



Western Cape Government

Economic Development
and Tourism



Annual Performance Plan 2015/16

Economic Development and Tourism

Department of Economic Development and Tourism

Province of the Western Cape

Annual Performance Plan
2015/16

CONTENTS

PART A: STRATEGIC OVERVIEW	3
1. VISION	3
2. MISSION	3
3. VALUES	3
4. LEGISLATIVE AND OTHER MANDATES	3
4.1 Constitutional Mandate	3
4.2 Legislative Mandate	4
4.3 Policy Mandates	5
4.4 Relevant Court Rulings	7
4.5 Planned Policy Initiatives	7
5. UPDATED SITUATIONAL ANALYSIS	9
5.1 Performance Environment	9
5.2 Organisational Environment	11
5.3 Description Of The Strategic Planning Process	14
6. STRATEGIC OUTCOME ORIENTATED GOALS OF THE INSTITUTION	17
PART B: STRATEGIC OBJECTIVES	22
7. PROGRAMME 1: ADMINISTRATION	22
7.1.1 Purpose	22
7.1.2 Programme structure	22
7.2 Sub-programme 1.2: Financial Management	22
7.2.1 Strategic Objectives	23
7.2.2 Strategic objective annual targets for 2015/16	24
7.2.4 Performance indicators and annual targets for 2015/16	25
7.2.5 Quarterly targets for 2015/16	26
7.2.6 Risk Management	27
7.3 Sub-programme 1.3: Corporate Services	27
7.3.1 Strategic Objectives	27
7.3.2 Strategic objective annual targets for 2015/16	28
7.3.3 Implementation Plan:	28
7.3.4 Performance indicators and annual targets for 2015/16	29
7.3.5 Quarterly targets for 2015/16	29
7.3.6 Risk Management	29
7.4 Reconciling performance targets with the Budget and MTEF	30
7.4.1 Expenditure estimates	30
8. PROGRAMME 2: INTEGRATED ECONOMIC DEVELOPMENT SERVICES	32
8.1.1 Purpose	32
8.1.2 Programme structure	32
8.2 Sub-programme 2.1: Enterprise Development	33
8.2.1 Strategic Objectives	35
8.2.2 Strategic objective annual targets for 2015/16	35
8.2.4 Performance indicators and annual targets for 2015/16	36
8.2.5 Quarterly targets for 2015/16	36
8.2.3 Risk Management	36
8.3 Sub-programme 2.2: Regional and Local Economic Development	36
8.3.1 Strategic Objectives	39
8.3.2 Strategic objective annual targets for 2015/16	40
8.3.4 Performance indicators and annual targets for 2015/16	40

8.3.5	Quarterly targets for 2015/16	41
8.3.6	Risk Management	41
8.4	Sub-programme 2.4: Red Tape Reduction	41
8.4.1	Strategic Objectives	44
8.4.2	Strategic objective annual targets for 2015/16	44
8.4.3	Performance indicators and annual targets for 2015/16.....	45
8.4.4	Quarterly targets for 2015/16	45
8.4.5	Risk Management	46
8.6	Reconciling performance targets with the Budget and MTEF	47
8.6.1	Expenditure estimates	47
9.	PROGRAMME 3: TRADE AND SECTOR DEVELOPMENT	49
9.1.1	Purpose.....	49
9.1.2	Programme structure	49
9.2	Sub-programme 3.1: Trade and Investment Promotion	49
9.2.1	Strategic Objective.....	50
9.2.3	Strategic objective annual targets for 2015/16.....	51
9.2.4	Performance indicators and annual targets for 2015/16.....	51
9.2.5	Quarterly targets for 2015/16	51
9.2.6	Risk Management	52
9.3	Sub-programme 3.2: Sector Development	52
9.3.1	Strategic Objective.....	54
9.3.2	Strategic objective annual targets for 2015/16.....	62
9.3.3	Performance indicators and annual targets for 2015/16.....	62
9.3.4	Quarterly targets for 2015/16	62
9.3.5	Risk Management	63
9.4	Sub-programme 3.3: Strategic Initiatives	63
9.4.1	Strategic Objectives	64
9.4.2	Strategic objective annual targets for 2015/16.....	65
9.4.3	Implementation Plan:	65
9.4.4	Performance indicators and annual targets for 2015/16	70
9.4.5	Quarterly targets for 2015/16	70
9.4.6	Risk Management	70
9.5	Reconciling performance targets with the Budget and MTEF	71
9.5.1	Expenditure estimates	71
10.	PROGRAMME 4: BUSINESS REGULATION AND GOVERNANCE	73
10.1.1	Purpose.....	73
10.1.2	Programme structure	73
10.2	Sub-programme 4.2: Regulation Services	73
10.2.1	Strategic Objectives	73
10.2.2	Strategic objective annual targets for 2015/16.....	74
10.2.3	Implementation Plan:	74
10.2.4	Performance indicators and annual targets for 2015/16.....	76
10.2.5	Quarterly targets for 2015/16	76
10.2.6	Risk Management	76
10.3	Sub-programme 4.3: Consumer Protection	77
10.3.1	Strategic Objectives	78
10.3.2	Strategic objective annual targets for 2015/16	79
10.3.3	Implementation Plan:	79
10.3.4	Performance indicators and annual targets for 2015/16	83
10.3.5	Quarterly targets for 2015/16	84

10.3.6	Risk Management	84
10.4	Sub-programme 4.4: Liquor Regulation	84
10.4.1	Strategic Objectives	85
10.4.2	Strategic objective annual targets for 2015/16	85
10.4.3	Implementation Plan:	85
10.4.4	Performance indicators and annual targets for 2015/16	87
10.4.5	Quarterly targets for 2015/16	87
10.4.6	Risk Management	88
10.5	Reconciling performance targets with the Budget and MTEF	89
10.5.1	Expenditure estimates	89
11.	PROGRAMME 5: ECONOMIC PLANNING	91
11.1.1	Purpose.....	91
11.1.2	Programme structure:.....	91
11.2	Sub-programme 5.1: Policy and Planning	91
11.2.1	Strategic Objective.....	92
11.2.3	Strategic objective annual targets for 2015/16.....	93
11.2.4	Performance indicators and annual targets for 2015/16.....	93
11.2.5	Quarterly targets for 2015/16.....	94
11.2.6	Risk Management	94
11.3	Sub-programme 5.2: Research & Development	94
11.3.1	Strategic Objective.....	95
11.3.3	Strategic objective annual targets for 2015/16.....	95
11.3.4	Performance indicators and annual targets for 2015/16.....	96
11.3.5	Quarterly targets for 2015/16.....	96
11.3.6	Risk Management	96
11.4	Sub-programme 5.3: Knowledge management	96
11.4.1	Strategic Objectives	97
11.4.3	Strategic objective annual targets for 2015/16.....	97
11.4.4	Performance indicators and annual targets for 2015/16.....	98
11.4.5	Quarterly targets for 2015/16	98
11.4.6	Risk Management	98
11.5	Sub-programme 5.4: Monitoring and evaluation	99
11.5.1	Strategic Objectives	99
11.5.2	Strategic objective annual targets for 2015/16.....	99
11.5.3	Implementation Plan	99
11.5.4	Performance indicators and annual targets for 2015/16	101
11.5.5	Quarterly targets for 2015/16.....	101
11.5.6	Risk Management	102
11.6	Sub-programme 5.5: Western Cape Economic Development Partnership	102
11.6.1	Strategic Objective.....	102
11.6.3	Strategic objective annual targets for 2015/16.....	103
11.6.4	Performance indicators and annual targets for 2015/16.....	104
11.6.5	Quarterly targets for 2015/16.....	104
11.6.6	Risk Management	104
11.7	Reconciling performance targets with the Budget	105
12.	PROGRAMME 6: TOURISM, ARTS AND ENTERTAINMENT	107
12.1.1	Purpose	107
12.1.2	Programme structure.....	107
12.2	Sub-programme 6.1: Tourism planning	109
12.2.1	Strategic Objectives	109

12.2.2	Strategic objective annual targets for 2015/16	109
12.2.3	Implementation Plan:	109
12.2.4	Performance indicators and annual targets for 2015/16.....	110
12.2.5	Quarterly targets for 2015/16	110
12.2.6	Risk Management	110
12.3	Sub-programme 6.2: Tourism growth and development	110
12.3.1	Strategic Objectives	111
12.3.2	Strategic objective annual targets for 2015/16.....	111
12.3.3	Implementation Plan	111
12.3.4	Performance indicators and annual targets for 2015/16.....	112
12.3.5	Quarterly targets for 2015/16	112
12.3.6	Risk Management	113
12.4	Sub-programme 6.3: Tourism sector transformation	113
12.4.1	Strategic Objectives	113
12.4.3	Performance indicators and annual targets for 2015/16.....	114
12.4.4	Quarterly targets for 2015/16	114
12.4.5	Risk Management	115
12.5	Sub-programme 6.4: Tourism destination marketing	115
12.5.1	Strategic Objectives	115
12.5.2	Strategic objective annual targets for 2015/16.....	115
12.5.4	Performance indicators and annual targets for 2015/16	117
12.5.5	Quarterly targets for 2015/16	118
12.5.6	Quarterly targets for 2015/16	118
12.6	Reconciling performance targets with the Budget and MTEF	119
12.6.1	Expenditure estimates	119
13.	PROGRAMME 7: SKILLS DEVELOPMENT AND INNOVATION	121
13.1.1	Purpose.....	121
13.1.2	Programme structure	121
13.2	Sub-programme 7.1: Provincial Skills Co-ordination	124
13.2.1	Strategic Objective	125
13.2.2	Strategic Objective annual targets for 2015/16.....	125
13.2.4	Performance indicators and annual targets for 2015/16.....	127
13.2.5	Quarterly targets for 2015/16	127
13.2.6	Risk Management	127
13.3	Sub-programme 7.2: Workforce Development	128
13.3.1	Strategic objective annual targets for 2015/16.....	129
13.3.2	Strategic Objective annual targets for 2015/16.....	129
13.3.3	Implementation Plan	129
13.3.4	Strategic objective annual targets for 2015/16.....	133
13.3.5	Quarterly targets for 2015/16	134
13.3.6	Risk Management	134
13.4	Reconciling performance targets with the Budget and MTEF	135
13.4.1	Expenditure estimates	135
	PART C: LINKS TO OTHER PLANS	136
14.	LINKS TO THE LONG-TERM INFRASTRUCTURE AND OTHER CAPITAL PLANS	136
15.	CONDITIONAL GRANTS	136
16.	PUBLIC ENTITIES	136
16.1	The Western Cape Destination Marketing, Investment and Trade Promotion Agency (WESGRO).....	136
16.2.	Western Cape Liquor Authority (WCLA)	136
17.	PUBLIC-PRIVATE PARTNERSHIPS	136
18.	TRANSVERSAL PROJECTS	137

FOREWARD

At the start of a new five year term, the Western Cape Government has taken a bold and more focussed approach.

Our number one Provincial Strategic Goal is to create opportunities for growth and jobs, and we plan to rapidly accelerate our efforts in this regard through a set of highly focused action plans.

To assess where best to place our focus, we completed a deep dive study into our economy, looking at which parts are growing the fastest and creating the most jobs, especially amongst low and medium skilled employees.

We asked industries to tell us what's holding them back and we looked at what could be done to unblock the challenges they faced, and as well as to ramp up opportunities in these high potential parts of the economy. We called this process 'Project Khulisa'. Khulisa means "to grow" in isiXhosa.

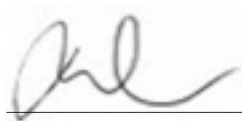
While creating an enabling environment for the entire economy remains our primary objective, we will place special attention on interventions in the following high-potential sectors in which we have a clear competitive advantage: Tourism, Agri-processing and Oil and Gas. The suite of interventions which will be undertaken under the banner of Project Khulisa have, collectively, been identified as one of the Western Cape Cabinet's Game Changers, and will receive the dedicated attention of a steering committee comprised of the economic portfolio leaders of the Western Cape Government and the City of Cape Town.

This structure will also receive regular report backs on the progress of our Red Tape Reduction Programme, which we will ramp up, as well as our plan to roll out broadband across the province. We will also focus attention on driving key enablers in our economy such as energy security and the green economy, and skills.

International best practice shows that countries where they have given specific attention to high-growth initiatives have made a significant impact on job creation and economic growth.

Over the past five years we have created 300 000 jobs and have the lowest expanded unemployment rate in the country.

During the next five years we will build on these successes to grow our economy, better together, in a way that is stronger and more sustainable.



Alan Winde
Executive Authority of (Department)

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 2015/16.

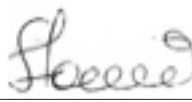
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Chief Financial Officer

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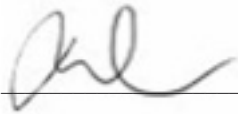
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Economic Planning

Signature: 

Solly Fourie
Accounting Officer

Signature: 

Alan Winde
Executive Authority

Signature: 

Approved by:

PART A: STRATEGIC OVERVIEW

1. VISION

The Department's vision is a Western Cape that has a vibrant, innovative, and sustainable economy, characterised by growth, employment and increasing equity, and built on the full potential of all.

2. MISSION

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

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

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

3. VALUES

The core value of the department espouses are:

- Competence
- Accountability
- Integrity
- Responsiveness
- Care

4. LEGISLATIVE AND OTHER MANDATES

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

4.1 Constitutional Mandate

Constitution of the Republic of South Africa 1996

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

- Industrial Promotion
- Tourism
- Trade

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

The Constitution of the Western Cape 1998

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

4.2 Legislative Mandate

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

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

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

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

Liquor Act, 2003 (Act 59 of 2003)

The Liquor Act, No 59 of 2003 came into effect on 13 August 2004 and replaced the current Liquor Act, No 27 of 1989 for national functions while retaining it as transitional measure for provincial functions. It introduces a three tier system into the liquor industry and regulates the manufacturing and distribution tier. It provides for the devolution of functions relating to the distribution tier to the Provincial Minister and it requires the Provincial Liquor Licensing Authority to provide it with statistical information relating to the retail and micro-manufacturing tier.

Businesses Act, 1991 (Act 71 of 1991)

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

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

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

The BBBEE Amendment Act, No 46 of 2013

Introduces a number of changes, of which the following are deemed to be the most significant:

- The establishment of a BBBEE Commission that provides an oversight and advocacy role.
- The definition of "fronting practices" and the criminalisation of such practices.
- All organs of state to report on compliance with BBEEE regulations in their annual reports.

The amendments to the BBBEE Codes of Good Practice will come into effect on 01 April 2015.

Consumer Protection Act, 2008

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

Small Business Amendment Bill, 2004

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

Municipal Systems Act, 2000 (Act 32 of 2000)

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

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

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

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

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

Provincial Western Cape Tourism Act, 2004 (Act 1 of 2004)

The Act provides for the establishment of the Destination Marketing Organisation (DMO).

The Cooperatives Amendment Act, No 6 of 2013

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

The Membership of the Western Cape Economic Development Partnership Act

The purpose of the Act is to provide enabling legislation to regulate the relationship between the Western Cape Government and the EDP. The Act provides that the Western Cape Government may become a member of the EDP and establishes a formal relationship (inclusive of providing for transfer payments) between the two parties. The Act put forward conditions relating to the Western Cape Government's membership of the EDP and funding of the EDP through transfer payments. The Act does not regulate the governance and operations of the EDP as these are regulated by company laws. The Act was passed by Provincial Cabinet in December 2013.

4.3 Policy Mandates

National Development Plan (NDP)

The key concepts of the NDP are

- a) Uniting South Africans around a common programme;
- b) Citizens active in their own development;
- c) Faster and more inclusive economic growth;
- d) Building capabilities;
- e) A capable state;
- f) Leadership and responsibility throughout society

The National Integrated Manufacturing Strategy (NIMS)

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

The Advanced Manufacturing and Technological Strategy (AMTS)

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

Western Cape Tourism Development Framework (WCTD Framework)

The WCTD framework provides for the destination vision and strategy for tourism in the Western Cape and is the high level sector strategy for tourism. The Western Cape Tourism Development Framework ensures joint planning, budgeting and implementation between the 3 spheres of government in the first instance and all of the social partners in the second instance. The Western Cape Tourism Development Framework has defined targets and outcomes that need to be achieved over a ten-year timeframe. It is a living and dynamic document, with research constantly being added to the evidence base and analysis being adjusted as circumstances change. There will be a major review on a five-year basis.

Western Cape Infrastructure Framework

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

OneCape2040

OneCape2040 is a deliberate attempt to stimulate a transition towards a more inclusive and resilient economic future for the Western Cape region. It is a vision and strategy for society, rather than a plan of government, although all three spheres of government are essential for implementation. It does not replace any existing statutory plans required of either province or Municipalities. It is rather intended as a reference point and guide for all stakeholders in order to:

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

Provincial Strategic Plan (PSP)

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

- Strategic Goal 1: Create opportunities for growth and jobs
- Strategic Goal 2: Improve education outcomes and opportunities for youth development
- Strategic Goal 3: Increase wellness, safety and tackle social ills
- Strategic Goal 4: Build a quality living environment, resilient to climate change
- Strategic Goal 5: Embed good governance and integrated service delivery through partnerships and spatial alignment

The Department is tasked with leading Strategic Goal 1: Create opportunities for growth and jobs, which can be summarised across 9 Strategic Priorities, namely

1. Invest in growing, attracting and retaining the skills required by our economy
2. Support entrepreneurs and small businesses to thrive

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

Western Cape Green Economy Strategy Framework

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

4.4 Relevant Court Rulings

Not applicable

4.5 Planned Policy Initiatives

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

The department will deliver in all of the 9 strategic interventions contained in PSG1 through its cross-cutting and area-specific interventions, ensuring that programs for change are established in both the geographic and economic spatial dimensions.

