contributes to, the benefits and opportunities of economic expansion and an inclusive growth path" (National Skills Development Strategy (NSDS) III, Department of Higher Education and Training, 2011).

9.2 PROGRAMME STRUCTURE

The Programme is structured as follows:

- Sub-programme 1: Provincial Skills Co-ordination
- Sub-programme 2: Workforce Development
- Sub-programme 3: Innovation

9.3 SITUATIONAL ANALYSIS

9.3.1 Performance delivery environment

Globally:

In a globalised economy, where capital and labour are highly mobile and technology evolves rapidly, workforce development has a key role to play in improving prosperity and living standards (OECD, More than Just Jobs: 2008).

Knowledge and Technology have become the key drivers of economic growth and international competitiveness. Developing countries focus on knowledge for ways to speed up development phases, short circuit it or even leapfrog technologies so as to increase interest by foreign investors and partnerships and accelerating assimilation into the global economy. Globalization in turn increases mobility of ideas, goods, money and capital, creating interdependency and increasing learning which is central to sustaining an innovation system within the knowledge economy.

Human Resources have a direct impact on the capacity of business to be flexible to changes in the economic environment and to respond to new opportunities. Globally, human resources have relevance for key drivers for growth: skills and innovation.

International recommendations by the Organisation for Economic Co-operation and Development (OECD) regard workforce development in a knowledge-based economy as key in guiding South Africa in its human resource development and innovation policy framework. Key recommendations are:

- Establishing a credible institutional mechanism for skills planning
- An institutional mechanism that provides an innovation framework that will facilitate the country's capacity to translate a greater proportion of local research and development into commercial technology products and services. A key strategic move towards strengthening industry-university linkages as a modality to fast track innovation is encouraged and should be accompanied with firm level skills development.

Nationally:

South Africa as a developing country has a vital role to play to move from reliance on its rich resource base in building its competitiveness to one that is more focussed on knowledge and high skills levels as a key driver for economic and social development. The challenge is that with the lowest level workers in the workforce having to up-skill themselves to respond to the challenges in the workplace, there is also the flexibility required to accommodate the fact that new technology demands new skills.

The South African economy is characterised by a mismatch of skills demand and skills supply. The Wolpe Development Studies 2007 indicated the lack of appropriate skills as one of the key obstacles, or binding constraints, to investment, competitiveness and growth.

A key structural constraint to sustainable industrialisation in South Africa has been the absence of demand-driven, sector-specific skills strategies and programmes, according to the Industrial Policy Action Plan (IPAP) 2011/12 – 2013/14. A supply-driven approach to skills planning and delivery, as well as the poor interpretation and measurement of medium-to-long term skills demand, have persisted under the National Skills Development Strategy for 2005 – 2011 and the decentralised skills delivery system, through the Sector Education and Training Authorities (SETAs).

Thus, despite a greater awareness of the need for sector-skills alignment, in practice this has not resulted in sustainable long-term and demand-driven skills interventions that are sufficient in scale, appropriateness,

quality and speed (timing of delivery) to address skills needs and shortages at high and intermediate levels. An added complication has been slow progress in effective coordination and articulation, across the entire education and skills development pipeline. Skills development curricula, lecturer capacity, equipment, machinery and training facilities have lagged behind production and technological changes.

The Human Resource Development Strategy for South Africa (HRDSSA) seeks to secure planning and delivery alignment across the entire education and skills development pipeline in order to address mid-to-long-term social and economic objectives. The third phase of the NSDS commits to more responsive skills planning to secure alignment between the SETA planning and delivery system and national development priorities, including IPAP priorities. There is a renewed focus on more occupational qualifications in artisanal and professional skills, instead of short courses.

NSDS III seeks to encourage and actively support the integration of workplace training with theoretical learning. The strategy also promotes a skills development system and architecture that effectively responds to the needs of the labour market and social equity. NSDS III seeks to establish and promote closer links between employers and training institutions and between both of these and the Sector Education and Training Authorities (SETAs).

NSDS III has the following pillars:

- Sector strategies, programmes and projects developed with, and supported by, sector stakeholders.
- Sector based programmes for unemployed people and first-time entrants to the labour market.
- Professional, vocational, technical and academic (PIVOTAL) programmes. A full occupationally directed qualification, which combines institutional learning (college or university) with supervised practical learning in a workplace.
- Programmes that contribute towards the revitalisation of vocational education and training.
- Partnerships between public and private training providers, between providers and SETAs and between SETAs, addressing cross-sectoral and inter-sectoral needs.
- An increased focus on skills for rural development.

Skills development in South Africa, over the next 5 years, will be guided by, and influenced by the imperatives and goals of the NSDS III.

Implementing the NSDS III is a collective responsibility. To varying degrees, responsibility lies with all the stakeholders and partners in skills development. A partnership and collective responsibility between stakeholders is critical to achieving our aspirations of higher economic growth and development, higher productivity and a skilled and capable workforce to support a skills revolution in our country. We need to find innovative ways of working together to improve the efficiency, quality and, crucially, the impact of education, skills development and training.

Skills and Innovation focus needs to shift from a mainly supply focus to a more demand focus. Local stakeholders now realise that it is no longer enough just to invest in the formal education and training system and that the public private partnerships are key to developing solutions towards the development and growth of a knowledge economy.

Provincially:

Human resources make a major and increasing contribution to economic development. Studies at the firm, regional and national levels locate the existence of a competitive position in the skills and aptitudes of the workforce. Employment has been increasingly skill intensive, and this is true across different sectors and across the globe. The MEDS research reported that the gap between the demand for skills and the supply was rising and reported business concerns as to the functioning of the training system.

Investment in an innovation system generates economic growth and employment, enhances productivity and through economic growth enhances the wealth of a country or region. One of the long term impacts is poverty reduction (Enhancing Innovation in South Africa, 22:2010).

The programme, in terms of its skills focus will be guided by Strategic Objective 1: to play a facilitating role and addressing the activities which address the mismatch between skills demand and supply and increase opportunities for employment

Supporting challenges include:

- Lack of integrated information system/tool for skills supply and demand

- Trends in the labour markets are shaped and influenced by various structural forces (e.g. demographic changes, structure of work, capital intensive, globalisation of trade technological innovation).
- The unemployment rate is extremely high with most of the unemployed in the Province being under the age of 35 (Provincial Economic Review and Outlook; 2011)
- There are pockets of effective innovation collaboration embodied in innovation policy and strategy across national and provincial government, however this has not yet been fully integrated into wider socio-economic policy and strategy

The Programme contributes to the outcomes of Provincial Strategic Objective 1 in the following ways:

1. The range of jobs available to citizens and residents.
2. The skills of local populations and their attractiveness to employers and productivity in work.
3. The degree of inclusion of marginalised communities in the economy.
4. The long term adaptability and resilience of the local/regional economy.

The Department of Economic Development and Tourism's intends packaging a balanced mix of interventions and support for the high, medium and low employment creating sectors as identified by Black and Laubscher (Western Cape sectoral outlook, 2011-15 and inter-industry linkages, 2011)

9.4 SUB-PROGRAMME 7.1 PROVINCIAL SKILLS CO-ORDINATION

In the Western Cape of our dreams, unemployment is a temporary condition, not a life sentence

- Premier Helen Zille

The OECD report, among many other documents, that list a string of obstacles to the growth of the South African economy, often cite the lack of suitable skills

as a binding constraint. The mismatch between supply and demand of skills (both quality and quantity) is considered to hamper enterprise growth and the competitiveness of the country.

Although the Western Cape fares better than most of the other provinces in terms of skills availability and employment figures, the statistics and data still present a gloomy picture. The PERO report (2011) pitches the unemployment rate in the Western Cape at 22.2%, and 71.1% of this group is youth.

A paradox exists in that whilst a high unemployment rate is reported, employers indicate that they are experiencing critical skills shortages particularly within the high and semi-skilled jobs. The OECD study, Designing Local Skills Strategies (2009) that has surveyed various regional economies, summarises the key challenges to any skills strategy quite succinctly. These challenges are applicable and prevalent within the South African and Western Cape economy. They have been identified as:

- Lack of relevant information and data
- Unbalanced and short-term nature of strategies
- Fragmented mapping of skills provision
- Inadequate relationships with employers
- Lagging and inflexible strategies

At a national level, the Department of Higher Education and Training have also identified priorities in terms of developing "A skilled and capable workforce to support an inclusive growth path". These are identified within the eight goals of the NSDS III. The eight goals of the NSDS III are:

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

8. Building career and vocational guidance

At a provincial level within the Provincial Strategic Plan, the government has identified the needs to develop an enabling environment for growth and job creation. The facilitation of key partnerships is important for achieving this enabling environment.

The various skills development role-players will be coordinated, through a Provincial Skills Development Forum (PSDF), to develop and implement provincial skills strategies, programmes and projects, taking into account the above goals of the NSDS III.

The strategies undertaken by sub-programme 7.1 will therefore have to focus on addressing challenges to reduce the mismatch between supply and demand of skills.