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

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

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

The Department's key strategic objectives over the next 5 years will be to:

1. Provide Economic Growth Leadership

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

- Strategically engage with business in order to ensure that business partners with government for the betterment of the region's economy.

- Provide innovative and responsible economic policy development which will link and align the economic change approaches within the economic spatial and geographic platforms:
- Stimulate the promotion of collaboration for economic benefits with various economic stakeholder organisations inter alia:
 - o Business, Government and Academia
- Promote the provision of inter-governmental lobbying, advocacy and influence for economic growth,

2. Reduce the cost and improve the ease of doing business

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

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

3. Establish and promote an innovative and competitive business environment.

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

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

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

This will necessitate a review of the systemic and underlying causes of the challenges facing business when the matching of available talent to skills demand is vastly inappropriate. In order to reduce the gap between the skills demanded by the economy and those supplied by the various education institutions, the department will specifically focus on the following key areas over the next 5 years:

- Artisan Development
- Innovative, creative and design capabilities
- Financial, business outsourcing and Digital Economy skills
- Constant assessment and re-assessment of the skills gap
- Systemic interventions to improve the science, technology, engineering and maths qualifications,
- Develop entrepreneurial skills set, particularly aimed at young people

- Placement of young people in work places in order to address the challenges of experiential learning

5. Invest in key economic catalytic infrastructure

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

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

6. Promote the global profile of Cape Town and the Western Cape

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

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

7. Promote Trade and Investment for Africa Growth and Development

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

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

5. UPDATED SITUATIONAL ANALYSIS

5.1 Performance Environment

Global Economy

Global economic recovery is experiencing significant support from a number of areas. The U.S economy has consistently demonstrated growth. Quarter 3 GDP growth was the fastest in 11 years at 5% . More importantly the U.S economy demonstrated strong employment growth across both services and manufacturing sectors. Quarter

3 job growth was the fastest in 15 years with the economy recording an addition of more than 320 000 jobs. Further evidence supporting the deep economic recovery is that annual employment growth stands at 2.65m new jobs and an unemployment rate of only 5.8%, a post-recession low point.

Energy costs have seen a relentless decline in 2014. Brent Crude is currently trading at below \$60 per barrel, which represents more than 50% decline since 2012. Because OPEC appears to be reluctant to cut oil production and because new energy repositories such as shale gas are not been discovered and mined at a fairly rapid pace, energy prices are not expected to increase significantly for the foreseeable future.

In China, in response to authorities concerns about the slowing domestic economy, the People's Bank of China (PBOC) cut interest rates for the first time since July 2012. Notwithstanding the PBOC's concerns of a slowing economy, it is expected that the Chinese economy demonstrates relative robust growth rates of 7% per annum. Furthermore Chinese authorities have further fiscal and monetary space to respond should the economy experience a more rapid slowdown.

Growth prospects in the 18 country Euro Union however are less promising. The E.U economies grew at a rate of 0.2% in 2014. Much of E.U growth is supported by household consumption expenditure. Germany, the largest economy in the E.U, fourth largest globally and the second largest exporter was the primary driver of E.U growth in recent years. The German economy, of which one third of national output is exports, has deep value chains across many countries in the E.U. A slowing German economy has economic consequences across the economic zone. Because fiscal and monetary space is significantly limited in the economic zone, growth in E.U is expected to be subdued for the foreseeable future. Global growth prospects outside the E.U could see the E.U economy expand at quicker than expected, particularly because of the export oriented German economy and the deep value chains it has within the E.U.

Developing economies, led by China continue to demonstrate robust growth having averaged over 5% over recent years. Africa too has demonstrated robust growth. Much of African growth however has been supported by energy or mineral exports. Lower energy prices are likely to negatively impact countries that are very dependent on energy exports. Further risk to developing economies are volatile capital flows, which are sensitive to monetary policy especially recent open market monetary policy exercised by both sides of the Atlantic.

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

National Economy

Despite the financial crisis and the global great recession that followed, when GDP is considered South Africa fared relatively well. In part, the South African economy showed a significant degree of resilience to the crisis due to counter-cyclical fiscal policies and monetary space available to the Reserve Bank. Only in 2009 did the economy record negative growth, over the following 4 years the economy grew on average by 2.8% per annum.

When employment levels are considered however, the economy performed significantly worse than what is suggested by GDP. Labour absorption levels have worsened to below 42%, which introduces concerning social cohesion risk. Average employment growth since 2010 is 0.7% per annum. From a labour productivity perspective one can deduce reasonably good labour productivity growth in that less labour is required to produce more GDP per worker. But the statistic does not bode well if unemployment is considered. Nominally, 6% more people are considered unemployed today than in 2010.

Furthermore, it is salient to note that current growth has been supported, in the main, by growth in consumer spending, which is being supported by consumer credit extensions. Consumer led growth would have been more sustainable if it were supported by higher income underpinned by increases in productivity than by credit extension.

Fiscal space in South Africa has tightened after more than 5 years of fiscal loosening purposed at responding to the financial crisis. National Treasury has indicated appetite to address the widening budget deficits. Over the medium term, the budget deficit is expected to reach the target of 3%.

While the Reserve Bank has some monetary room, the Monetary Policy Committee has demonstrated a willingness to increase interest rates in response not only to higher inflation but also in response to secondary inflationary

effects. Lower energy prices however are likely to exert downward pressure on inflation and delay tightening of monetary policy.

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

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

From an external sector vantage point, South Africa is at considerable risk in that its worsening current account deficit of 5% per annum on average is supported by highly volatile capital flows which are sensitive to both local and international developments. While South Africa has seen increases in exports, these increases are mainly supported by global mineral prices instead of export volumes, which are more closely correlated to employment. Furthermore, comparatively, South African unit labour costs have deteriorated by 34% since 2008 which could explain why South African export volumes have fared poorly in recent years.

Provincial Economy

The global and national developments provide the context in which the provincial economic developments can be located. Like the national economy, the economy of the Western Cape has continued to record positive growth since the contraction experienced in 2009. The Western Cape economy continues to track national growth levels. Uncoupling the Western Cape Economy from the national economy has proved very difficult. The provincial economy, in line with the national economy is susceptible the perpetual labour unrest and electricity shortages.

While the Western Cape's unemployment rate (23%) is lower than that of South Africa as a whole (24%), it is nonetheless high, and contributes to multiple socio economic challenges. Unemployment is also concentrated amongst young people, thus threatening to create a "lost generation" of citizens without skills, hope or work experience. The Western Cape Government (WCG) is committed to making meaningful progress over the next 5 years in generating new jobs in the province.

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

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

5.2 Organisational Environment

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

Flowing from the Provincial Strategic Plan, the Department of Economic Development and Tourism (DEDAT) has been mandated to take the lead role in driving the Western Cape Government's agenda for Provincial Strategic Goal 1 (PSG1), namely to create opportunities for growth and jobs. This will be done under the direct leadership of the Minister of Economic Opportunities, and the agenda for PSG1 will also be delivered in collaboration with other departments such as Agriculture, Transport and Public Works and Environmental Affairs and Development Planning.

In pursuing its objective to fulfil the aims of PSG 1, DEDAT will drive a 7 point strategic approach which is aimed at:

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

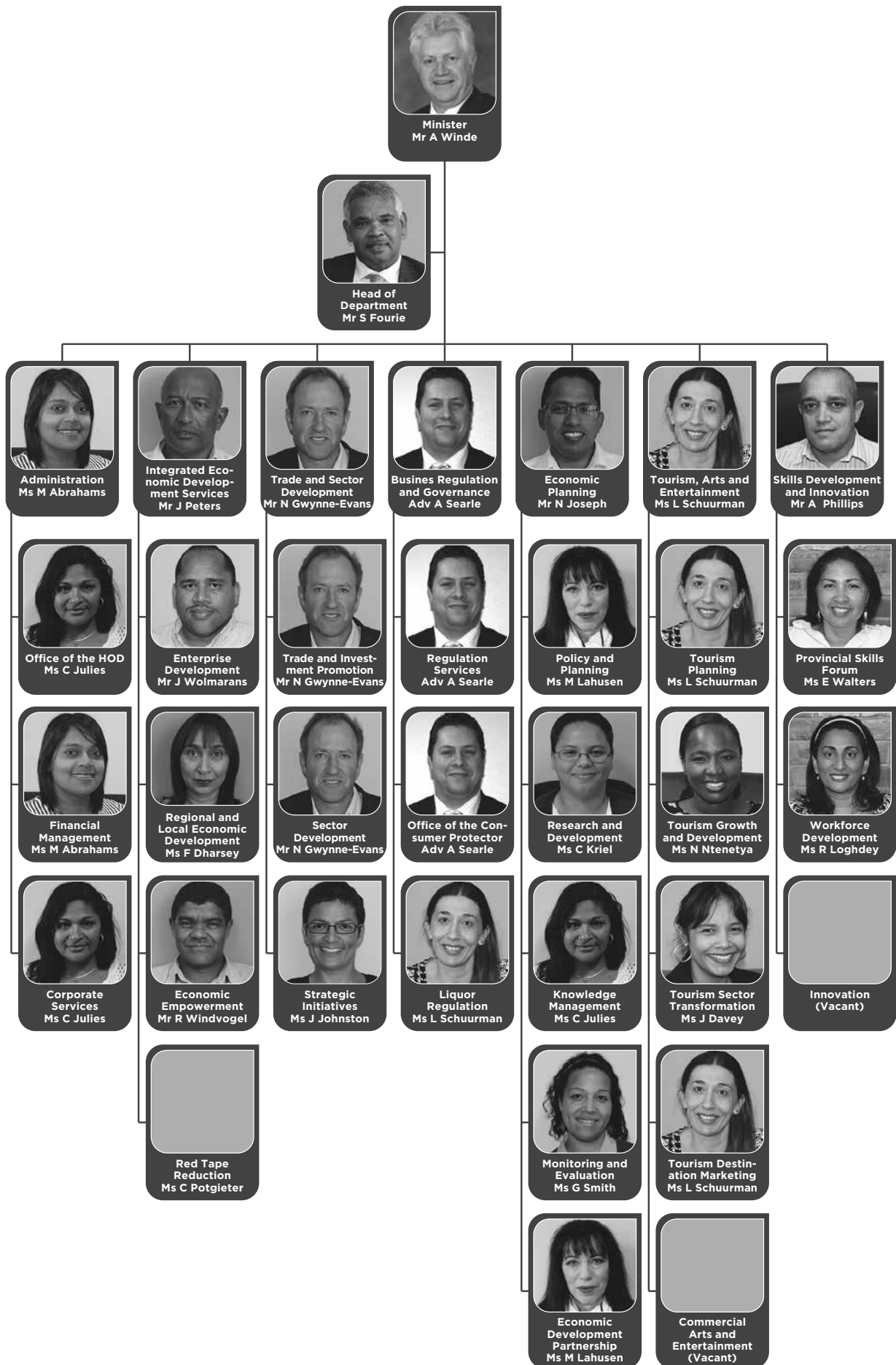
Given the broad and often transversal nature of the aforementioned strategies and in giving impactful expression of these strategic priorities, the department recognises that an internal structural alignment is required. The engagement of the economic role-players are critical for success in the delivery of PSG1 and in particular the attainment of an understanding of the needs of firms to make them more competitive and by extension, making the region more competitive to attract external investment.

As part of the broader modernisation of departments in the Province, DEDAT underwent an organisational design process during 2013 and 2014, culminating in the approved structure being communicated to staff during 2014. The structure will be introduced in phases during 2015 and 2016, balancing the need for appropriate structure implementation with budgetary compliance.

The introduction of PSG 1 will also necessitate an appropriate skills matching exercise and during 2015, phase 1 of the implementation will be completed and phase 2 will probably be commenced.

The key attributes of the new structure will be to enhance interaction with the economic stakeholders at the highest levels, the horizontal and vertical leadership role DEDAT will exercise across the whole of the economy and the specific influence which will be exerted within the key focus industries. The structure will also enable DEADT to play a major role which in ensuring that the economic enablers meet the expectation of industry and that an enabling environment is created in which business will grow and expand.

In order to ensure that the appropriate skillset within the department is achieved we, will embark on a focused recruitment and selection drive to ensure that the right people with the right skills set and experience are employed in time for effective service delivery.



5.3 Description Of The Strategic Planning Process

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

In 2009 the new Provincial Government developed an overall Strategic Agenda consisting of 12 Strategic Objectives, as follows:

- a) Creating Opportunities for Growth and Jobs
- b) Improving Education Outcomes
- c) Increasing Access to Safe and Efficient Transport
- d) Increasing Wellness
- e) Increasing Safety
- f) Developing Integrated and Sustainable Human Settlements
- g) Mainstreaming Sustainability and Optimising Resource-Use Efficiency
- h) Increasing Social Cohesion
- i) Reducing Poverty
- j) Integrating Service Delivery for Maximum Impact
- k) Creating Opportunities for Growth and Development in Rural Areas
- l) Building the Best-Run Regional Government in the World

Strategic Objective 1: Increasing opportunities for growth and jobs was developed, and approved by Cabinet in August 2010. PSO 1 emanated from the National Development Plan of 2012, the main objectives of which were broadly aligned with the objectives of the Province; i.e. to eliminate poverty and reduce inequality the economy would have to become more inclusive and grow faster.

"The Department's primary role was to support the creation of an enabling economic environment which was conducive to economic growth, economic development and economic inclusion."

OneCape 2040

OneCape 2040 was designed to complement national planning while reflecting on the specifics of the Western Cape region. The thinking within the OneCape 2040 resonated with many of the conclusions of the National Development Plan (NDP). It does however have a narrower emphasis – it is a statement of direction for the regional economy rather than an overall development plan with detailed recommendations. It does not seek to be comprehensive in scope but rather to identify areas of collaborative action to be prioritised. It also has a regional and not a national focus.

OneCape 2040 Vision: A highly-skilled, innovation-driven, resource-efficient, connected, high opportunity and collaborative society.

This is therefore a vision of change – about how we work together to ensure that these attributes are generally reflected throughout the province and all its private, public and civil institutions.

OneCape2040 is a deliberate attempt to stimulate a transition towards a more inclusive and resilient economic future for the Western Cape region. It is a vision and strategy for the whole of society, rather than a plan of government, although all three spheres of government are essential for implementation. It does not replace any existing statutory plans required of either the province or Municipalities. It is rather intended as a reference point and guide for all stakeholders in order to:

- promote fresh thinking and critical engagement on the future;

- provide a common agenda for private, public and civil society collaboration;
- help align government action and investment decisions;
- facilitate the necessary changes we need to make to adapt to our (rapidly) changing local and global context;
- address our development, sustainability, inclusion and competitiveness imperatives

Transition	From	To
Knowledge transition (Educating Cape)	Unequal variable quality education plus limited innovation capacity	High quality education for all plus high innovation capacity
Economic access transition (Working Cape)	Factor and efficiency driven economy with high barriers to entry and low productivity and entrepreneurship rates	Innovation driven economy with low barriers to entry with high productivity and entrepreneurship rates
Ecological transition (Green Cape)	Unsustainable carbon-intensive resource use	Sustainable low carbon resource use
Cultural transition (Connecting Cape)	Barriers to local and global connectivity (language, identity, distance, parochial and inward-looking attitudes)	High level of local connectivity and global market fluency
Settlement transition (Living Cape)	Unhealthy, low access, often alienated, low opportunity neighbourhoods	Healthy, accessible, liveable multi-opportunity communities
Institutional transition (Leading Cape)	Defensive, adversarial structures	Open, collaborative systems

Provincial Strategic Plan (PSP)

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

- Strategic Goal 1: Create opportunities for growth and jobs
- Strategic Goal 2: Improve education outcomes and opportunities for youth development
- Strategic Goal 3: Increase wellness, safety and tackle social ills
- Strategic Goal 4: Build a quality living environment, resilient to climate change
- Strategic Goal 5: Embed good governance and integrated service delivery through partnerships and spatial alignment

Provincial Strategic Goal 1

Flowing from the Provincial Strategic Plan the Department has been tasked with leading Provincial Strategic Goal 1 (PSG1): Create opportunities for growth and jobs. In giving articulation of PSG1 project Khulisa, which means "to grow" in isiXhosa was initiated. The purpose of project Khulisa was to accurately identify parts of the Western Cape economy with the greatest potential for accelerated and sustained growth and job creation. The strategic structure for the project consisted of a steering group comprising of Western Cape's Ministers of Finance; Economic Opportunities; Transport and Public Works, and Environmental Affairs and Dev. Planning; and the, Deputy Mayor and Mayco member for Economic Development at the City of Cape Town. The leadership team consisted of all key decision makers from departments represented in the steering committee.

Project Khulisa introduced a phased approach in expressing PSG1.

- a) The economic landscape is a complex one. Sector and other definitions are not easily defined, which leads to counting and other inaccuracies. SIC codes are often out of date and at times offer very little insights for the purpose of economic stimulation. The first step in expressing PSG1 was to agree of the definitions of a sector list and to understand the structure of the Western Cape economy.
- b) Baseline data from a number of sources such as IHS Global Insights, the Departments own intelligence and other sources was developed and agreed upon. The baseline identified economic employment contribution, historic and potential growth for each sector.
- c) Phase 3 recognised that governments often attempt to do too much with too little resources, which often lead to sub-optimal outcomes because of a lack of focus and resource shortages. Phase 3 set out clear criteria for opportunity selection. The selection criteria used two lenses: attractiveness and feasibility. Attractiveness of a sector is driven by the sector's current contribution to provincial value addition, jobs and growth rates. Sector feasibility is determined by
 - i. Western Cape Government's ability to influence critical policy levers
 - ii. The availability of critical competitive factors such as talent availability and ease of talent development, available infrastructure, natural resources and financing
 - iii. Commitment and appetite of the private sector, which includes current planned business-backed projects.