The following three strategies have been identified and will be articulated through sub-programme 7.1 Provincial Skills Co-ordination:

Strategy 1: Develop a provincial mechanism for management of skills information and data

To enable the effective delivery of skills development initiatives requires that relevant data and information is available that can inform decision making. The National Skills Development Strategy (NSDS) III also highlights this as a key challenge:

“There is currently no institutional mechanism that provides credible information and analysis with regard to the supply and demand for skills. While there are a number of disparate information databases and research initiatives, there is no standardized framework for determining skills supply, shortages and vacancies, and there is no integrated information system for skills supply and demand across government.”

Information on the ‘skills ecology’ of demand and supply is particularly important to address skills development challenges, and this information is not always readily available in the format required. In the Western Cape the challenge is exacerbated as often national data may be available that is not disaggregated to a provincial level. The lack of information on the demand for skills results in serious gaps in decision-making for companies, organisations and government. This also impacts on the individual level, where a lack of relevant career information for new entrants to make informed choices and for intermediate employees who are considering

This work is not for yourselves – kill that spirit of self, and do not live above your people, but live with them. If you can rise, bring someone with you

- Charlotte Maxeke

mid-career changes, has an impact on availability of skilled labour.

The development of a provincial mechanism that can manage relevant skills information and data, will assist stakeholders to make informed decisions when planning skills interventions. If credible information and analysis is available, particularly around the current and future demand for skills, it will result in skills initiatives being planned and implemented that are needed by workplaces and the broader economy.

Strategy 2: Promote partnerships and collaboration for increased access to occupationally directed programmes.

The Western Cape’s pool of intermediate skills is too low to support provincial and sector development and growth. The workforce is not keeping up with the skills needed to remain competitive in an increasingly knowledge-based economy.

Whereas the enrolment and participation rate in our university sector is higher than that of the vocational education and training sector, it is still not producing enough appropriately skilled and qualified people in disciplines central to social and economic development.

Partnerships will be facilitated between employers and institutions of Further Education and Training and Higher Education bands to ensure the delivery of intermediate and high-level skills.

Strategic Objective	To create an enabling skills environment that minimises the human resource development hurdles to sustainable business growth, investment and job creation
Objective statement (outcome - 5 year targets)	To narrow the gap between skills supply and demand, by identifying the challenges and find solutions to the challenges through key partnerships with business, organised labour, organised civil society and institutions of learning and skills development.
Baseline	No baseline exists
Justification	The Skills Development Act (SDA) of 2008 entrenches that the PGWC will establish a PSDF that will include representation from all relevant role-players. The Provincial Skills Development Framework will allow for greater integration and cohesion of HRD activities with public/private partnerships (business, educational institutions, government and labour) to ensure demand-led skills development growth.
Links	Medium Term Strategic Framework, MEDS, Workforce Development Strategy, National Skills Development (III), Human Capital Development Strategy (HCDS), PSDF Business Case, Skills Development Act (SDA) of 2008; National Skills Accord (2010), The Industrial Policy Action Plan (IPAP)

9.4.1 Strategic objective annual targets for 2012/13

Strategic objective (outcome indicator)		Audited/Actual performance			Estimated performance	Medium-term targets		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
1.1	Number of identified challenges that have been resolved					4	6	6
1.2	Value of funds leveraged	-	-	-	R6m	R4m	R6m	R10m

9.4.2 Performance indicators and annual targets for 2012/13

Provincial performance indicators

Programme performance indicator (output indicator)		Audited/Actual performance			Estimated performance	Medium-term targets		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
1.1	Creation of a standardised framework for skills intelligence	-	-	-	-	1		
1.2	Number of working groups established to develop policies and projects for skills programmes	-	-	-	2	2	2	2
1.3	Number of research reports developed	-	-	-	2	2	2	2
1.4	Number of hits reached through career mediums	-	-	-	4 000	36 000	36 000	36 000

9.4.3 Quarterly targets for 2012/13

Provincial performance indicators

Programme performance indicator (output indicator)		Reporting period	Annual target 2012/13	Quarterly targets			
				1 st	2 nd	3 rd	4 th
1.1	Creation of a standardised framework for skills intelligence	Annual	1			1	
1.2	Number of working groups established to develop policies and projects for skills programmes	Annual	2	2			
1.3	Number of research reports developed	Quarterly	2		1		1
1.4	Number of hits reached through career mediums	Quarterly	36 000	9 000	9 000	9 000	9 000

9.5 SUB-PROGRAMME 7.2 WORKFORCE DEVELOPMENT

We must offer young work seekers hope where at present there is despair. We need to do things differently. We need to have courage to pilot new approaches and build new partnerships, promoting innovation throughout our economy

- Minister Pravin Gordhan

The New Growth Path provides guidelines for short medium and long term to create a conducive environment to support more labour absorbing activities, which Workforce Development does through 2 main strategic short and medium term thrusts:

1. Targeted subsidies for firms and previously unemployed youth in work experience programs
2. Prioritise labour absorbing activities, impact assessments of interventions and measures to improve skills systems for mainly artisans

Workforce Development underpins and supports the sectoral skills development strategies with

interventions of a cross-cutting nature in the economy of the Western Cape.

Lack of required skills has been identified as the most pressing inhibitor to growth of businesses in the economy. Workforce Development will ensure that each sector identified for support will have a skills development programme appropriate to that sector but also taking cognisance of the wider benefits for other sectors in the provincial economy. One of the constituent tasks of each sector development unit will be to ensure that the training needs of the sector are met through appropriate skills development programmes.

Workforce Development will strive to co-ordinate a conducive environment for human resource development aimed at supporting unemployed youth in partnership with institutions of learning, SETAs, sector bodies and industry. Increasing the depth and quality of South Africa's skills reservoir will raise the productive potential of the workforce and reduce inequality by increasing job opportunities. During the recent recession most job losses were amongst those with lower levels of education (2010 Medium Term Budget Policy Statement). Thus the Department of Economic Development and Tourism (DEDAT) complements the training initiatives to increase access to the job market through skills development initiatives that provide on the job training as well as vocational training, through the Work and Skills Programme and the Artisan Training Programme. The Western Cape SETA Cluster and FET Forum for Trade and Occupations will articulate its offerings through these latter two programmes, ranging from assessment of curricula for future accreditation for the train the trainer programmes for artisans.

Strategy 1: To facilitate/support unemployed youth to access jobs

The strategy aims to coordinate skills development interventions for unemployed youth through institutions of learning; supported by firm based work experience

Young people are particularly disadvantaged in the labour market. The problem of youth unemployment in South Africa is acute and has worsened significantly over the last two years as a result of the recession. Unemployed young people tend to be unskilled and inexperienced. Almost 86 per cent of unemployed youths did not stay in school beyond Grade 12, while two-thirds have never worked. Inexperience is a particular drag on employment prospects and can explain some of the implicit age discrimination in the labour market.

A better educated and more highly skilled workforce is the most pressing long-term priority for the economy. Government is implementing a number of interventions to improve the quality of education, reduce the number of drop-outs, and expand further education and training.

Workforce Development will address some of these challenges through the following interventions:

- Work & Skills Programme
- Artisan Training

The Work and Skills Programme

The Work and Skills Programme which places mostly first time work entrants with host companies and offers an exit strategy to some of the learners who exit the PGWC funded training programs. In certain circumstances, learners only require qualifying for trade tests and / or only require work experience to gain their qualification.

Workforce Development will work closer with the Commercial Chambers in various regions and the SETA Cluster for placement of learners. Rural areas of focus are: Southern Cape/Eden district, West Coast/Winelands and Overberg regions as well as the metro areas of the Western Cape. Learners will be sourced from the Marine sectors, Film, Tourism and FET Nodal Zone areas of the Western Cape Education Department (WCED).

Strategy 2: To bridge the gap between supply and demand across all sectors by creating a pool of skilled workers in identified, artisanal, technical and professional fields that are essential to the development and growth of our economy**Artisan Training Programme**

Generally, the shortage of artisans is becoming a restrictive hurdle for economic growth in South Africa. Artisan development faces two key challenges:

1. South Africa's pool of intermediate skills, especially artisanal skills, is too low to support national and sector development and growth. The workforce is not keeping up with the skills needed to remain competitive in an increasingly knowledge-based economy.
2. There is a need to ensure the continuous upgrade of skills in and outside of the workforce, to help ensure a measurable increase in the intermediate skills pool, especially in artisan, technician and related occupations. This requires an increased capacity at education and training institutions and increased workplace experiential learning opportunities.

With the focus of NSDS III on Artisan Training and the integration of Vocational and Occupational programs, it has become crucial that Industry obtain skilled and productive human resources to increase economic growth through social development.

These commitments are captured in the National Skills Accord creating the building blocks for a united South African workforce.

The New Growth Path adopted by government calls for increased workplace training of workers in employment in order to improve productivity and the overall growth and development of our economy.

The training of highly skilled vocational and occupational trainers is the key to developing future artisans and increasing the capacity and throughput of public and or private training providers. This project will add to technical advancement in industry; enabling more job opportunities and attracting economic investment.

The Artisan Training Program builds on the 2011/12 experience, up-scaling and expanding on interventions.