In addition to economic growth, the potential for creation of large numbers of entry-level jobs and the impact on rural as well as urban areas were compensated in the selection criteria. In giving expression to significant unemployment amongst low skilled workers, low skilled employment creation was suitably weighted in the development of the selection model. This process led to exploration 6 high-potential opportunities that satisfied the selection criteria and can deliver meaningful jobs and growth within a 3-5 year timeframe. The analysis is depicted in figure 1 below.

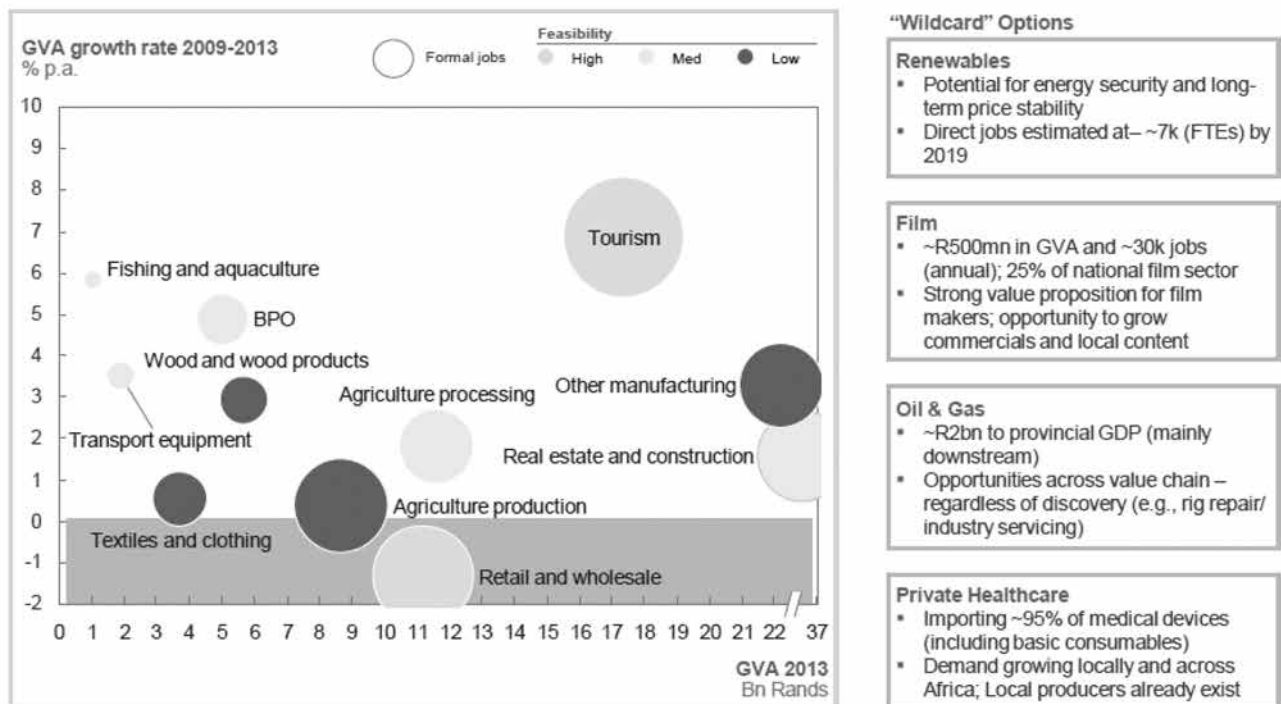


Figure 1: Selection Analysis

Because of limited government resources and to achieve greater focus only 3 of the 6 opportunities will be actioned in the first 5 years.

- a) Phase 4 developed very detail understandings of the 3 selected sectors which included an understanding of the local markets, international opportunities and challenges to growth.
- b) The penultimate phase was the development of the Game Changer opportunities based in specific overlapping challenges.
- c) The final phase was the development of implementation roadmaps for each of the three selected sectors.

Outcomes of Project Khulisa were presented to and endorsed cabinet. It is this endorsement that that underpins the Department's five-year strategy and underpins the Department's annual performance plans for the next five years.

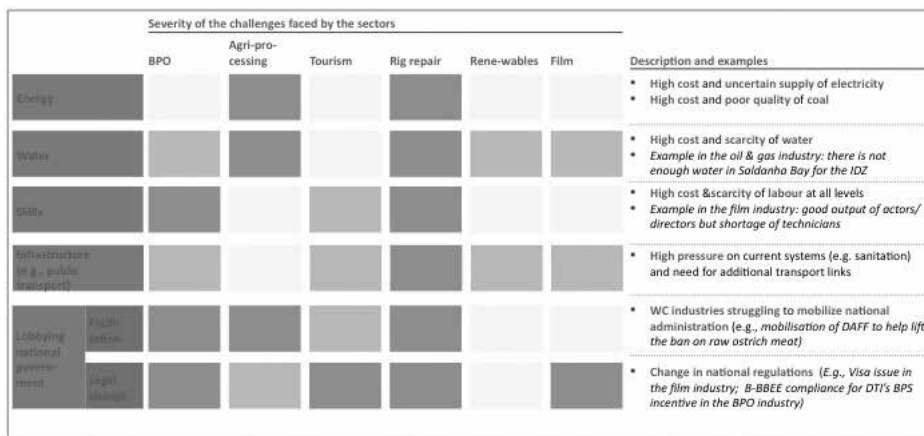
6. STRATEGIC OUTCOME ORIENTATED GOALS OF THE INSTITUTION

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

- Productive sectors are specific and contribute to the region's competitive environment. The three key productive sectors that will be supported within the first 3 to 5 years are Oil & Gas, Tourism and Agri-processing. A further 3 sectors will be focused on from year 5 to year 10. These sectors include Business Process Outsourcing, Renewables and Film. Roadmaps and intervention articulation for the second set of sectors will be defined within the next 5 years
- Enabling sectors act as powerful catalysts to accelerate the growth of the whole economy. Furthermore, they play a crucial role in the stimulation of economy wide competitiveness. Enabling sectors include electricity, water, ICT, logistics and financial services.
- Social sectors are the fundamental building blocks upon which the economy rests. They include education and health related sectors.

In articulating areas of intervention within the context of the taxonomy figure 2 describes the enabling sector interventions within the productive sectors. The figure below also describes the overlapping enablers across productive sectors.

4 Finally, based on these sectors, there are 5 overlapping enablers that we need to address



SOURCE: Interviews, team analysis

Figure 2: Enablers within Productive Sector

Tourism

Tourism is one of the significant job creating sectors in the province but has not achieved its growth and job creation potential. As a tourist destination, the province demonstrates obvious advantages but challenges that will be addressed by the Department within the next 5 years include:

- a) Awareness. The Western Cape will develop a clear tourism brand and co-ordinate tourism marketing efforts within the province amongst SA Tourism, the City of Cape Town, other Municipalities and Wesgro. The Department will identify key source markets that can grow relatively quickly.
- b) Accessibility. In improving accessibility to and within the Province, the Department will agitate for a simpler and easier visa processes particularly for identified growth markets and address issues regarding flights to the Western Cape. Within the Province, the Department will address issues regarding tourist logistical issues and impediments for tourists to move easily within the Province
- c) Attractiveness. It is recognised that the Province attractiveness is underdeveloped, particularly its cultural and heritage components that accentuates its unique history. Over the following 5 years the Department will develop its attractiveness as a tourist destination.
- d) Seasonality. It is recognised that a sustainable tourism industry has to address counter seasonality. In doing so the Department will grow winter tourism to supplement peak tourism times through further niche development.

Agri-Processing

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

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

- a) Market Access. Significant barriers to market access are experienced by the local industry. The split of responsibilities between the DTI, DAFF, Provincial Government and other national bodies complicates matters in addressing market access. An approach will be developed and actioned within the next 5 years to address issues regarding market access by strengthening the promotion and support for Western Cape agri-products.
- b) Access to energy and water. South Africa and the Western Cape is a relatively water scarce province. The lack of suitable water infrastructure hinders the development of the agricultural sector. In partnership with the Department of Agriculture the Department will develop an approach to addressing rural water scarcity. Electricity is very much a national problem. However, the Department will explore potential responses to energy problems experienced by the industry.
- c) Logistics and infrastructure. The sector is held back by poor, expensive and slow logistical infrastructure, which includes rail, port and road infrastructure. Inter-governmental and provincial inter-departmental approaches will be developed in addressing logistical issues experienced by the sector. Furthermore, the Department will explore the feasibility of the development of specialised agro-processing parks that provide improved infrastructure, R& D skills development facilities and other shared services.

Oil & Gas

The Western Cape Oil & Gas sector employs 35 000 direct formal jobs mainly in an Oil & Gas servicing capacity. It is estimated that the sector could add a further 60 000 jobs within the next 5 years. The key impediments to growth in the sector are supply side constraints such as infrastructure and skills shortages.

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

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

- b) Skills. Suitably qualified and experienced skills are a significant drag on industry growth. The Department will facilitate the development of suitable skills programs accompanied by apprenticeship support to ensure the availability of an experienced workforce.

Strategic goal of the Department

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

Strategic risks to the strategic goals of the department

The Department's top management has identified 9 key strategic risks for 2015 / 2016 which may negatively impact on the attainment of the Strategic Goals. Mitigation plans are being put in place in order to minimise the impact and likelihood of these risks becoming real threats to the operations. The management of these risks are captured in the Department's risk register. The risks are as follows:

1. The narrow focus as prescribed by Project Khulisa fails to achieve the objectives of PSG1 due to external market dynamics.
2. Inability of the Department to address the challenges impacting on the Project Khulisa enablers due to multiple stakeholders and ownership falling outside of the direct control of the Department resulting in an inability to achieve the objectives of PSG1.
3. Lack of strategic cohesion between government departments which inhibits effective programme implementation to grow and expand businesses within the identified priority sectors.

4. Inability to achieve an unqualified audit opinion due to material misstatements or material non-compliance in high risk areas such as Transfer Payments, Human Resource Management, Audit on predetermined objectives and Supply Chain Management as an result of an ineffective or inadequate control environment.
5. Inability to align the demand and supply for skills that drive the economy in the priority sectors due to:
 - lack of shared intelligence,
 - lack of coordinated response between business and skills development suppliers
 - short term demand versus long terms supply of skills (time lag) leading to an shortage of the required skills
6. Inability to effectively deliver on the goals and objectives of Project Khulisa due to inadequate delivery methods and structures leading to misaligned resources.
7. Inability to effectively combat the social ills which have an impact on the economic growth of the region due to the non-alignment of WC policies on substance abuse and other social ills.
8. The risk of data loss and possible lack of business continuity, due to inadequate implementation of appropriate Business Continuity Planning (BCP) and IT Disaster Recovery (DRP) measures.
9. Inadequate information security measures due to low implementation of the Provincial Information Security standards, resulting in limited ability to protect sensitive information (as required by POPI legislation) and potential reputational damage.

Programme 1: Adminitration



DEPARTMENT OF ECONOMIC DEVELOPMENT AND TOURISM

PART B: STRATEGIC OBJECTIVES

7. PROGRAMME 1: ADMINISTRATION

7.1.1 Purpose

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

7.1.2 Programme structure

The Programme is structured as follows:

- **Sub-programme 1.1: Office of the Head of Department**

To manage and direct the departmental transversal administrative programmes that give leadership to the department.

To effectively maintain an oversight function of the whole department's mandate and function.

- **Sub-programme 1.2: Financial Management**

To provide an effective financial management function

To ensure implementation of the PFMA and other related financial regulations and policies

To provide planning and budgeting support to the Department

To make limited provision for maintenance and accommodation needs

- **Sub-programme 1.3: Corporate Services**

To provide a strategic support function to the department

7.2 Sub-programme 1.2: Financial Management

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.

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

The PFMA, 1999, aims to:

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

Provincial Strategic Goal One (PSG 1) – Project Khulisa

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

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

7.2.1 Strategic Objectives

Strategic Objective	To achieve and maintain the highest level of financial governance.
Objective Statement	The identification and implementation of strategic interventions to assist the Department to attain and maintain the highest level of financial governance through the efficient, economical and effective use of Departmental resources to deliver on strategic objectives and the attainment of an unqualified audit opinion
Baseline	Unqualified audit opinion

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

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

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

Characteristic of all effective support functions is that the critical requirements are the convergence of the efforts of all and the transversal cooperation of those that the function supports. In lieu of this, The Financial Management directorate takes cognisance that the achievement of the highest level of financial governance is only possible once the afore-mentioned requirements are met.

Outcomes

The expected outcomes of this strategy are:

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

Focus Areas

The focus areas over the next five years are:

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

Promoting excellent client support services

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

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

Ensuring a financial legislative and policy framework in which efficient and effective processes may be implemented in the Department

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

Ensuring the Department is suitably capacitated to meet its financial management and governance standards

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

7.2.2 Strategic objective annual targets for 2015/16

Strategic Objective (Outcome Indicator)	Audited / Actual Performance			Estimated performance	Medium-term Targets		
	2011/12	2012/13	2013/14		2014/15	2015/16	2016/17
Unqualified Audit opinion	Unqualified Audit Report	Unqualified Audit Report	Unqualified Audit Report with no other matters	Unqualified Audit Report	Unqualified Audit Report	Unqualified Audit Report	Unqualified Audit Report

7.2.4 Performance indicators and annual targets for 2015/16

Programme performance indicator (Output Indicator)		Audited/Actual performance			Estimated performance	Medium-term targets		
		2011/12	2012/13	2013/14		2014/15	2015/16	2016/17
Sub-programme: Financial Management								
1.1	Average number of days for the processing of payments to creditors	Payment to creditors within 20 days	Payment to creditors within 30 days	Payment to creditors within 16 days	Payment to creditors within 30 days	Payment to creditors within 30 days	Payment to creditors within 30 days	Payment to creditors within 30 days
1.2	Number of internal control reports developed	-	-	12	8	8	8	8
1.3	Cumulative expenditure as a percentage of the budget (Actual expenditure/ Adjusted budget)	-	99.60%	98.51%	98%	98%	98%	98%
1.4	Percentage of departmental pre-determined objectives achieved (Total no. of indicators met/ total no. of indicators in APP)	-	-	83.22%	80%	80%	80%	80%
1.5	Percentage compliance to the implementation framework (Average score per staff member against NT competencies/ Total score per framework)	80%	70%	70%	70%	70%	70%	70%
1.6	Number of financial efficiency interventions implemented	4	4	5	4	4	4	4
1.7	Number of financial manual training sessions conducted	-	-	20	12	12	12	12

7.2.5 Quarterly targets for 2015/16

Programme performance indicator		Reporting period	Annual target 2015/16	Quarterly targets			
				1st	2nd	3rd	4th
Sub-programme: Financial Management							
1.1	Average number of days for the processing of payments to creditors	Quarterly	Payment to creditors within 30 days	Payment to creditors within 30 days	Payment to creditors within 30 days	Payment to creditors within 30 days	Payment to creditors within 30 days
1.2	Number of internal control reports developed	Quarterly	8	2	2	2	2
1.3	Cumulative expenditure as a percentage of the budget (Actual expenditure/ Adjusted budget)	Quarterly	98%	20%	40%	75%	98%
1.4	Percentage of departmental pre-determined objectives achieved (Total no. of indicators met/ total no. of indicators in APP)	Quarterly	80%	80%	80%	80%	80%
1.5	Percentage compliance to the implementation framework (Average score per staff member against NT competencies/ Total score per framework)	Annually	70%				70%
1.6	Number of financial efficiency interventions implemented	Annually	4				4
1.7	Number of financial manual training sessions conducted	Quarterly	12	3	3	3	3

7.2.6 Risk Management

Strategic Objective: To achieve and maintain the highest level of financial governance.	
Risk Statement	Risk Mitigation Strategy/ies
Inability to achieve an unqualified audit opinion due to material misstatements or material non-compliance in high risk areas such as Transfer Payments, Human Resource Management, Audit on predetermined objectives and Supply Chain Management as a result of an ineffective or inadequate control environment.	<ol style="list-style-type: none"> 1. An approved departmental Financial Manual and delegations of authority updated and maintained annually; 2. Internal Control audits on Transfer payments, Predetermined objectives, financial statements, reconciliations, Supply Chain Management; 3. Transaction checklists; 4. Financial Management task team for Transfer Payments and Supply Chain Management transactions; 5. Financial Management training to line functions to ensure competency; 6. Training for Financial Management staff to ensure competency. 7. Standard operating procedures updated annual and as required; 8. Establishment of a departmental Governance Committee to ensure sound governance structures; 9. Programme monitoring and evaluation frameworks 10. Auditor General action plan to monitor and manage all auditable and high risk areas to ensure an unqualified audit opinion.

7.3 Sub-programme 1.3: Corporate Services

Performance Delivery Environment

The Corporate Services sub-programme consists of the Department's Client Relations Unit and Departmental Communication.

The Department's communication strategy is aimed at engaging internal employees, as well as the public, through marketing campaigns, events, 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 necessitates the Department to access global best practice standards and specialist communication services to enhance service delivery.

The Communication Unit offers a support service and the Unit's work underpins and support departmental and ministerial communication. The communication interventions support the achievements of the department's strategic outcomes.

The sub-programme will provide uniformity in communicating the departmental initiatives, successes and challenges to internal and external clients and stakeholders.