Strategic Objective	To co-ordinate institutional arrangements by increasing access to occupationally directed programmes, leading to entry, intermediate and high level learning.
Objective statement	Jobs facilitated/sustained Over 5 years, leverage additional funds and business support to increase access to job opportunities as a result of access to experiential learning and/or training opportunities
Baseline	Initial baseline information is not available
Justification	The Department through HRD skills interventions assists individuals to increase their employability. The Western Cape Seta Cluster and the FET Forum for Trade and Occupations over time is key in addressing the mismatch between skills demand and supply and increasing the relevance of training towards increased labour absorption
Links	Medium Term Strategic Framework, MEDS, Workforce Development Strategy, National Skills Development Strategy(III), Human Capital Development Strategy (HCDS),FET/SETA Collaborative Agreement

9.5.1 Strategic objective annual targets for 2012/13

Strategic objective (outcome indicator)		Audited/Actual performance			Estimated performance	Medium-term targets		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
2.1	Number of Working Opportunities: Work and Skills	-	-	485	500	750	1 000	1 500
2.2	Number of People Trade Tested (Artisans)	-	-	-				200
2.3	Value of funds leveraged	-	-	R10.834m	R5m	R5m	R5m	R5m

9.5.2 Performance indicators and annual targets for 2012/13

Provincial performance indicators

Programme performance indicator (output indicator)		Audited/Actual performance			Estimated performance	Medium-term targets		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
2.1	Number of people trained: Work & Skills	-	500	611	500	750	1 000	1 500
2.2	Number of people placed in host company					750	1 000	1 500
2.3	Number people trained: Artisans				20	600	950	1 300
2.4	Number of host companies matched to Work and Skills					70	80	90

9.5.3 Quarterly targets for 2012/13

Provincial performance indicators

Programme performance indicator (output indicator)		Reporting period	Annual target 2012/13	Quarterly targets			
				1 st	2 nd	3 rd	4 th
2.1	Number of people trained: Work & Skills	Quarterly	750		375	375	
2.2	Number of people placed in host company	Quarterly	750		375	375	
2.3	Number people trained: Artisans	Quarterly	600		300	300	
2.4	Number of host companies matched to Work and Skills	Quarterly	70		35	35	

9.6 SUB PROGRAMME 7.3 INNOVATION

The constant improvement and implementation of a Regional Innovation System Framework (RISF) for the Western Cape is important for the following reasons:

1. Innovation is the key to economic and social transformation
2. Innovation flourishes in knowledge based economies driven by the following 4 elements (identified in the DST ten year plans):
 - Human capital development.
 - Knowledge generation and exploitation/commercialisation (R&D).
 - Knowledge infrastructure based on areas of competitive advantage (MEDS strategy).
 - Enablers to address the “innovation chasm” between research results, socio-economic outcomes (employment / municipal services, etc.) and commercialisation.
3. The development of a RISF using the economic, political and institutional relationships within a given geographical area, to generate learning processes that result in the rapid production, diffusion and use of knowledge.

To facilitate an environment that is conducive to fostering innovation and the improvement and implementation of the RISF, the department will use the Regional Innovation Forum’s (RIF), Provincial Innovation Steering Committee.

The Programme’s strategic framework is to co-ordinate cohesion between all provincial and national stakeholders in order to foster an environment conducive to Innovation.

The Regional Innovation System Framework was updated and refined in 2011/12 to articulate innovation

at a regional level; with action plans supported by various stakeholders, of which the Technology Innovation Agency (TIA) is key.

Regional Innovation Forum (RIF)

The RIF is intended to provide a co-ordinated approach to innovation and have the leadership to drive the agenda to increase the competitiveness of the region.

The aim of the RIF is to, over time, address key challenges faced in the Innovation landscape:

- Generally, there is an uncoordinated approach to innovation in the Western Cape, duplication of efforts and resources and insufficient resources to address challenges.
- Global competitiveness and economic growth will increasingly depend on innovation, particularly at a regional level.
- Skills shortages along the human capital pipeline.
- Limited leadership to champion innovation in the Western Cape.
- Lack of appropriate, updated and or co-ordinated market intelligence around innovation activities relevant to the Western Cape, that would assist with better informed decisions for policy and investment purposes.

Strategic Objective	The Regional Innovation Forum , RIF , will stimulate the environment of innovation in order to improve economic growth and enterprise competitiveness
Objective statement	The RIF will provide the mechanism for business, government and educational institutions to: 1. Collaborate on innovation development programmes and projects, the aim of which will be to provide industry and government with opportunities necessary for growth 2. To ensure that each sector identified for support will have an innovation development programme appropriate to that sector, but also taking cognisance of the wider benefits for other sectors in the provincial economy
Baseline	Initial baseline information is not available
Justification	The RIF will allow for greater integration and cohesion of innovation activities with public private partnerships (business, educational institutions, government and labour) decreasing duplication of initiatives, leveraging funds, improving incentives for commercialisation and increasing value for money Knowledge and technology have become key drivers for economic growth and competitiveness. South Africa, according to a number of international benchmarks, is not meeting its potential for technological innovation.
Links	Advanced Manufacturing Technology Strategy (AMTS) , Department of Science and Technology Strategic Plan , Technology Innovation Agency Strategic Corporate Plan, MEDS Strategy, JIPSA, National Skills Development (III), Industrial Policy Action Plan

9.6.1 Strategic objective annual targets for 2012/13

Strategic objective (outcome indicator)		Audited/Actual performance			Estimated performance	Medium-term targets		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
3.1	Functioning Regional Innovation Forum, represented by relevant stakeholders	-	-		1	1	1	1

9.6.2 Performance indicators and annual targets for 2012/13

Provincial performance indicators

Programme performance indicator (output indicator)		Audited/Actual performance			Estimated performance	Medium-term targets		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
3.1	Number of working groups for the Regional innovation forum established	-	-	-	-	1	1	1

9.5.3 Quarterly targets for 2012/13

Provincial performance indicators

Programme performance indicator (output indicator)		Reporting period	Annual target 2012/13	Quarterly targets			
				1 st	2 nd	3 rd	4 th
3.1	Number of working groups for the Regional Innovation Forum established	Annually	1	-	-	1	

9.7 RECONCILING PERFORMANCE TARGETS WITH THE BUDGET AND MTEF

9.7.1 Expenditure estimates

Summary of payments and estimates - Programme 7: Skills Development & Innovation Department of Economic Development and Tourism											
Sub-programme R'000		Outcome			Main appro- priation	Adjusted appro- priation	Revised estimate	Medium-term estimate			
		Audited	Audited	Audited				2012/13	2013/14	2014/15	% Change from Revised estimate
		2008/09	2009/10	2010/11							
1.	Provincial Skills Co- ordination				2 398	2 351	2 351	3 933	4 012	4 383	67.29
2.	Workforce Development	26 276	26 290	11 861	8 903	12 960	12 960	18 992	22 529	24 687	46.54
3.	Innovation	1 204	4 230	805	3 850	2 051	2 051	859	934	981	(58.12)
4.	Management: Skills Development			930	1 124	1 013	1 013	1 336	1 400	1 462	31.89
Total payments and estimates		27 480	30 520	13 596	16 275	18 375	18 375	25 120	28 875	31 513	36.71

Summary of provincial payments and estimates by economic classification - Programme 7: Skills Development & Innovation Department of Economic Development and Tourism											
Economic classification R'000		Outcome			Main appro- priation	Adjusted appro- priation	Revised estimate	Medium-term estimate			
		Audited	Audited	Audited				2012/13	2013/14	2014/15	% Change from Revised estimate
		2008/09	2009/10	2010/11							
Current payments		4 523	4 079	2 359	5 691	4 541	4 541	12 754	14 005	16 443	180.86
Compensation of employees		1 515	2 166	2 094	3 670	2 992	3 000	3 842	4 151	4 445	28.07
Goods and services		3 008	1 913	265	2 021	1 549	1 541	8 912	9 854	11 998	478.33
Transfers and subsidies to		22 950	26 409	11 200	10 550	13 800	13 800	12 280	14 780	14 980	(11.01)
Universities and technikons			450		1 800	900	900	10 980	13 480	13 480	1120.00
Public corporations and private enterprises		10 000	10 000	10 000	6 200	6 200	6 200				(100.00)
Non-profit institutions		12 950	15 768	1 200	2 550	6 700	6 700	1 300	1 300	1 500	(80.60)
Households			191								
Payments for capital assets		6	32	36	34	34	33	86	90	90	160.61

**Summary of provincial payments and estimates by economic classification -
Programme 7: Skills Development & Innovation
Department of Economic Development and Tourism**

Economic classification R'000	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimate			
	Audited	Audited	Audited				2012/13	2013/14	2014/15	% Change from Revised estimate 2011/12
	2008/09	2009/10	2010/11							
Machinery and equipment	6	32	13	34	34	33	86	90	90	160.61
Software and other intangible assets			23							
Payments for financial assets	1		1			1				
Total economic classification	27 480	30 520	13 596	16 275	18 375	18 375	25 120	28 875	31 513	36.71

9.7.2 Performance and expenditure trends

The programme's budget for the 2012/13 financial year is R25.120 million which is a 36.43% increase when compared to the revised allocation of R18.375 in 2011/12.

Large scale, impactful projects such as the Work and Skills Programme will continue to play a key role in the work of Programme 7, with phase 5 being implemented in 2012/13. The Work and Skills programme will receive an increased budget of R 7 million for the 2012/13 period; however, the project will no longer be co-ordinated through an implementing agent but will rather be implemented by the Workforce Development sub programme. The change in which the project will be rolled out is the main contributor to the increase in Goods and Services, which amounts to an increase of R 7.363 million between the revised estimate of 2011/12 and 2012/13.