7.3.1 Strategic Objectives

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

7.3.2 Strategic objective annual targets for 2015/16

Strategic Objective (Outcome Indicator)	Audited / Actual Performance			Estimated performance	Medium-term Targets		
	2011/12	2012/13	2013/14		2014/15	2015/16	2016/17
Awareness rating by stakeholders of the Department. (No. of positive feedback received / survey size)	-	70%	70%	70%	-	70%	70%

7.3.3 Implementation Plan:

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

7.3.4 Performance indicators and annual targets for 2015/16

Programme performance indicator (Output Indicator)		Audited/Actual performance			Estimated performance	Medium-term targets		
		2011/12	2012/13	2013/14		2014/15	2015/16	2016/17
Sub-programme: Corporate Services								
1.1	Number of departmental events coordinated and / or supported	29	34	28	20	20	20	15
1.2	Number of Annual Report copies produced in English	300	300	300	300	300	300	300
1.3	Number of official documents translated	28	50	53	20	20	20	37
1.4	Maintenance and update of the departmental website	18	21	27	12	12	12	12

7.3.5 Quarterly targets for 2015/16

Programme performance indicator		Reporting period	Annual target 2015/16	Quarterly targets			
				1st	2nd	3rd	4th
Sub-programme: Corporate Services							
1.1	Number of departmental events coordinated and supported	Quarterly	20	5	5	5	5
1.2	Number of Annual Report copies produced in English	Annually	300	-	300	-	-
1.3	Number of official documents translated	Quarterly	20	5	5	5	5
1.4	Maintenance of and update of the departmental website	Quarterly	12	3	3	3	3

7.3.6 Risk Management

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	
Risk Statement	Risk Mitigation Strategy/ies
Poor communication due to insufficient human resource capacity to deliver on service demands.	Compiling an events calendar and communication plan to anticipate demands on service. Training and recruitment to fill vacant posts.
The reputation of the Department can be at risk if inappropriate information or incorrect information is released.	Press engagements are funnelled through one central, expert point (Media Liaison Officer within Ministry) to ensure consistency and quality control of responses.

7.4 Reconciling performance targets with the Budget and MTEF

7.4.1 Expenditure estimates

Sub-programme		Audited			Main appropriation Adjusted appropriation	Adjusted appropriation	Revised estimate	Medium term expenditure		
		R'000	2011/12	2012/13				2013/14	2014/15	2014/15
1.	Office of the HOD	2 259	3 486	2 405	3 080	2 292	2 292	4 495	5 820	5 917
2.	Financial Management	17 097	20 122	23 288	26 182	24 449	24 449	25 977	25 842	27 154
3.	Corporate Services	1 409	1 602	7 556	10 839	8 605	8 605	9 497	9 230	7 423
Total payments and estimates		20 765	25 210	33 249	40 101	35 346	35 346	39 969	40 892	40 494
Economic classification										
	Current payments	19 739	23 749	30 388	39 431	32 873	32 873	39 067	40 756	40 358
	Compensation of employees	14 209	15 834	17 542	21 956	19 854	19 854	23 482	26 776	28 164
	Goods and services	5 529	7 915	12 846	17 475	13 019	13 019	15 585	13 980	12 194
	Interest and rent on land	1								
	Transfers and subsidies	44	14	22		23	23			
	Provinces and Municipalities									
	Departmental agencies and accounts									
	Universities and technikons									
	Foreign governments and international organisations									
	Public corporations and private enterprises									
	Non-profit institutions									
	Households	44	14	22		23	23			
Transfers and subsidies to Capital										
	Government Motor Trading Account									
	Payments for capital assets	950	1 447	2 825	670	2 450	2 450	902	136	136
	Buildings and other fixed structures									
	Machinery and equipment	709	1 430	2 825	670	2 450	2 450	902	136	136
	Heritage assets									
	Specialised military assets									
	Biological assets									
	Land and subsoil assets									
	Software and other intangible assets	241	17							
	Payments for financial assets	32		14						
Total economic classification		20 765	25 210	33 249	40 101	35 346	35 346	39 969	40 892	40 494

Programme 2: Integrated Economic Development Services



DEPARTMENT OF ECONOMIC DEVELOPMENT AND TOURISM

8. PROGRAMME 2: INTEGRATED ECONOMIC DEVELOPMENT SERVICES

8.1.1 Purpose

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

8.1.2 Programme structure

The programme is structured as follows:

- **Sub-programme 2.1: Enterprise Development**
To support and promote development of business enterprises
- **Sub-programme 2.2: Regional and Local Economic Development**
To promote economic growth and development of regional and local economies in partnership with key stakeholders by aligning LED initiatives with Government
- **Sub-programme 2.3: Economic Empowerment**
To facilitate the process of empowerment and creation of an enabling business environment for PDIs
- **Sub-programme 2.4: Red Tape Reduction**
To reduce the identified regulatory requirements flowing from regulations, legislation and interpretive policies
- **Sub-programme 2.5: Management IEDS**
To conduct the overall management and administrative support to the Programme

Context

In providing the context and contribution to both national and provincial outcomes, the work of the Programme for the year will be guided by key national policies and strategies, and more importantly, focussed in terms of the Provincial Strategic Goal One (PSG1), as determined by Project Khulisa. This will ensure alignment with all relevant national and provincial policies and strategies, whilst garnering support from stakeholders to jointly realise common outcomes. Below is an exposition of the aforesaid.

The activities of the Programme are closely aligned to the National Development Plan (NDP)'s stated objectives of, first, reducing the cost of regulatory compliance, second, increasing support for small and medium sized businesses. In addition, the Programme's work becomes even more relevant when viewed against the backdrop of the Medium Term Strategic Framework (2014-2019) which appeals for support in the following areas:

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

Project Khulisa and the Ease of Doing Business

The adoption of Project Khulisa as the primary driver of PSG1 has meant that the Programme will need to take a far more focussed approach to what has been identified as priority sectors (i.e. tourism, rig repair and agro-processing) and enablers (e.g. engagement with national government regarding regulations, energy and water) over the next three to five years. Project Khulisa is also quite specific and clear on the path and interventions to be followed to ensure accelerated, sustained growth and job-creation.

Furthermore, Project Khulisa argues for specific actions need to be taken within the priority sectors and enablers. Critically, a common thread throughout the proposed actions of Project Khulisa is the improvement of the enabling environment for businesses to be start, develop and grow.

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; external trade policy; governance and institutions; physical security; the social and cultural context of business; macroeconomic policies; access of firms to financial and business services; and the availability of physical and social infrastructure services. In short, the enabling environment comprises all those factors that inhibit or favour the growth and development of business and ultimately economic growth and labour absorption.

The enabling environment is now widely recognised as a mechanism through which greater development outcomes can be achieved. A sound enabling environment for private sector led growth is "critical". The investment climate shapes the costs and risks of doing business, as well as barriers to competition, all of which strongly influence the role of the private sector in social and economic development. The Investment Climate Assessment of India , for example, shows that better regulations and laws for private sector development, as well as better infrastructure, can increase the GDP growth rates by up two percentage points per annum (DFID 2004).

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

Similarly, the World Economic Forums' "Global Competitiveness Report (GCR) 2014-2015 (GCR): Accelerating a Robust Recovery to Create Productive jobs and Support Inclusive Growth", identifies factors that determine competitiveness both on a national and sector level. Competitiveness is defined as the set of institutions (including systems and procedures), policies (including regulations and legislation) and factors that determine the level of productivity of a country or sector. The GCR identifies 12 pillars of competitiveness, which include, institutions (both the legal and administrative frameworks and the capacity to deliver on mandates), goods market efficiency, infrastructure, business sophistication and technological readiness.

Connecting this to Project Khulisa, clearly, competitiveness is crucial to the priority sectors since it is competitiveness that will determine the strength and growth of the particular sector. Project Khulisa's choice of sectors in terms of "attractiveness" and "feasibility" is closely linked to the identified competitive strengths of each of these sectors.

For our purposes, we will define the EDB as the extent to which the factors of (1) regulations and legislation, (2) systems and procedures, (3) communication, and, (4) any other factors (e.g. access to finance) are conducive to new businesses being established and existing businesses to grow and and/or absorb labour. An additional element crucial to these factors is that of spatial context within which these will need to occur.

In line with international best practice, the "game changer" approach by Project Khulisa deliberately identifies a small number of high potential opportunities that can deliver meaningful jobs and growth within a 3-5 year time-frame. Of particular relevance to Programme 2 are the following:

- a) small business in agri-processing and rig repair (supplier development);
- b) regulatory issues as key challenge across agro-processing, rig repair and tourism, and,
- c) the spatial context of the growth of the identified sectors as a means of supporting growth and job-creation across the province.

For the next five years, commencing in 2015/2016, Programme 2 will be focussed on improving the EDB in the Western Cape. This focus will be biased towards the three priority sectors of tourism, agro-processing and rig repair, as identified by Project Khulisa. The strategic intent will then comprise (1) increasing the number of new businesses, (2) growing existing businesses and (3) improving the business regulatory environment.

Attention will also be paid to co-coordinating growth and development activities outside of the Cape Town metro area and building institutional capacity of stakeholders and institutions (e.g. Municipalities) in the rural districts.

8.2 Sub-programme 2.1: Enterprise Development

Performance Delivery Environment and sub-programme activities

Below is an exposition of first, the service delivery dynamics within the environment of the sub-programme, and second, the key programmes and projects that will contribute to the realisation of the objectives as pursued by Project Khulisa.

Entrepreneurship

Globally, small businesses play a critical role in absorbing labour, penetrating new markets and generally expanding economies in creative and innovative ways. The Global Entrepreneurship Monitor (GEM) report (2013) highlights the high levels of unemployment and the low total early-stage entrepreneurial activity (TEA) rate in the Western Cape (7% compared to Gauteng's 15,4%). South Africa's TEA rate (in 2013) stands at a disappointing 9,5%. Alarmingly, it is nearly 50% below the average of efficiency-driven economies (14,3%). Societies' perception about entrepreneurship and pursuing it as a career choice (visibility and attractiveness) is of critical importance.

One of the key elements of increasing the entrepreneurship rate (as measured by GEM) is the promotion and celebration of entrepreneurship as a fundamental component of building an entrepreneurship culture. This promotion and celebration starts with school-going youth and reaches to the adult working population.

In making a meaningful contribution to the development of an entrepreneurial culture, the Premier's Entrepreneurship Recognition Awards (PERA) will act as the flagship project to enhance the culture of entrepreneurship. Building on the success of the programme over the past two years and using this as a platform for a much more impactful intervention, following the significant additions will be made:

- a) Expanded categories to include (1) the priority sectors of tourism, oil and gas and agri-processing,, and (2) youth from schools and tertiary institutions (FETs and universities), and
- b) A pipeline of potential entrants that will be drawn from four distinct projects:
 - i. High School Entrepreneurship – a partnership with all the key role-players (e.g. Junior Achievement) involved in extra-curricular entrepreneurship programmes;
 - ii. Business Idea and Incubation – a collaborative project involving all four provincial tertiary institutions, namely, UWC, UCT, US and CPUT;
 - iii. Emerging Business Support Programme – a capacity building intervention aimed at fast-tracking the growth of (the smaller) emerging small businesses, and
 - iv. Investment readiness - capacitating businesses to package their product offerings to ensure they are able to access funding opportunities from funding institutions
 - v. Business development and innovation Support - Provision of business development support services to enhance the capacity of small enterprises (including informal businesses) in partnership with credible organisations. Through strategic partnerships we will assist entrepreneurs to understand the underlying value of their innovation or business model coupled to the application of their innovation.

Agri-processing

The role of small businesses (SMMEs) in the agri-processing sector is underscored in by the findings and recommendations of Project Khulisa. The potential to increase the sector's GVA by 126% and jobs by an additional 100 000, depends on our ability to develop and grow the small businesses in this sector. According to Project Khulisa, the sector is dominated by small businesses.

Project Khulisa identified the following challenges within agri-processing relevant to the Enterprise Development unit (i.e. SMMEs), (1) cost and access to finance, (2) access to markets and export markets, and (3) compliance with regulations. In response to these challenges, it recommends the activation of the following levers:

- a) Access to finance;
- b) Access to local and global markets, and
- c) Dedicated advisory services.

Linked to this is a recent report by the provincial Department of Agriculture which identified the lack of business support (financial and non-financial) to emerging farmers as one of the key factors contributing to the failure of land reform beneficiary projects.

In delivering on the recommendations of Project Khulisa, the sub-Programme will embark upon the following interventions in the sector:

- a) **Access to finance:** This will comprise two parts – first, the extensive marketing and facilitation of all national funding available to businesses active in the sector, and second, a provincial fund (managed by the sub-programme) that will provide funding for capital equipment and improving operational efficiencies (e.g. becoming compliant with regulatory requirements such as certification, and delivering on export requirements);
- b) **Growth acceleration:** Similar to incubation, but much more concentrated and intense in terms of focused support, this project will see the selection of high growth potential small businesses selected as part of the 6-8 month programme;

Oil and Gas (rig repair)

In midstream services alone (discounting exploration), this sector directly accounts for 35 000 jobs in the province and could add a further 60 000 jobs by 2019 (Project Khulisa, 2014). The sector, although dominated by capital-intensive investment firms, depends on a network of smaller suppliers (contractors) to support the major firms. The availability of capable small contractors that are able to deliver quality services is one of the key elements in attempting to grow the sector's contribution in terms of GVA and employment.

As part of the port infrastructure focus, Project Khulisa identified supplier development as one of the initiatives required to bolster regional capacity in handling increased vessel traffic into the ports of the province. Furthermore, the kick-off of the Clean Fuels strategy – requiring the compulsory upgrading of the country's refineries – means that service providers (many being small businesses) will have to be both capable (in terms of capacity) of and able (in terms of capital and operations) to deliver on the required services.

The sub-Programme will strengthen the work already being done by Programme 3 and SAOGA regarding supplier development, through the following interventions:

- a) Access to finance. Providing financial support to firms (that have been identified through SAOGA's programme of benchmarking) to implement capacity-improving recommendations, e.g. tooling, processes, etc.
- b) Growth acceleration. Similar to incubation, but much more concentrated and intense in terms of focused support, this project will see the selection of a number of high growth potential small businesses as part of the 6-8 month programme.

8.2.1 Strategic Objectives

Strategic Objective	To contribute to the sustainability and expansion of small businesses
Objective Statement	To expand 500 small and medium businesses through financial and non-financial support measures
Baseline	2013/2014 – 604 businesses expanded and or sustained

8.2.2 Strategic objective annual targets for 2015/16

Strategic Objective (Outcome Indicator)	Audited / Actual Performance			Estimated performance	Medium-term Targets		
	2011/12	2012/13	2013/14		2014/15	2015/16	2016/17
Number of businesses expanded	-	-	201	300	100	105	130
Number of jobs facilitated	-	1 747	679	-	-	300	350
Value of funding leveraged	R4,2 m	R 4,38 m	-	-	R2m	R2m	R2,5m

8.2.4 Performance indicators and annual targets for 2015/16

Programme performance indicator (Output Indicator)		Audited/Actual performance			Estimated performance	Medium-term targets		
		2011/12	2012/13	2013/14		2014/15	2015/16	2016/17
Sub-programme: Enterprise Development								
1.1	Number of businesses supported	5 201	2 398	2 343	3 300	1 210	1 300	1 400
1.2	Number of entrepreneurship promotion and business support interventions	-	-	-	-	10	10	10

8.2.5 Quarterly targets for 2015/16

Programme performance indicator		Reporting period	Annual target 2015/16	Quarterly targets			
				1st	2nd	3rd	4th
Sub-programme: Enterprise Development							
1.1	Number of businesses supported	Quarterly	1 210	-	310	380	520
1.2	Number of entrepreneurship promotion and business support interventions	Quarterly	10	-	-	5	5

8.2.3 Risk Management

Strategic Objective: Contribute to the sustainability and expansion of small businesses	
Risk Statement	Risk Mitigation Strategy/ies
Lack of strategic cohesion between government departments which inhibits effective programme implementation to grow and expand businesses within the identified priority sectors.	Develop joint planning and an implementation strategy with stakeholders involving Trade and Sector Development, provincial Department of Agriculture, DAFF, Department of Small Business Development (dsbd) and DTI.
Insufficient take-up of support services by small businesses in the priority sectors due to limited awareness of services being offered	<ul style="list-style-type: none"> Develop a comprehensive media awareness campaign through various mediums involving all identified stakeholders. Regular engagements with recipients to establish the benefit of the interventions to ensure continued commitment to the implementation programme. Strengthen relationships with development financiers (DTI, IDC, SEFA) in order to increase the uptake of financial products.

8.3 Sub-programme 2.2: Regional and Local Economic Development

Performance Delivery Environment and relevant sub-programme activities

Below is an exposition of firstly, the service delivery dynamics within the environment of the sub-programme, and secondly, the key programmes and projects that will contribute to the realisation of the objectives as pursued by Project Khulisa.

The primary national response that impacts on local economic development and growth is the National Development Plan (NDP) with its 2030 delivery plans. In addition, the MTSF provides a common framework for detailed planning around, amongst other priority areas, “addressing spatial imbalances in the economy”, and “improvement of local government capacity” to ensure effective and efficient service delivery against National Outcomes 1, 4 and 5. The particular focus of the policy response to LED lies in the following:

- broadening access to employment and raising rural incomes;
- steps to be taken by the state to professionalise the public service, strengthening accountability and improving coordination;
- addressing spatial imbalances in the economy, and
- improving local government capacity to ensure effective and efficient service delivery.

Project Khulisa identifies the sectors, namely tourism, agri-processing and oil and gas (rig repair) and critical enablers (e.g. energy and water) that are deemed to have the greatest potential for accelerated, sustained growth and job-creation. Besides the choice of these sectors being based on “attractiveness” and “feasibility”, the “secondary lens” used in the selection was the sector’s share of growth outside the Cape Town metro, this given the importance of supporting growth and job-creation across the province.