The significant increase in funding for Universities and Technikons, which has an increase of R10.080 million when comparing the 2011/12 revised estimate to the 2012/13 budget allocation, is mainly due to the Artisan Training programme that will be implemented by the Workforce Development unit in 2012/13.

One of the biggest challenges we face is to align skills development programmes to meet the demands of our growing economy.

- Premier Hellen Zille



PART C : *Links to other plans*



10 LINKS TO THE LONG-TERM INFRASTRUCTURE AND OTHER CAPITAL PLANS

Not applicable

11 CONDITIONAL GRANTS

Not applicable

12 PUBLIC ENTITIES

12.1 THE WESTERN CAPE TRADE AND INVESTMENT PROMOTION AGENCY (WESGRO)

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

The City of Cape Town, major funder and partner, is conducting a review of its role within Wesgro, which may affect the funding model of the public entity.

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

- Representation on the Board as Ex-Officio Member
- A detailed performance report received from Wesgro on a quarterly basis
- Funding transferred in tranches, based on evaluation of quarterly reports

- A minimum of one quarterly meeting between the Department and Wesgro to discuss performance, ensure alignment between Departmental and Wesgro's plans, provide assistance where relevant, and address challenges.

12.2 THE DESTINATION MARKETING ORGANISATION (DMO)

DMO will be refocused to deliver on a tourism marketing strategy for the destination as a whole. This will include co-delivery by Regional Tourism Organisations on certain aspects of the strategy such as visitor membership services. Co-funding will also be leveraged from Local Government, so that the DMO can deliver on its key provincial functions in terms of tourism marketing e.g. international business tourism.

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

13 PUBLIC-PRIVATE PARTNERSHIPS

Not applicable

14 STRATEGIC RISKS

The strategic risks as identified by the Department have been categorised as follows:

Risk Statement	Existing Measures	Proposed Measures & Deadlines	Monitoring System of Check	Responsibility	Risk Status
<p>Lack of credible/quality South African/Western Cape economic data to ensure a value adding strategic plan due to the unavailability of relevant/current information, limited access to information as well as limited internal systems to access current information.</p>	<ul style="list-style-type: none"> Established Research unit in the Dept. and in WESGRO to obtain and quality assure the data. The Department has access to official data from Statistics South Africa as well as paid subscriptions to data vendors such as IHS(Information Handling Services) Global Insight, Quantec, and the Bureau for Economic Research's (BER) Quarterly Economic Reviews. This enables the DEDAT to quality assure sectoral breakdowns of the BER/FNB Business Confidence Index while the IHS Global Insight and Quantec databases contain data - historic and in some cases forecast data - on output, employment, demographics, and trade disaggregated to the municipal level. The credible data from the above data sources enables the DEDAT to develop evidence based decision making on economic policies and strategies. 	<ul style="list-style-type: none"> Establishment of the Economic Development Partnership (EDP) to gather real-time, credible economic data from external sources, mainly from the Private sector EDP will ensure the formation of single repository for economic knowledge and intelligence Appointment of the Chief Economist to peer review all the internal research Appointment of an expert panel within EDP to establish, manage and maintain the single repository 	DTM	B. Dayimani	Active
<p>Limited control over external economic factors such as trade barriers, incentives, legislative and policy influences due to national and municipal competencies which will result in an inability to enhance an enabling environment for businesses to grow and create jobs</p>	<ul style="list-style-type: none"> Fully utilising all spheres of the provincial government to have a strong advocacy role at national (Premier to President, MINMECS, MIPTECHs, on-going official bi-laterals) and at local level (establishment of local economic development forums) Established Red Tape unit to identify, evaluate and address possible regulatory barriers impacting on businesses Established red tape reduction working group which champions the reduction of red tape across provincial government 	<ul style="list-style-type: none"> Establishment of a high level group representing business and academia to identify, lobby for change in respect of significant blockages to economic growth and job creation Formal implementation of improved government systems and procedures as envisaged by PSO12 Establishment of LED working group which champions the creation of an enabling environment across local government to support economic growth and job creation 	DTM High level workgroups	J Peters	Active