However, it must be noted that growth of these sectors outside of the Cape Town metro can face significant challenges. One very important challenge is that of the local and district Municipalities being willing and able to pursue an economic growth agenda. It is within this context that the capacity of local and district Municipalities needs to be addressed and raised. The fact is that the metros, compared to rural Municipalities, are far more cognisant of the importance of local economic development (LED) and are able to pour significantly more resources (human and financial) into LED. Given that most of the activities of the priority sectors (e.g. agri-processing) occur outside of the Cape Town metro area, local and district government capacity to plan and manage sector growth will need to be a focal point. A further challenge is that these sectors (e.g. tourism) transcend the political boundaries of defined Municipalities and where the main sector activity may be confined to a specific municipal area, vital supporting and ancillary services may lie outside of that municipal area. In this case, proper co-ordination of economic growth planning and implementation is a necessary requirement for the growth of the sector and the region.

The three areas on which the sub-programme will focus in exploiting the growth potential of agri-processing, tourism and oil and gas (rig repair) will be:

- a. strengthening local government capacity, and
- b. facilitating sound regional co-ordination of provincial government economic support activities, and
- c. provision of district and local economic intelligence

Municipal Support Programme (MSP)

Municipalities are challenged by policy, institutional, regulatory, infrastructure and cultural conditions that govern formal and informal business activities. It is therefore important that effort is made to build and support the functionality (capabilities and capacities) of local government to provide a local business enabling environment.

The MSP will support Municipalities to improve their capacity to contribute to LED within the context of IDPs. The department will provide municipal support based on both assessment of municipal performance, along with developing intervention to address identified areas for improvement. The change we seek for Municipalities include a change in their practices and approaches, and the adoption of policies that are more conducive to an enabling environment. More capable and mature local Municipalities across all the regions mean the likelihood in achieving economic sustainability and exploiting the growth potential of the Project Khulisa-identified sectors is improved.

The MSP will comprise:

- a) LED assessments. Through this process municipal proficiency will be measured and municipal performance will be monitored. The LED Maturity Level Index will be the primary tool for measuring the capability of a municipality to deliver service and a more enabling environment for business to operate within. The sub-

Programme's annual assessments of municipal IDPs, will be used to provide leadership and guidance to Municipalities within their IDPs, where relevant, the development and growth of the PK-identified sectors of tourism, agri-processing and oil and gas (rig repair), and

- b) Municipal capacity building. Based on the identified gaps and areas of improvement that emerge from the assessments, capacity-building initiatives will be identified and jointly decided upon (with the relevant municipality) to be implemented.

The particular focus in terms of capacity-building will be the continuation of the drive to professionalise LED officials through the Professional Programme for LED, an NQF-level accredited programme. This programme is a joint effort of DEDAT and the University of the Western Cape (UWC) to equip all municipal LED officials with a professional qualification in LED.

Regional co-ordination programme (RCP)

The NDP 2030, OneCape 2040, the PSGs and Project Khulisa all identify national and provincial priorities. Along with priorities of Municipalities within IDPs, the challenge that emerges is how to synthesise these priorities into cohesive delivery plans. The department is cognizant of the fact that a lack of coordination at regional level can leave city, municipal, district and provincial economies isolated and un-competitive. The RCP will aim to improve public sector planning and action, and influence private sector collaboration and partnerships needed to stimulate local economies and grow the regional economy. Only collective coordinated effort will translate into delivery and the intervention areas proposed not only has regional coordination as its focus, but intends to create inclusive and sustainable spatial impact.

The RCP will comprise two parts, namely, Priority Sector Initiatives and Transversal Initiatives.

a) Priority Sector Initiatives:

- i. The intent is to see prioritised sectors land spatially across the province. The sub-programme will support Project Khulisa priority sector initiatives (in Agriculture and Agri-processing, Tourism, and Oil and Gas) to be realized in the most appropriate spatial locations and municipal areas of the province that affords the best possible optimization for jobs and growth targets. Similarly the sub-programme will support intervention geared at unlocking key enablers (e.g water, infrastructure, skills, energy, regulation, etc.) that are critical if economic growth and jobs are to be realized. The sub-programme will use this sectoral focus to encourage urban and rural development plans. It will facilitate intervention with Municipalities, national and provincial sector departments and delivery agents that both focus on supporting businesses in these prioritised sectors and unlock solutions to optimise the key enablers.

b) Transversal Initiatives:

- i. National interventions. There is a requirement of our department to participate in planning and implementation related to national and provincial imperatives and priority programmes. National programmes include the Informal Business Upliftment Program (IBUP) aimed at stimulating informal or township economies with support intervention, the national BacktoBasic (B2B) and LGTAS programs of DCOG, and the CRDP nodal program of RDLA.
- ii. Provincial Interventions. Transversal provincial projects include support on the Joint Planning Initiatives (JPI) with Municipalities. The department has been identified to both drive and participate in, proposed JPI intervention areas. A substantive coordination role will therefore be needed to support the prioritisation and synchronisation of the department's activities across the 30 municipal areas; the RSEP-VPUU project focused on revitalisation efforts in specific localities; geographically-focused initiatives like the IDZ development, and the provincial CRDP nodes and agricultural hubs to support rural development; support required to stimulate the informal sector as a priority of government.
- iii. Economic-Agenda Platforms. This means maximising the utilisation of existing platforms and economic transversal work groups to drive economic agendas that are geared at local delivery. The sub-programme will strengthen coordination with support to district LED Forums and hosting a Provincial LED Forum for all Municipalities that serves as platforms to create and maintain awareness of public sector support, new developments, collaborative potential, etc.

We will capitalise on these networks, strengthening cooperative governance and support the development of mechanisms for improved IGR to successfully drive the PSG 1 objectives and PK priorities.

- iv. District-level Spatial Planning. Although the sub-programme will support sector priority projects that may be localised in terms of its geographical character, like the IDZ in Saldanha Bay, the spatial approach of the department is to focus on districts and build district-level economies in a manner that maximises the potential of collective local (municipal) economies. This provides the department with strategic focus and allows us to adhere to fiscal discipline. Specifically, the sub-programme will focus on greater district-level support provided in economic planning. This will inform the forward planning by the Department (that are aligned to IDP and LED strategies of localities) and inform municipal integrated development planning and delivery (that is aligned to PSG 1 and Project Khulisa).

The five district Municipalities and the Cape Town metropolitan municipality will potentially serve as the primary point of departure for strategic planning and spatial integration. By way of example, support to a proposed functional corridor will need inter-regional planning and co-ordination if it is to impact on the regional economy in a positive manner in respect of growth. The sub-programme will consider the support that can be provided to non-metro towns within districts where economic growth potential can be maximised, or support regeneration or revitalisation of existing economic nodes or corridors that impacts at district level and not only local level. The intent is to promote productive and competitive space-economies across the province.

c) District-level Economic Intelligence

The creation and maintenance of a credible repository of local-level data, information and intelligence, will be supported by the sub-programme as a transversal project in the department. This would aim to ensure that credible, updated profiles of local regions are created and maintained. It is needed to support trend analysis performed; and would provide a platform where regional distress situations and latent and emerging economic opportunity could appear on a departmental economic radar. This would serve the purpose of both alerting the department and informing scenario planning, and also informing forward planning.

This repository would need to be innovatively designed to ensure a system that can be both timeously accessed, and present an up-to-date profile of the region as required. Ongoing sector and district intelligence will be provided by staff frequently interacting with relevant role-players and engaging in research. This district level economic intelligence will be crucial in tracking and monitoring the impact of our Project Khulisa-related interventions (in the sectors of agri-processing, tourism and oil and gas).

8.3.1 Strategic Objectives

Strategic Objective	To improve the business environment in non-metro areas through effective LED coordination that supports growth of the regional economy
Objective Statement	<ol style="list-style-type: none"> 1. To ensure that the LED Maturity Index Average increases by 6% annually through the provision of municipal assessments and strategic planning. 2. To maintain a Co-ordination Satisfaction Index of 70% amongst key stakeholders.
Baseline	<ol style="list-style-type: none"> 1. Baseline for the LED Maturity Index has been established to inform 2015 2. Baseline for the Co-ordination Satisfaction Index to be established in 2015

8.3.2 Strategic objective annual targets for 2015/16

Strategic Objective (Outcome Indicator)	Audited / Actual Performance			Estimated performance	Medium-term Targets		
	2011/12	2012/13	2013/14		2014/15	2015/16	2016/17
Ensure that the LED Maturity Index Average increases by 6% annually	-	-	-	Aggregate baseline score established	LED Maturity Index Average increases by 6%	LED Maturity Index Average increases by 6%	LED Maturity Index Average increases by 6%
Maintain a Co-ordination Satisfaction Index of 70% amongst stakeholders	-	-	-	Establish Co-ordination Satisfaction Index	Co-ordination Satisfaction Index = 70%	Co-ordination Satisfaction Index = 70%	Co-ordination Satisfaction Index = 70%

8.3.4 Performance indicators and annual targets for 2015/16

Programme performance indicator (Output Indicator)	Audited/Actual performance			Estimated performance	Medium-term targets			
	2011/12	2012/13	2013/14		2014/15	2015/16	2016/17	2017/18
Sub-programme: Regional and Local Economic Development								
1.1	Number of priority sector initiative (psi) supported	-	-	-	-	3	6	10
1.2	Number of Transversal Initiatives supported	-	-	-	-	5	8	12
1.3	Number of LED Assessments	-	30	30	30	30	30	30
1.4	Number of capacity building intervention to Municipalities	3	4	5	5	1	1	1
1.5	Number of bi-annual district intelligence reports	-	-	-	-	10	10	10

8.3.5 Quarterly targets for 2015/16

Programme performance indicator		Reporting period	Annual target 2015/16	Quarterly targets			
				1st	2nd	3rd	4th
Sub-programme: Regional and Local Economic Development							
1.1	Number of Priority Sector Initiatives (PSI) supported	Quarterly	3		1	1	1
1.2	Number of Transversal Initiatives supported	Quarterly	5	-	2	2	1
1.3	Number of LED Assessments	Annual	30				30
1.4	Number of capacity building interventions to Municipalities	Annual	1				1
1.5	Number of bi-annual district intelligence reports	Quarterly	10		5		5

8.3.6 Risk Management

Strategic Objective: To improve the business environment in non-metro areas through effective LED coordination that supports growth of the regional economy	
Risk Statement	Risk Mitigation Strategy/ies
Given capacity and competency challenges at local government level, there is inadequate LED planning and execution by Municipalities to positively impact on LED efforts and hence increase economic growth.	<ul style="list-style-type: none"> Consistent close working relations with Municipalities to ensure identified gaps are understood, unpacked and addressed to the best of their abilities with support by the department as required. The department to annually assess and implement changes to the Assessment process to best accommodate municipal challenges (e.g. logistic arrangements) to assist in gaining the most optimal results from assessments Capacity building intervention implemented to assist in capacity and/or competency levels being supported.
Limited participation of and engagement by key role-players in providing PSG-related support to Municipalities and districts.	<ul style="list-style-type: none"> Effective communication and awareness created around the purpose of, and the need for, co-ordinated support to Municipalities and districts. Utilisation of existing platforms (e.g. LED forums, PSG Work Groups) to jointly plan and execute selected initiatives. Utilisation of produced District intelligence reports to identify potential opportunities and threats that may impact co-ordination efforts. <p>Scheduled engagements with both internal and external role-players on pre-determined basis.</p>

8.4 Sub-programme 2.4: Red Tape Reduction

Performance Delivery Environment and sub-programme activities

Below is an exposition of first, the service delivery dynamics within the environment of the sub-programme, and second, the key programmes and projects that will contribute to the realisation of the objectives as pursued by Project Khulisa.

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

Generally, research has shown that overall there are key elements that impede the development of a regulatory environment conducive to business establishment, development and growth. These include:

- lack of awareness among key stakeholders of the impact of red tape on the business environment, and thus on economic growth and development;

- inadequate consideration, prior to the approval and implementation of new legislation, regulations and policies, of the impact on businesses, and
- inefficient processes and systems and poor client interfaces that hamper the ease of doing business.

More importantly, Project Khulisa has provided impetus for the activities of the Red Tape Reduction unit to be much more focused and in-depth. In all of the three identified sectors (as part of Horizon 1) the improvement of the regulatory environment has been highlighted as a significant barrier to the development and growth of the sectors. In fact regulatory-related issues have been identified by Khulisa as one of the key “enablers”.

For the next five years the sub-programme's activities will be grouped as interventions in the following areas; (1) awareness and advocacy, (2) agri-processing, (3) tourism, and (3) oil and gas (rig repair).

Awareness and advocacy

There remains a general lack of awareness among the key stakeholders, namely business people and government officials, particularly in the rural areas of the province, of the impact that red tape has on the business environment. The cost associated with red tape is not only limited to business, but also impacts on the budgets of government departments and the regulators reporting to them. In the provincial and local government context, rules and regulations which are unnecessary or do not help to achieve their policy objectives make it more difficult for officials to do their jobs. Unnecessary or complicated procedures and systems also create costs. There might be increased training, compliance, enforcement and performance monitoring cost for management and staff to implement the procedures and systems.

A further challenge that remains relates to the limited platforms available for business to engage with a regulator regarding both impending legislation (and regulations) and issues regarding the execution of existing legislation.

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

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

Agri-processing

Project Khulisa mirrors the findings of research report commissioned by the unit in 2011/12 regarding the agri-processing sector where, alongside the clothing and textiles sector, the province's manufacturing base has traditionally centred on food processing ..., dominated by the agricultural value chain – encompassing primary production, food processing and beverages." Within the agri-processing sector, food processing is a dominant contributor to the province's export base. Much of this is underpinned by exports of key processed products such as wine, canned fruit products, jams and dried fruit. In addition, the New Growth Path highlights the employment creation potential of agriculture, and agri-processing in particular. Agri-processing is also given priority attention in the Industrial Policy Action Plan (IPAP).

The report concluded that food processors in South Africa must comply with a wide variety of legislation and associated regulatory requirements before their products are permitted for sale in local markets, including, labelling and advertising regulations issued in terms of the Foodstuffs, Cosmetics and Disinfectants Act, 1972; Consumer Protection Act, 2008 and the Medicines and Related Substances Act, 1965.

Project Khulisa is emphatic about the regulatory framework in the agri-processing sector, highlighting two critical aspects;

- Unattractiveness of the business environment because of the regulatory burden (e.g. red tape, setting permits, requirements, certifications) and uncertainty, and
- Insufficient enforcement of rule and regulations on the domestic market (e.g. lack of monitoring /quality of control on imported products, competition from the informal market)

The red tape issues in this sector that have been identified for possible intervention over the 5-year period include:

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

The interventions that will be undertaken to address the regulatory issues within the agri-processing sector will include:

- Calculation of the cost of red tape – this will establish the baseline cost related to red tape in the sector and will provide a basis upon which all future (post 2015) projects will be determined. It will also serve as a monitoring and evaluation tool for the sub-Programme's effectiveness in addressing the key issues;
- Regulatory reviews – useful tools in reviewing, identifying and addressing key constraints of the sector's regulatory environment.
- Business process improvement – identifying ineffectual processes and proposing business process improvements to enhance the delivery of business-facing services provided by regulators. This process will be done in conjunction with standard cost modelling exercises.

Tourism

Tourism is identified by Project Khulisa as a sector that if properly exploited could add an additional 120 000 jobs and increase the sector's GVA by 65% to RR28bn.

As one of the key challenges related to "accessibility", the onerous visa restrictions are raised as a critical hindrance to attracting more tourists (especially from China and India) to the Western Cape. The importance of these markets does not only relate to the sheer volume of tourists (e.g. Chinese tourists prefer travelling in large groups), but also the fact that these tourists prefer visiting the province during low season. When the new visa regulations were introduced earlier this year there was a significant drop in Indian and Chinese bookings (accommodation and charter buses).

Furthermore, with one of Project Khulisa's key recommendations for growing tourism being increasing significantly the number of events (e.g. cycling and festivals), the concomitant red tape-related issues (e.g. temporary rezoning and liquor licence applications) linked to such events are set to increase. This exacerbated by Municipalities having different event permitting requirements that could negatively impact on "cross- municipal" events such as cycling races.

The sub-programme's contribution to the growth of the sector will be through a programme that will execute the following:

- Calculation of the cost of red tape – this will establish the baseline cost related to red tape in the sector and will provide a basis upon which all future (post 2015) projects will be determined. It will also serve as a monitoring and evaluation tool for the sub-programme's effectiveness in addressing the key issues;
- Red Tape BIZ Challenge – eliciting inputs and recommendations from the sector's stakeholders through a process of stakeholder engagement via online engagements;
- Regulatory reviews and business process improvements related to special events. This will be done through the engagement with provincial and local authorities with the objectives of, (a) harmonising events permitting regulations across districts, (b) improving the application processes for events and allied applications (e.g. temporary liquor licencing), and

- Engagement with national government regarding the relaxation of onerous visa requirements, especially regulations affecting the key source markets (e.g. China and India).

Oil and gas (rig repair)

In the absence of a “deep dive” exercise, statistics and information for the sub-sector of rig repair, are limited. Despite this, the importance of this sector must not be underestimated. With the appropriate interventions a further 60 000 jobs could be created.

Project Khulisa identifies the issue of visas for foreign nationals with the relevant scarce skills as one area for intervention, which will require engagement with the national government departments of Home Affairs and Labour. Other areas that pose challenges to the growth of the sector include:

- relevant sections of the Customs and Excise Act, 1964 (Act 91 of 1964) which affect the temporary importing of oil and gas vessels and parts;
- delays in obtaining abnormal vehicle registrations and abnormal load permits, and
- delays in obtaining permits for transportation of workmen to and from off-shore rigs

The sub-programme's interventions in this sector will comprise:

- Calculation of the cost of red tape – this will establish the baseline cost related to red tape in the sector and will provide a basis upon which all future (post 2015) projects will be determined. It will also serve as a monitoring and evaluation tool for the sub-Programme's effectiveness in addressing the sector's key regulatory issues; Regulatory reviews and business process improvements related to both abnormal vehicle registration and abnormal load permits,
- Engage with national government regarding:
 - the relaxation of onerous visa requirements for individuals with scarce skills;
 - amendment of the relevant sections of the Customs and Excise (Act 91 of 1964).