Risk Statement	Existing Measures	Proposed Measures & Deadlines	Monitoring System of Check	Responsibility	Risk Status
<p>Limited support from major stakeholders and partners both from public and private sectors due to perceptions of government's inability to effect change resulting in an inability to enhance an enabling environment for businesses to grow and create jobs</p>	<ul style="list-style-type: none"> • Build credibility with business through consistent engagements (Business meets cabinet); and responsiveness (call centre resolution rate) (i) Established Provincial Government Economic Steering committee (ii) Established Economic & infrastructure Steering Group (EISG) (iii) Various working groups within the EISG <p>The 3 above link DEDAT with the rest of Provincial Government to bring collaboration with, and alignment to economic agenda</p>	<ul style="list-style-type: none"> • Foster a committed partnership in the EDP to promote alignment of the strategic agenda across all stakeholders including business • Establishment of a high level group representing business and academia to identify, lobby for change in respect of significant blockages to economic growth and job creation 	<p>DTM High level workgroups</p>	<p>J Peters</p>	<p>Active</p>
<p>Failure to identify appropriate sector choice for interventions to take place due to a lack of economic data and economic uncertainty in the global environment which will impact negatively on the growth of the economy and exports</p>	<ul style="list-style-type: none"> • Micro Economic Development Strategy (MEDS) and Provincial Economic Review and Outlook (PERO) that informs sector choice as well as a comprehensive resource of sector material • Sector research reports providing information on sector choices • Established deep networks across all sectors • National Industrial Policy Action Plan (IPAP) which focuses on key national sector imperatives which guides the provincial sector choices • Development of an internal sector choice framework • Internal 5 year sector strategies 	<ul style="list-style-type: none"> • An independent sector development strategy • Sector impact assessment that will assist with the sector choice 	<p>DTM SPV CEO Forum</p>	<p>N Gwynne-Evans L Schuurman</p>	<p>Active</p>

Risk Statement	Existing Measures	Proposed Measures & Deadlines	Monitoring System of Check	Responsibility	Risk Status
Failure to identify and implement relevant demand-led private sector driven interventions due to incorrect information from data sources and business; as well inappropriate interpretation which will result in a waste of resources and a lack of economic impact	<ul style="list-style-type: none"> • Sector impact assessments which informs the success of sector choice interventions • Collaborative determined sector strategies shaped by industry, government and academia; and informed by a credible pool of knowledge and experience (sector specialist) • Creation of the project initiation plan (PID) • Monitoring by sector specialists of the sector performance against predetermined outcomes 	<ul style="list-style-type: none"> • Future impact assessments to evaluate the state and performance of the sector in the current economic environment • Quarterly feedback from each sector as to sector performance, challenges and opportunities 	DTM SPV CEO Forum	N Gwynne-Evans L Schuurman	Active
Lack of mechanism for centralising and management of skills, information and data due to a fragmented approach to skills development from business to government which results into a gap of skills demand and skills supply	<ul style="list-style-type: none"> • Established Provincial Skills Development Framework (Cape Higher Education Consortium, government institutions) to co-ordinate the role players to identify and inform the skills demand and skills supplied; and to implement actions which will reduce the skills gap • Established technical working groups responsible for operationalising interventions arising from the PSDF 	<ul style="list-style-type: none"> • - Development of a provincial skills development strategy • Development of a provincial mechanism for management of skills information and data 	PSDF Skills working groups DTM	R Loghdey	Active
Limited control over provincial infrastructure development strategy (Budgets and assets) due to mandates and responsibilities vested elsewhere which results in limited ability to direct the actual economic impact derived from infrastructure investment	<ul style="list-style-type: none"> • Established EISG that will facilitate alignment between the various infrastructure stakeholders • Premier/Mayor's forum on infrastructure responsible for co-ordination of catalytic infrastructure projects • A multi-stakeholder steering committee for each project to ensure buy-in and support from relevant partners 		DTM, High level working groups	J Johnston	Active

Risk Statement	Existing Measures	Proposed Measures & Deadlines	Monitoring System of Check	Responsibility	Risk Status
Inappropriate infrastructure development choice selection due to lack of standardised/transversal criteria which could lead to financial loss	<ul style="list-style-type: none"> Project scoping requirements and pre-feasibility studies WC Tourism development implementation plan which informs tourism infrastructure projects Integrated Development Plans (IDP's) that identify and prioritise local area infrastructural projects A demand-led approach which is derived from or embeds infrastructure choices within economic development competitiveness objectives/sectoral strategies 		DTM, High level working groups	J Johnston	Active
Failure to implement consumer protection legislation due to insufficient resources and certain responsibilities vested in national authorities which results in an inability to create an enabling environment for consumers and business.	<ul style="list-style-type: none"> Operational Call centre with electronic case management system to receive and record consumer complaints; resourced complaints division to investigate complaints received; Operational plan in place to ensure tracking and evaluation of complaints; Monthly call centre reports received on status of complaints received; National Forum consisting of all provincial consumer protection authorities. 	Establishment and membership of a statutory national consumer advisory panel aimed at enhancing cooperation between national and provincial entities; Establishment and functioning of a consumer court; Establishing a nationally agreed infrastructure for all offices	DTM	A Searle	Active



NOTES