8.4.1 Strategic Objectives

Strategic Objective	To improve the business and regulatory environment for entrepreneurs and businesses in the Western Cape
Objective Statement	To realise a saving of R500m in the cost of doing business for businesses located in the Western Cape by 2020
Baseline	No current baseline exists

8.4.2 Strategic objective annual targets for 2015/16

Strategic Objective (Outcome Indicator)	Audited / Actual Performance			Estimated performance	Medium-term Targets		
	2011/12	2012/13	2013/14		2014/15	2015/16	2016/17
Monetary value of cost saving due to improved business processes							R200m
Percentage resolution rate of calls and cases received	-	93.62%	90.20%	85% (baseline: 1000)	85% (baseline 1475)	85% (baseline 1400)	85% (baseline 1400)

8.4.3 Performance indicators and annual targets for 2015/16

Programme performance indicator (Output Indicator)		Audited/Actual performance			Estimated performance	Medium-term targets		
		2011/12	2012/13	2013/14		2014/15	2015/16	2016/17
Sub-programme: Red Tape Reduction								
1.1	Number of regulatory reviews conducted	-	-	-	-	2	3	4
1.2	Number of process improvements proposed	-	-	-	-	6	6	6
1.3	Establishment of a baseline for the cost of red tape in priority (Horizon 1) sectors in the Western Cape	-	-	-	-	1	-	-
1.4	Number of awareness workshops with business	-	-	-	-	10	10	10
1.5	Number of cases received	-	752	1 312	1 000	1 400	1 400	1 400

8.4.4 Quarterly targets for 2015/16

Programme performance indicator		Reporting period	Annual target 2015/16	Quarterly targets			
				1st	2nd	3rd	4th
Sub-programme: Red Tape Reduction							
1.1	Number of regulatory reviews conducted	Annually	2	-	-	-	2
1.2	Number of process improvements proposed	Quarterly	6	-	2	3	1
1.3	Establishment of a baseline for the cost of red tape in priority (Horizon 1) sectors in the Western Cape.	Annually	1	-	-	-	1
1.4	Number of awareness workshops with business.	Quarterly	10	3	4	2	1
1.5	Number of cases received.	Quarterly	1 400	350	350	350	350

8.4.5 Risk Management

Strategic Objective: To improve the business and regulatory environment for entrepreneurs and businesses in the Western Cape	
Risk Statement	Risk Mitigation Strategy/ies
Limited awareness and understanding of the need among key role-players to reduce the cost of doing business resulting in limited buy-in to red tape reduction initiatives.	<p>The mitigation proposed is two-fold:</p> <ol style="list-style-type: none"> 1. Regular engagement with stakeholders and constant efforts to ensure that the importance of the reduction of red tape and its benefits to ensuring an enabling business environment remain the focus of the stakeholders. 2. Ongoing media campaign and focussed interventions to raise awareness amongst both public and private sector stakeholders
Limited or no implementation of proposed process improvements and regulatory reforms resulting in not achieving intended improvements in the ease of doing business.	<ol style="list-style-type: none"> 1. Approval of a cabinet mandate to ensure the implementation of red tape reduction improvement interventions in provincial departments. 2. Partnerships and collaboration with key national, provincial and local stakeholders in planning red tape reduction interventions.

8.6 Reconciling performance targets with the Budget and MTEF

8.6.1 Expenditure estimates

Sub-programme		Audited			Main appropriation Adjusted appropriation	Adjusted appropriation	Revised estimate	Medium term expenditure		
		R'000	2011/12	2012/13				2013/14	2014/15	2014/15
1.	Enterprise Development	28 247	26 281	31 828	37 044	35 676	35 676	32 356	32 531	32 892
2.	Regional & Local Economic Development	9 446	13 315	7 988	9 218	8 484	8 484	10 954	11 371	11 734
3.	Economic Empowerment	5 989	5 505	3 697	4 196	3 946	3 946	3 355	3 543	3 742
4.	Red Tape		4 357	4 682	7 540	6 941	6 941	10 065	10 149	10 236
5.	Management IEDS	8 100	1 848	1 812	2 326	2 077	2 077	2 523	2 645	2 770
Total payments		51 782	51 306	50 007	60 324	57 124	57 124	59 253	60 239	61 374
Economic classification										
	Current payments	23 502	27 176	30 182	34 574	32 817	32 817	56 995	57 982	59 117
	Compensation of employees	12 397	15 077	17 322	20 953	19 553	19 553	18 753	19 739	20 814
	Goods and services	11 105	12 099	12 860	13 621	13 264	13 264	38 242	38 243	38 303
	Interest and rent on land									
	Transfers and subsidies	27 900	23 826	19 495	25 400	23 943	23 943	1 780	1 780	1 780
	Provinces and Municipalities									
	Departmental agencies and accounts	1 000	4 500	5 000	2 000	2 000	2 000			
	Universities and technikons			250	1 000	2150	2150			
	Foreign governments and international organisations									
	Public corporations and private enterprises	21 100	8 054	5084	6 650	5700	5700			
	Non-profit institutions	5 800	11 255	7 900	15 300	13 500	13 500			
	Households		17	435	450	593	593	1 780	1780	1 780
Transfers and subsidies to Capital										
	Government Motor Trading Account									
	Payments for capital assets	370	304	311	350	350	350	478	477	477
	Buildings and other fixed structures									
	Machinery and equipment	370	304	311	350	350	350	478	477	477
	Heritage assets									
	Specialised military assets									
	Biological assets									
	Land and subsoil assets									
	Software and other intangible assets									
	Payments for financial assets	10		19		14	14			
Total economic classification		51 782	51 306	50 007	60 324	57 124	57 124	59 253	60 239	61 374

Programme 3: Trade And Sector Development



DEPARTMENT OF ECONOMIC DEVELOPMENT AND TOURISM

9. PROGRAMME 3: TRADE AND SECTOR DEVELOPMENT

9.1.1 Purpose

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

9.1.2 Programme structure

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

To facilitate trade, export promotion and attract investment

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

To implement strategies for the positioning of the industrial sector as a key contributor to economic growth and development

- **Sub-programme 3.3: Strategic Initiatives**

To facilitate the implementation of strategic programmes that will stimulate the competitiveness of priority sectors and the economy

- **Sub-programme 3.4: Management Trade and Sector Development**

To conduct the overall management and administrative support to the Programme

9.2 Sub-programme 3.1: Trade and Investment Promotion

Performance Delivery Environment and sub-programme activities

The Provincial Strategic Plan (PSP) sees the attraction of local and international investment, and improved market access for Western Cape firms and sectors as key strategic priorities. This has gained more focus through Project Khulisa, which will see more emphasis given to the priority sectors of oil and gas, tourism and agri-processing.

To deliver on its mandate, a new board was announced in July 2014 that has refocused and restructured the activities of Wesgro as the key vehicle for Tourism, Trade and investment for the province. For the 2015/16 financial year the Agency will be focusing on the pro-active marketing of key targets both around major projects, but also in terms of the province's priority sectors in line with project Khulisa. This includes a shift to more pro-active targeting of trade and investment opportunities, with a pragmatic approach to marketing the region's capabilities and its position in the global environment.

It will also focus particularly on ensuring the appropriate senior level capacity is developed in order to engage more powerfully with its market. The following sectors represent the new approach:

- Horizon 1 prioritised sectors of oil and gas, tourism and agri-processing.
- Horizon 2 sectors, with an expanded scope, being BPO and film
- Horizon 3 sectors, which build on the eco-system, being ICT/software, manufacturing and health technology.
- Prioritised Game changers – such as LNG imports, Bio-fuels and the SEZ's.
- Green Economy and Energy – Renewables, and the numerous upstream and downstream opportunities that derive from a greener economy

In addition, a focus will be on the horizon 3; eco-system sectors, in which a number of investment opportunities are prevalent, and which highlight the niche engineering and manufacturing sectors – that include high-end engineering products, metal beneficiation, consumer products, electronic components and transportation equipment amongst others.

Trade Promotion

The international trade environment has picked up considerably over the previous year, with China and Africa leading the global markets in terms of growth, and the US leading the industrialised countries. Wesgro will shift focus towards supported the more established exporters, with the perspective that there is more opportunity to expand firms who have capacity, rather than focusing on emerging exporters who have not yet built up any capacity. This will imply reduced numbers of firms assisted with export support, but with the principle of going narrower and deeper than previously, and working closely with the Special Purpose Vehicles (SPVs) in targeted sectors to identify the high growth potential exporters.

The export-drive will include a major strategic focus on Africa, with a nuanced approach to the interplay between regional politics and sectoral strengths.

The key project on exports will be the Export Development Programme, which supports existing or potential exporters to penetrate new export markets. The programme is tailored to the specific needs of each firm, and is heavily weighted to meet the objectives of project Khulisa. To this end the trade team will work closely with DEDAT's and DoA's sector teams, the Saldanha IDZ company and the relevant SPVs such as SAOGA, Hortgro and the WC Fine Food initiative to identify companies who can benefit from the programme. 70% of the companies supported will be in the prioritised sectors and game changers. The target of 200 companies a year with increased exports, will, over the 5 year period, translate to a major boost to exports and growth to the region. In addition, the Export Development Programme will link through to the Cape Accelerator, run by DEDAT, with a number of the higher growth companies being eligible for inclusion on the programme.

The investment promotion strategy targets key markets and sectors in order to optimise the utilisation of a relatively small promotional budget. Africa and Europe remain key investor markets for the foreseeable future, with the BRICS countries being less important for the Western Cape due to the competitive rather than complementary nature of the structure of its production base. Targeted missions will be carried out in collaboration with DEDAT and the DoA and the relevant SPVs, with Wesgro facilitating all the preparation and logistics of each mission, the bilateral relationship management as well as the incentives and co-ordination with national departments.

9.2.1 Strategic Objective

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 increasing investment into the region of between R800 million - R1.6 billion per annum, and facilitating 600 - 1200 jobs per annum as a result of investment attraction. Of the 200 exporters, at least 50 increasing their total share of exports by the end of the following year.
Baseline	No of jobs facilitated – 739

9.2.3 Strategic objective annual targets for 2015/16

Strategic Objective (Outcome Indicator)	Audited / Actual Performance			Estimated performance	Medium-term Targets		
	2011/12	2012/13	2013/14		2014/15	2015/16	2016/17
Rand value of committed investment projects into the Western Cape	R1.241bn	R1.659bn	R1.699 billion	R800m to R1.600bn	R800m to R1.600bn	R800m to R1.600bn	R800m to R1.600bn
Number of jobs facilitated	1313	1473	739	600 - 1200	600 - 1200	600 - 1200	600 - 1200

9.2.4 Performance indicators and annual targets for 2015/16

Programme performance indicator (Output Indicator)	Audited/Actual performance			Estimated performance	Medium-term targets			
	2011/12	2012/13	2013/14		2014/15	2015/16	2016/17	2017/18
Sub-programme: Trade and Investment Promotion								
1.1	Number of investment projects realised	10	6	12	10	10	10	10
1.2	Number of businesses assisted with exports	742	645	459	500	200	200	200
1.3	Number of new investment projects in the pipeline	65	40	35	32	32	32	32

9.2.5 Quarterly targets for 2015/16

Programme performance indicator		Reporting period	Annual target 2015/16	Quarterly targets			
				1st	2nd	3rd	4th
Sub-programme: Trade and Investment Promotion							
1.1	Number of investment projects realised	Quarterly	10		2	2	6
1.2	Number of businesses assisted with exports	Quarterly	200	50	50	50	50
1.3	Number of new investment projects in the pipeline	Quarterly	32	8	8	8	8

9.2.6 Risk Management

Strategic Objective: The stimulation, facilitation and increase of economic growth and opportunities through export and investment promotion and a strong economic regional brand	
Risk Statement	Risk Mitigation Strategy/ies
That the narrower investment promotion and trade facilitation strategy fails to deliver due to a lack of growth in the prioritised sectors due to uncertainties in the market.	<p>A new item is added to the HOD/ programme manager/CEO quarterly reviews: "the global and national trends, investment conditions and unexpected factors for each of the priority sectors"</p> <p>That there is flexibility in the Wesgro investment strategy, that should a priority sector fail to be getting traction due to unexpected conditions in the industry, that the CEO in consultation with the board and DEDAT representative can allow for responsiveness in the strategy.</p>

9.3 Sub-programme 3.2: Sector Development

Performance Delivery Environment and sub-programme activities

An intense focus at all levels of government on the need for employment and economic growth, has put the spotlight on sectoral programmes as key mechanisms for the country to achieve its economic potential. This is reflected in the National Development Plan, the PSP and in the strategic priorities identified in Operation Khulisa.

A sectoral approach provides the strategic framework for the industry-facing components of the key strategic priorities identified in the PSP and Operation Khulisa, through developing a deep understanding of the industry policies, implementation strategies and networks underpinning each sector.

The PSP talks to the key strategic priorities on the economic front of relevance to sectors. The following areas are all integral to, and are influenced by the sector programme.

Making it easier to do business, through i) Red tape reduction; ii) infra-structure improvement and provision and iii) improving the innovation eco-system. The sector programmes each pick up aspects of this, and if a systematic challenge, is tackled by the sector teams, and if a once-off, is referred to the relevant unit in the provincial government, such as the red-tape unit.

Boosting competitiveness through i) Skills provision ii) supporting thriving entrepreneurs and SMMEs, and iii) via economic and environmental sustainability. The sector teams play a key role in providing the articulation between industry and the providers, and via the SPVs, may develop the capacity to oversee programmes, such as SAOGA's Marine Oil and Gas Academy (MOGA) and CITI's VELOCITI programme for high potential start-ups. These programmes will be managed in collaboration with the specialised skills and entrepreneurship units within the department.

Promoting the Western Cape in national and international markets, through i) higher internal and external investment, and ii) through improved access for local firms and key sectors. Traditionally, the SPVs have played an increasing role in investment attraction, due in part to limited capacity within Wesgro. As Wesgro re-builds its capacity, so will it start to play an increasingly pro-active role in managing all aspects of investment promotion and

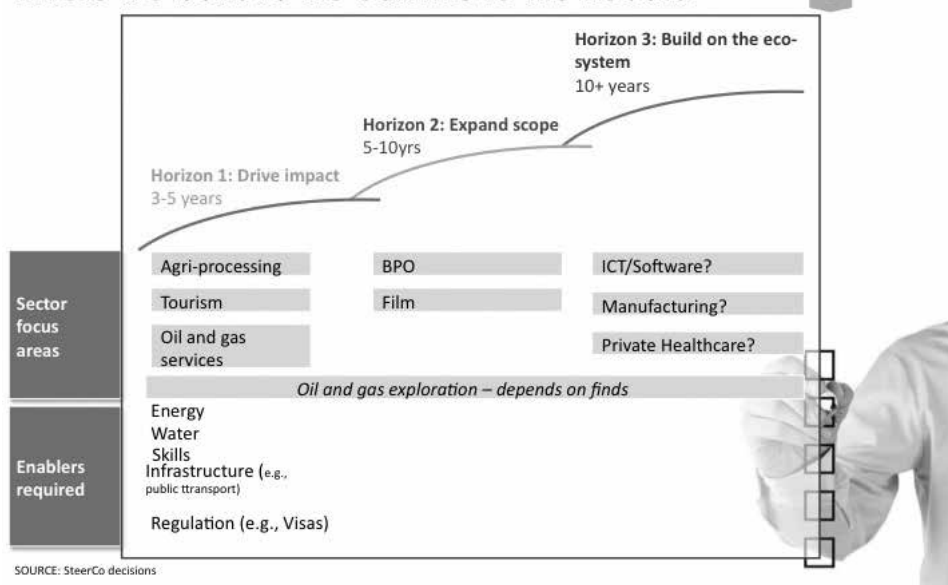
Building on the deep networks and sector development experience both within the team and across the implementing agencies that spans more than 15 years, the Department will continue its focus on building strategic capabilities in three categories of sectors:

- 70% of its resources will be focused on the Horizon 1; "High potential" sectors that exhibit a high potential for new employment opportunities, particularly in terms of attracting new investment and trade opportunities, and in unlocking opportunities for growth. These sectors are the Oil and Gas/ Rig repair sector, Tourism and agro-processing sectors (covering Food Processing and aqua-culture).
- 20% will be on the Horizon 2; "Prioritised" sectors for an "expanded scope", and with longer term development, that covers the BPO and Film sectors. Interventions will need to be continued in these sectors, to ensure that they are prepared for the expanded scope that will be required of them in the medium term.
- 10% will be focused on the Horizon 3; "Build on the eco-system" sectors, and covers ICT/Software, Manufacturing and Private Healthcare/ Medical technology sectors. In terms of building the eco-system

TSD will continue to support key initiatives that will contribute to the long term develop of these sectors, although at a reduced level, and will not initiate new initiatives such as the private healthcare/ medical technology sectors until such time as deemed prudent, and where resources do not detract from the horizon 1 and 2 priorities.

Under the manufacturing sectors, the focus will be on the existing initiatives in clothing and textiles, where significant progress has been made on re-building the industry, with a strong growth potential in the short to medium term; in the metals and engineering sectors which provides an important base to the oil and gas sector, and to the craft industry, which provides a stepping stone into manufacturing. All these sectors will be on reduced support, but ensuring that the long term platform is maintained ready for building the eco-system for the Horizon 3 initiatives.

For horizon 1, we will focus on specific activities where we believe we can move the needle



Considerable work has already been done across the priority sectors above and for some of the non-priority sectors which are not achieving the desired impact, there will be a gradual phase-down, in order to focus resources on the key sectoral priorities and enablers. On the 3 priorities of Agri-processing, oil and gas and tourism, far deeper work will be required in the short term to develop concrete action plans for each sector, and to unpack where the major priorities lie. To this end, “deep dive” processes will be held for each, which will assist in developing a more detailed road-map to guide government over the medium to longer term.

To enable the department to achieve the strategic impact and leadership that is required within the economy, the department will continue to make use of implementing agents in the form of Special Purpose Vehicles, to deliver programmes as well as leverage funding into priority projects beyond that of its budget. Further reasons for the continued use of the SPVs, is to allow the private-sector to have a platform through which to engage on a neutral basis with government, and to provide a capacity for industry to resolve constraints and deliver upgrading programmes, that are better delivered outside than from inside government. The SPVs have provided an efficient and flexible delivery platform for government, and allows the Department to focus more on the strategic development and leadership role in the economy as per the PSP.

A key theme is a deepening of effort in each sector, with a focus on fewer projects, but with far deeper impact. To achieve this, the Department has shifting the role of the SPVs to increasingly focused on becoming project management and programme delivery vehicles, using the high standards of corporate governance to leverage additional projects. This is reflected in the indicators to develop funding proposals, and to leverage additional funding, which has been meeting with increasing success over the past year. Finally, the emphasis in programme delivery is shifting to increasing access of firms to new markets (both domestic and international), and the alignment and co-ordination with Wesgro in these efforts.

It is clear that the work of the department in conjunction with its implementing agents is changing the trajectories of many of the sectors in which they operate. This however is a synergistic effort between the SPVs, who deal with the day to day networking and delivery of projects amongst each sectors firms, DEDAT that deals with higher-level strategic issues and vertical and horizontal alignment across government, Wesgro that leads on trade and investment, and other units within the Department that provide theme-based inputs, such as skills, red-tape and enterprise development.

The clustering model behind the SPVs has been strongly endorsed through Operation Khulisa, as a powerful one, and is now being adopted as the central economic role accruing to provinces under the National Treasury Technical Guidelines on Clustering, and through the establishment of a clustering unit and new cluster framework policy under the dti. The existence of the SPVs therefore provides an immediate mechanism with which to intervene directly for Operation Khulisa.

HORIZION 1: Driving impact sectors.

9.3.1 Strategic Objective

Oil and Gas

Strategic Objective	To increase employment opportunities by 10 000 in the oil and gas service sectors, facilitate R10 billion worth of Trade and Investment and leverage R50 million rand of funding/support by 2020.
Objective Statement	Establish the WC as the recognised servicing hub of the oil and gas industry for Africa. A well-functioning sector body to strengthen backward and forward linkages, to manage critical projects, to leverage funding and to facilitate relationships with Transnet
Baseline	2013/14 figures
	Number of jobs – 8 206
	Value of trade and investments facilitated – R2 billion
	Value of funding/support leveraged – R2.3 million

Oil & Gas is supported as a Key Propulsive Sector, and has the potential to treble in value from R2bn to R6bn per annum over the next 5 years. According to the data assembled by Project Khulisa, it has the potential to create an additional 60,000 jobs by 2020. The sector forms an integral part of the WC economy, and plays a pivotal role in ensuring that the Department achieve its targets.

Khulisa identifies certain constraints such as port infrastructure, bulk services, market growth and local skills. To address these challenges, Khulisa proposes to use SAOGA as the implementing agent for many of the interventions. This will be particularly important given its well-established networks, and the need to establish a number of task teams under the next phase of the "deep dive" which is required to outline the detailed roadmap ahead.

The deep dive will include a focus on the requirements for the Saldanha port infrastructure such as the proposed extension of quayside, the need for floating docks, the extension and new build repair quay and the support to the Saldanha Bay IDZ. The proposed deep dive in skills will focus on the scale-up of artisans, professional engineers, semi-skilled and unskilled labour.

To achieve the above, Project Khulisa has mapped out the need for the Department and SAOGA to focus on:

- **Marketing the capabilities of the Western Cape.** This will be done in collaboration with the dti, Wesgro, SAOGA and the Department. A key target will be expanding the value of marine repair work to R2,5billion, and attracting 20 major projects per annum. This will be supported by an enhanced promotion programme targeting Africa, with a number of international expo's being targeted. More specifically the Africa Strategy will be targeting the rig owners, sub-contractors and procurement officers. The idea is to use Wesgro and SAOGA to ensure that the necessary companies are attracted into the Western Cape and thus contribute towards the creation of the 60000 jobs over the desired period.
- **Co-ordination of skills across the industry.** Further detailed work will be carried out as part of the deep dive, although Khulisa has provided initial support to the need for the expansion of the Marine Oil and

Gas Academy (MOGA). A wider focus on skills development will be driven through MOGA to address the skills shortage and to reduce the average age of artisans. To address the rig/ship repair training facilities and the lack of the Technical and Vocational Education and Training (TVET) institutions to offer all the necessary Competency Based Modular Training (CBMT) compels the department to include the private service providers to fill the gap to ensure that the widest range of artisanal skills can be offered most cost effectively.

The coordination with industry will be addressed by involving industry, private service providers and the Tvet's when the necessary curriculum is developed for CBMT such as welding and boiler making (currently a SAOGA project). This will encourage the companies to absorb the students/interns into their companies for the compulsory 18 month Workplace Experiential Learning (WEL) component.

The necessary collaboration between Dedat and Skills and Innovation has identified the relevant skills programmes and aligned to Project Khulisa, whereby interns will be placed in industry and complete the artisan development programme and this will be complimented by the placement of work and skills interns amongst other focus areas. TSD's role within skills will be to ensure that the platforms are in place within SAOGA, and across industry to ensure that the programmes can be delivered and meet the needs of industry, while the skills unit within Dedat will be focused more on ensuring that the programmes are properly funded, and that the technical requirements of each programme are being adhered to.

Resolving the infra-structural constraints, particularly with regards to new and existing port facilities. This will include the customs and excise challenges as per project Khulisa and Phakisa that is currently a major constraint on the development of the industry. The inclusion of Oil & Gas in IPAP 3, is as a direct result of inputs and lobbying from DEDAT, and has and will continue to provide a major boost for infra-structure investment in the ports which has been addressed at operation Phakisa and the presidency, and ensuring better operational efficiencies within the sector. Critical infra-structure will continue to be developed in CT, with the Saldanha area/region being seen as the area with the largest potential for growth, with oil and gas being the core driving sector within phase I of the Industrial Development Zone. Hence the reason why the critical infra-structural requirements have been brought forward on the TNPA Capex, and currently totals more than R5billion.

In addition as per Khulisa report the manganese and the Iron ore dust is also high on the agenda within the PCC, SAOGA and the industry. The visa requirement has been addressed via the Department of Home Affairs regarding the port of entry, visa's for rig workers and declaring the rig a vessel and not a refinery. However more needs and is being done to address other Home Affairs challenges. Cape Town port infrastructure such as the condition of the dry docks and the cranes are currently being addressed via the ship repair manager and the presidency to ensure that operation khulisa concerns are managed. The issue with regards to the manganese and the rigs being diverted to Coega in the place of Port Saldanha is being tabled at the presidency and operation Phakisa.

Agro-processing and Food

Strategic Objective	To raise the competitiveness of the Western Cape Agro-processing sector enterprises by improving their productivity and promoting diversification into more complex activities to improve the domestic competitiveness and export performance. To create 20,000 new jobs by 2020 and leverage R100 million in funding/support.
Objective Statement	Enterprises assisted to increase market access through market linkages, firm upgrading and import replacement. Strengthen the sector coordination to provide increased backward and forward integration linkages to manage critical projects, to leverage funding, etc. within agro-processing value chains. Development of new products opportunities flowing from the value chains.
Baseline	2013/14 figures Number of jobs –60 000 Value of funding/support leveraged – R5 million

Project Khulisa highlighted the significant contribution that the Agro-processing sector (including food & beverages and aqua-culture) makes to the Western Cape Economy, employing up to 79,000 people directly and generating over R18bn in value added to the Western Cape economy. The industry is also an important exporter, with over half the output of the industry sold outside Western Cape. The project's purpose was to accurately identify the parts of the Western Cape economy with the greatest potential for accelerated, sustained growth and job-

creation – and then focus down on driving the specific actions that government and business can take to unlock that potential. This will be further refined in the deep-dive next phase process that will be rolled out in the short term to develop the detailed road-maps and choices that are required in what is a highly complex set of sectors.

To achieve the targets outlined in the table, the agro-processing sector will need to overcome several significant challenges, including:

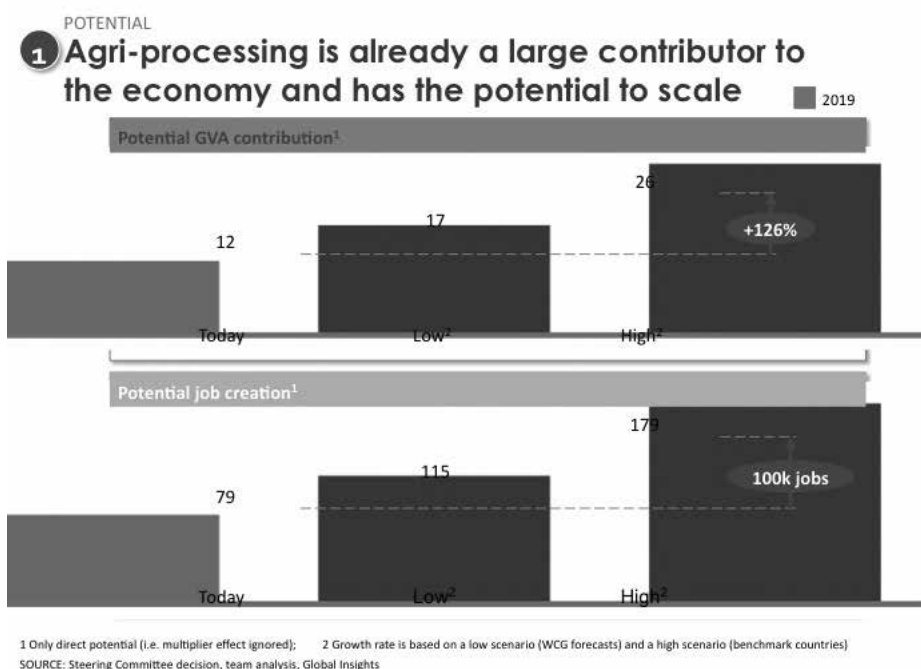
Market access. The sector faces several barriers to exports, including trade barriers (e.g., lack of trade agreements with the BRICs or countries in Africa) and non-trade barriers such as certification and other requirements in export markets. These barriers are compounded by often ineffective support from national government (e.g., a split of responsibilities between DTI and DAFF, and between the province and national government on food safety issues)

Access to energy and water. The scarcity and high cost of water is already holding up the growth of the industry; and the high cost and uncertain supply of electricity affecting the cost competitiveness of what is an energy-intensive industry

Logistics and infrastructure. The sector's growth is held back by a lack of adequate and competitive infrastructure – including machinery and equipment (mainly imported in a context of a weak exchange rate); logistics (both downstream and upstream); and transport and export infrastructure (e.g., congestion in the Cape Town port, and slowness of rail)

Knowledge/skills. The sector faces a scarcity of skilled labour at all levels, which drives up labour costs. There is also inadequate skill and investment in R&D (e.g., testing labelling, new product development, and disease prevention)

Industry structure. Agro-processing is a fragmented industry with few big firms and a large number of SMMEs facing challenges in terms of access to finance, access to markets, and the ability to comply with regulations.



According to Project Khulisa, government can influence the Agro-processing sector via:

- Promotion of the Western Cape's products and enterprise development in order for companies to link with retailers (domestic and internationally).
- Infra- structure, by developing food hubs (i.e. park) to assist companies to optimize production and supply to the market.
- Focusing on specific products by developing end-to-end strategy aiming at developing specific local products value chains.

The Department will work with the Department of Agriculture and other partners to identify sub-sectors and projects with strong under-developed growth potential. This would include projects that have strong up-or down-stream opportunities or where value-addition is high, and where innovative processes or products can be developed. The Resource Beneficiation Industries (RBI) Unit within TSD is aligning to the Khulisa process by:

Assisting companies with firm upgrading and innovation in order to access domestic and international markets. This also has the advantage of feeding into an African growth strategy which will see suppliers being offered access to key markets that have been opened up by the retailers.

Investigate the feasibility of Agro-processing Parks with the focus on Halaal Products Sector, Primary to Secondary processing, and Agro-technology and Research and Development (R&D). In addition to the income and earnings to be derived, the Agro-processing Park will play a critical role in rural development and rejuvenation.

A focus on specific products by developing end-to-end strategies informed by deep-dive value chain investigations to enable the SMMEs to participate throughout the value chain in order to maximize the returns. This will empower the government to make decisions about which subsectors and industries to support, and the set of interventions required. The following are also key areas for investigation in the deep-dive process.

- Retail Market Readiness programmes for companies to access retailers.
- Training and skills development.
- Engagements with national government to influence policy and to access incentives schemes.

Aquaculture

In July 2014 Presidency of South Africa rolled out the Operation Phakisa process which was implemented by the National Department of Environmental Affairs. This process focused on unlocking the economic opportunities of South Africa's oceans which are estimated to have the potential to contribute R170 billion to GDP by 2033. Subsequent to the national Operation Phakisa process, the Western Cape Provincial Government implemented Project Khulisa and this process has once again identified the aqua-culture sector as one of the key strategic drivers in the Western Cape economy within the agr-processing sector.

The following challenges have been identified as factors hamstringing the growth and development of the sector:

- Lack of and availability of suitable sites
- Complicated regulatory requirements
- Lack of developmental funding
- No structured/coordinated program to support SME's and new entrants
- High cost of compliance
- Lack of animal health and food safety programmes

In response to these challenges and in alignment with Operation Phakisa and Project Khulisa, the Sector Development team will:

Take a lead in the implementation of the Saldanha Bay Aquaculture Node project which focuses on conducting an Environmental Impact Assessment (EIA) of the entire Bay. The intended benefit of the EIA would be to streamline the regulatory requirements and to ease the burden of both doing business in the Western Cape and to encourage new businesses to enter the Aquaculture sector.

Continue implementing the Sector Development Program- The Department of Economic Development and Tourism's (DEDAT) approach to developing and growing the Aquaculture sector has always been geared towards encouraging collaboration, linkages and partnerships with all relevant stakeholders throughout the Aquaculture value chain.

The Triple Green Aquaculture project: To investigate and facilitate the development of an integrated, more resource efficient model for abalone-seaweed-salmon pilot aquaculture site in Matzikama.

HORIZON 2: Expanding scope sectors

Business Process Outsourcing

Strategic Objective	To create 10 000 jobs in the industry by 2020
Objective Statement	Increase international awareness and profile of WC as a BPO location Address BPO industry skills shortages and supply side constraints
Baseline	2014/15 figures
	Number of jobs – 1537

Business Process Outsourcing (BPO) and Offshoring industry is viewed as an “expanding scope” sector under the second horizon, with less immediate priority than the horizon 1 priorities. The BPO sector provides an opportunity to South Africa, and the Western Cape particularly, to address issues of high youth unemployment and the need for inclusive economic growth. The Department has long recognized the BPO sector's potential for job creation and as a source of foreign currency inflows. The recent findings of Project Khulisa have confirmed that the BPO industry is a priority focus area to leverage the aims of the PSP, although with interventions that expand and strengthen the ability of the sector to grow in the medium term.

The forecast growth of the global BPO industry bodes well for the Western Cape, given its particular success in attracting international business into the region compared to other provinces. The focus of the Department in developing the BPO sector continues to expand on the successful destination marketing work in collaboration with key partners. Beyond this, there is a strong focus on developing the pipeline of quality talent for the sector.

The key BPO programmatic interventions for the 2015/16 financial year are;

- Developing the pipeline and available pool of quality skills for the BPO sector, via direct interventions and creation of the necessary skills infrastructure to deliver skills sustainably in the long run
- Investment promotion through investor handling, destination profiling and marketing of the South African value proposition and Western Cape service capabilities to key business source locations
- Facilitating coordination and best practice to improve overall industry competitiveness and performance with an aim to improve employment in the sector

These interventions align to the recommendations by Project Khulisa, which emphasized the need for investment into the skills pool to “Ensure a steady supply of skilled labour” and to drive demand and market awareness for South African BPO services.

The BPO sector represents a great opportunity for youth employment creation. The Western Cape, due to its unique value proposition, is particularly well positioned to take advantage of the growth potential of the sector. It is estimated that businesses will outsource approximately \$507 billion worth of information technology and business services globally in 2014. While there is already a large existing market for BPO services, the industry is poised to grow even further in years to come. The table below highlights the success of the Western Cape's offshore BPO segment over the past few years¹.

Period	Total FDI linked/offshore servicing jobs	Y-o-Y growth	CAGR over last 3 years
2013/14	11, 700	41%	36%
2012/13	8, 300	77%	
2011/12	4, 700	57%	
2007/8	3, 000	-	

The BPO strategy is focused on promoting the value proposition of the region in its voice capability, whereas cost saving of 40-50 % is offered to source nations. The Western Cape's efforts have yielded success by attracting major global operators. Continued international promotion for the region is still critical for growth in the industry, and marketing the Western Cape as a global leader in BPO service delivery will remain a priority. Growth in the sector is now putting major strain on the available talent pool. The Department, along with its partners will be focussing greatly on structural interventions for the BPO skills environment, and ensuring that short-term gaps are filled.

¹ "BPeSA Key Indicator Report", BPeSA Western Cape (2007 to 2014 reports)

HORIZON 3: Build on the eco-system sectors

Information Communication Technology

Strategic Objective	To maintain interventions in the sector, in order to build the platform for its selection as a horizon 3 priority. To create 2000 new ICT jobs in the industry, and facilitate 150 new ICT businesses by 2020
Objective Statement	Development of ICT programmes that talk to industry needs, and broaden the ICT skills and innovation pipeline. To strengthen the ICT ecosystem in the region.
Baseline	2014/15 figures
	Number of people trained – 110
	Value of funding/support leveraged – R4.2 million
	Number of enterprises supported - 40

In line with its selection as a horizon 3 sector, no new interventions will be embarked upon in the ICT sector, with the eco-system continuing to be supported, until such time as DEDAT has the resources to focus on it as a priority sector in the outer years. It will be important in the interim not to lose the momentum that has been built up over the past 15 years. DEDAT's successful and innovative ICT initiative has established the Western Cape as a regional leader in this space, and has crowded in R 73.3 million in funding over the past 5 years.

IT spending in South Africa totalled R145.97 billion in 2012 and reached a year on year increase of 13.2% for 2013. IT spending is expected to increase to R199.98 billion in 2017. ICT not only functions as an industry in its own right, but cuts across all other sectors as an enabler to growth and efficiency. The Western Cape is the second biggest ICT market with 17% of the South African market.

The ICT sector was a priority sector for the Western Cape, but Project Khulisa has refocused the Department's activities. Although ICT is not one of the 3 sectors prioritised in the First Horizon, Project Khulisa has identified it as a potential priority in the Third Horizon. In addition it is recognized that the ICT sector provides transversal enablement to other sectors. For this reason no new programmes or projects are proposed. External support will be facilitated to maintain the current ICT activities. Outputs and outcomes for existing activities are:

- Providing support interventions to ICT SMMEs
- Developing an industry intelligence report
- Refocusing on alternative funding sources
- Supporting the expansion of ICT SMMEs

Whilst these activities are not immediate priorities in terms of the Project Khulisa framework, they are still aligned to PSG1 in fostering employment and economic growth in the Western Cape. In addition, it is noted that there is a need to maintain the current trajectory of the ICT industry to ensure a strong platform for growth in the outer years of the Khulisa timeline.

Metals, Engineering and Related Industries

Strategic Objective	Enhance the competitiveness of the sector in order to secure tenders / contracts from SOCs, government and other business opportunities to the value of R500m and leverage R25m worth of funding/support by 2020
Objective Statement	Increase access to market opportunities from ESKOM, PRASA, TRANSNET, SKA and government. A well-functioning body that will strengthen collaboration amongst key stakeholders and leverage funding for strategic projects
Baseline	2013/14 figures
	Current employment – 29355
	Value of funding/support leveraged – R5 million

The metals and engineering sector accounts for one third of manufacturing's GDP, and has a projected growth of 4% per annum over the next 5 years. The sector forms an integral part of the WC economy, and plays a pivotal role in ensuring that the Department achieve the PSP objectives which are linked to the economic and employment growth as determined by Operation Khulisa. This sector is of strategic importance to the future of the manufacturing sector as it is an input that improves the competitiveness and employment creating potential of the province. The strategy will focus on shifting the emphasis to providing the engineering platform on which the oil and gas and rig repair sector depends. As a Horizon 3 sector, no new interventions will be embarked on, and the focus will be on sustaining and growing capabilities that will bridge the period until such time as more resources can be focused on its priority as a horizon 3 sector.

Key interventions moving ahead are:

- Enterprise development initiatives with the focus on building and strengthening sector-specific competences and capabilities, skills upgrading, technological development, technical services, capital investment, market access distribution capability, quality performance and access to finance.
- Technology and innovation programmes to unlock the potential of the sector to bring innovative products to market and to create more high skilled employment opportunities. Specific interventions will include Centres of Excellence, new products, import substitution and development of products with export potential.
- Market development and trade promotion, within the context of tapping into the estimated R500 billion that will be spent on local companies through the recapitalisation programme through the SOEs in the next 10 years

Clothing and Textiles

Strategic Objective	To stabilise the industry and expand employment by 5 000, through supporting 400 firms, and leveraging funding/support to the value of R40 million by 2020
Objective Statement	To support and develop economic sectors as a key contributor towards the achievement of maximising economic opportunities, sustainability and growth. To improve the opportunities for value chain stakeholders, to build trust relationships, and to share information and learning's for enhanced competitiveness & development
Baseline	2013/14 figures
	No of firms assisted: 400
	Value of funding leveraged – R5.6 million

In line with Project Khulisa, clothing and textiles would be included as a horizon 3 sector, for focused attention in the longer term. It will therefore be subject to a reprioritisation that will see a continuation of programmes that already exist, but at a lower rate, and with no new programmes being supported.

The clothing and textile sector has largely stabilised over the past 3 years, with more than R1 billion rand in incentives being ploughed into Western Cape companies alone, due to interventions by the three SPVs of Clotex, dealing with CMTs, the Cape Clothing and Textile Cluster dealing with the large integrated manufacturers, and the Cape Town Fashion Council. This investment by the dti is now bearing fruit, with a significant number of companies now revealing strong employment growth on the back of increasing demand for local product by the retailers, the weak rand, and rising prices in China due to increasing union activity. Such has the turnaround been in the

industry, that skills are increasingly difficult to source, and there are plans by a number of industry players to rebuild South Africa's profile as a manufacturer of high quality export garments.

The interventions that will continue to be supported, albeit at a reduced rate will be:

Through its World Class Manufacturing interventions and supply chain optimisation the growth objectives will be achieved through projects such as international benchmarking, best practice study tours, world class manufacturing training, strategic development, management measurement system, incubation, mentorship, linking buyers to suppliers. Another focus area is quick response training which will markedly decrease the production lead times of suppliers and the implementation, monitoring and application of good corporate governance principles. Improved quality and lead times will result in a more stable industry which will lead to increased employment figures. Constraints threatening the sector will be identified through research covering the entire clothing value chain after which plans will be developed to address the constraints and/or mitigate their effects.

- The Clothing and Textile Competitiveness Improvement Programme (CTCIP) programme (part funded by the Department) focuses on the continued demonstration of efficient means of supporting SMME businesses to improve their competitiveness. This support approach focuses on continuous improvement in competitiveness, in a manner that responds well to the time and resource constraints faced by the industry. Key interventions will be: Reduced support from 400 to 250 firms in upgrading programmes, and drawing down national support for the sector. The focus is on productivity enhancement towards world class manufacturing.
- Ensuring alignment with retail needs. The Department will be working to co-ordinate the activities of the three clothing SPVs being Cape Town Fashion Council (CTFC), Cape Clothing and Textile Cluster (CCTC) and Western Cape Clothing and Textile Service Centre (CLOTEX). Efforts will be made to develop models that meet the demanding lead times and quality standards required by the retailers.
- Continuing to unblock the major constraints impacting on the future growth of the industry. This includes the issues regarding the high tariffs and duties applied to raw-material inputs, the complexity of the labour regulations and the development of critical skills for the sector.

Craft

Strategic Objective	To increase employment opportunities by 10 000 by 2020
Objective Statement	To develop and grow firms in prioritised sectors by facilitating Craft Enterprise Development jobs
Baseline	829 Craft Enterprise Development jobs created and R11,095,000 funds leveraged

Project Khulisa has not prioritised craft as a sector, although it is an important part of the manufacturing value chain, and in providing important design and manufacturing capabilities to the industry.

Craft demand is increasing due to successful interventions from the tourism and export marketing strategy; but challenges in the production and distribution aspects of the value chain are hindering the realisation of the full job creation and growth potential of both sectors. The craft sector is playing a fundamental role in the provincial design strategy and coordinates and facilitates interventions that will foster growth in design competencies, innovation and skills in the sector. No new interventions will be entered into, with a reduced focus on interventions that successfully leverage additional resources into the sector. The key interventions are:

- Market Access and Development;
- Enterprise Development;
- Development of Human resources
- Resources library (access to raw and recyclable materials)
- Sector eco-system (value chain development)

9.3.2 Strategic objective annual targets for 2015/16

Strategic Objective (Outcome Indicator)	Audited / Actual Performance			Estimated performance	Medium-term Targets		
	2011/12	2012/13	2013/14		2014/15	2015/16	2016/17
Value of trade and investments facilitated	R1.8bn	R2.250bn	R4.8bn	R4.2bn	R1.010bn	R1.3bn	R1.55bn
Value of funding/ support leveraged	R29.4m	R124.244m	R33.1m	R21.3m	R24m	R25m	R31m
Number of jobs facilitated	4 245	20 566	9 853	4 500	4 500	5 000	5 750

9.3.3 Performance indicators and annual targets for 2015/16

Programme performance indicator (Output Indicator)		Audited/Actual performance			Estimated performance	Medium-term targets			
		2011/12	2012/13	2013/14		2014/15	2015/16	2016/17	2017/18
Sub-programme: Sector Development									
1.1	Number of businesses assisted with proactive interventions	Achievements against this indicator was reported in Programme 2	445	685	445	550	590	650	
1.2	Number of trade and investment projects realised		17	24	40	10	11	13	14

9.3.4 Quarterly targets for 2015/16

Programme performance indicator		Reporting period	Annual target 2015/16	Quarterly targets			
				1st	2nd	3rd	4th
Sub-programme: Sector Development							
1.1	Number of businesses assisted with proactive interventions	Annually	550	-	103	63	384
1.2	Number of trade and investment projects realised	Annually	11	-	3	2	6

9.3.5 Risk Management

Strategic Objective: To increase employment opportunities by 10 000 in the oil and gas service sectors, facilitate R10 billion worth of Trade and Investment and leverage R50 million rand of funding/support by 2020.	
Risk Statement	Risk Mitigation Strategy/ies
Lack and shortage of skills and lack of foreign direct investment which lead to lack of opportunity and reduce interest in the SEZ	Implementation of various artisan development projects in collaboration with the Skills and Innovation Programme and other strategic partners
Reduced interest in Saldanha and Cape Town ports as the preferred locations for ship and rig repair	<ul style="list-style-type: none"> Working with key stakeholders and SBIDZ for issues requiring attention at Saldanha. Working with key stakeholders, Transnet, TNPA, relevant departments and the Presidency, to co-ordinate marketing strategy and ensure that infrastructure issues are addressed proactively

Strategic Objective: To raise the competitiveness of the Western Cape Agro-processing sector enterprises by improving their productivity and promoting diversification into more complex activities to improve the domestic competitiveness and export performance.	
Risk Statement	Risk Mitigation Strategy/ies
Agri-processing is a fragmented industry with insufficient enforcement of rules and regulations on the domestic market.	Establishment of a National Agro-processing Sector Forum with all spheres of government and other stakeholders to mitigate against duplication and lack of a coordinated government approach.
The sector faces several trade and non-trade barriers to exports such as certifications and other requirements in export markets.	In partnership with key industry players across value chains and sub-sectors, develop a Retailer Supplier Development Programme for agro-processing companies to access the local and international markets, which will create linkages between companies with retailers and promote Western Cape's Products.

Strategic Objective: Objective: To support and develop economic sectors as a key contributor towards the achievement of maximising economic opportunities, sustainability and growth	
Risk Statement	Risk Mitigation Strategy/ies
Due to the narrower focus of the Department in line with Project Khulisa, the risks are higher that a crisis in the prioritised sectors may impact significantly on the ability of the sector to reach its targets.	Close cooperation between TSD, SPV's and beneficiary firms to alert the SPV and TSD as to any challenges in project delivery, and if projects fail to achieve their objectives due to external factors. This should be raised at the CD/CEO Bi-annual Review. This will ensure the flexibility to rapidly adapt the strategy in line with a more responsive approach. This flexibility will also be built into the agreement/s.

9.4 Sub-programme 3.3: Strategic Initiatives

Performance Delivery Environment

Strategic Initiatives aims at overcoming critical inhibitors to economic growth and/or capitalizing on economic opportunities which arise due to market forces or technological advances. The Programme therefore comprises of a set of catalytic economic growth enablers focused on stimulating the growth of the provincial economy. Four dominant international trends have been emerged as critical in impacting on growth, namely economic infrastructure, broadband, resource sustainability and climate change, and design and innovation.

These four global shifts and policy approaches have emerged as key components of South Africa's National policies, the Provincial Strategic Goal 1 and 5, OneCape 2040, the Western Cape Government Provincial Strategic Plan 2014 – 2019, and find specific expression in the Provincial Strategic Goal One's game-changers Project Khulisa and Broadband.

OneCape 2040

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

Provincial Strategic Plan 2014 - 2019.

The Western Cape Government has synthesized its 12 Strategic Objectives into five Provincial Strategic Goals (PSGs). Of these 5 Strategic Goals, three are relevant for the Sub-Programme:

Strategic Goal 1: Create opportunities for growth and jobs.

Strategic Goal 1 lists three major objectives. These include (i) Make it easier to do business in the Western Cape, (ii) Boost the competitiveness of the economy, and (iii) Promote our region in national and international markets. All the projects within Strategic Initiatives are aimed, in varying degrees of relevance and emphasis, at addressing these objectives.

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

This Strategic Goal encapsulates both the green/climate change principles as well as that of a supportive infrastructure which facilitates economic growth and social inclusion. The game-changers which are assigned to this Strategic Goal are the Live-Work-Play project of Conradie Hospital site in which inputs and support are required by Strategic Initiatives, as well as the Better Living Challenge which was conceived and incubated within the Green Economy initiative.

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

As a transversal cross-cutter, Connected Cape, which is the Broadband Strategy conceptualised by DEDAT, has been listed as PSG 5 game-changer for the Province. In order to achieve the WC Broadband vision and targets, the SI Sub-Programme of DEDAT is responsible within the wider Broadband Implementation Plan for improving broadband access, skills and usage to citizens and businesses for economic and social development.

Provincial Strategic Goal 1 Game-changer: Project Khulisa

As the game-changer of the Provincial Strategic Goal 1, Project Khulisa focuses on maximising job creation and growth within a 5 year timeframe to address the pervasive unemployment challenge of the region. Having undertaken an extensive analysis of historical trends and consultations with targeted stakeholders, agri-processing, tourism and the Oil and Gas industries emerged from Project Khulisa as the sectors with the maximum job-creation potential. Some of the constraints identified within these sectors include challenges with the enabling business environment, including infrastructure and energy hurdles. In alignment with and support of Project Khulisa, the Sub-Programme will explore a number of infrastructure-related initiatives and energy interventions highlighted in the sector road-maps.

The Sub-Programme's remit extends beyond the Project Khulisa's set of priority sectors and its specific enablers in that support is required by the other provincial strategic goals and game-changers for effective implementation. Furthermore, the Strategic Initiatives Sub-Programme tends to develop catalytic projects which for the most part, deal with wider economic challenges and structural issues within the regional economy. Because of the long-term nature of these infrastructure projects, the work within Strategic Initiatives will continue as originally conceived, but there will be an additional focus on the priority sectors identified by Project Khulisa.

9.4.1 Strategic Objectives

Strategic Objective	Grow and develop the provincial economy through development of catalytic initiatives which enhance competitiveness, with a particular focus on industry infrastructure, broadband, resource efficiency and design.
Objective Statement	To facilitate R6 billion of investment into strategic projects.
Baseline	Value of infrastructure investment = R1 250 million Value of investment into the green economy = R800 million

9.4.2 Strategic objective annual targets for 2015/16

Strategic Objective (Outcome Indicator)	Audited / Actual Performance			Estimated performance	Medium-term Targets		
	2011/12	2012/13	2013/14		2014/15	2015/16	2016/17
Value of investment into strategic initiatives	-	-	R204 million	R1 040 million	R3 600 million	-	R1.2 billion

9.4.3 Implementation Plan:

Sub-Programme Strategic Initiatives comprises of four units which underpin its four areas of focus:

1. Cape Catalyst Enabler
2. Broadband Enabler
3. Design and Innovation Enabler
4. Green Economy Enabler

However, it must be noted that while in and of itself, projects that emerge from within these units are catalytic in nature, it is frequently the synergies between these four areas and interactions with other programmes that give rise to even greater impact and dynamic and positive cascading ripple-effects in the economy.

1. Cape Catalyst Enabler: Support and develop major industry-orientated infrastructure

This initiative conducts project preparation and implementation of industry infrastructure. Infrastructure required for economic development has to be customized to address the competitive issues facing the economy and designed to overcome barriers or to catalyse growth and development. Given the lengthy gestation required for the feasibility and stakeholder buy-in, there are a number of projects, initiated in the 2010 – 2015 period, which are at various stages of development and implementation. It is expected that these projects will be completed in the 2015 – 2020 period.

It should be noted that the existence of infrastructure does not mean that facilities are optimally utilized. Therefore additional support is required to maximize the impact that the infrastructure has for the economy. The role of the Department, therefore, is not only just about new infrastructure developments, but about improving access to existing infrastructure in a manner that supports the economic objectives of the Province.

Furthermore, the Department will stimulate, support and co-ordinate, where relevant, new projects and initiatives which have arisen as a result of initial Cape Catalyst projects. Mindful that many infrastructure projects fail to live up to expectations primarily because of poor post-construction support, the Cape Catalyst Sub-Programme will provide support as and where relevant.

Projects for 2015/16 include:

Saldanha Industrial Development Zone. The development of the Saldanha Industrial Development Zone is pivotal for the Project Khulisa's Oil and Gas sector by providing customised infrastructure and support services for an Oil and Gas hub in Saldanha Bay. Complementing the IDZ project will be the development of a West Coast Industrial Plan which seeks to co-ordinate and map all the industrial projects that will be developed in the West Coast surrounds in the medium and long term future. This high-level plan will allow government to undertake the necessary planning to provide bulk infrastructure, capacity and resources necessary to support the realisation of these projects.

Improved Air Access. Based on the research conducted over the previous MTEF as well as consultations with a number of airlines, plans will be formulated to improve air access for incoming tourists. This is in support of Project Khulisa's tourism thrust, which advocates the development of additional market access routes to generate and stimulate tourism arrivals during the region's winter months.

Cape Health Technology Park. The Cape Health Technology Park will see the clustering formation of health technology related and medical devices firms in the Pinelands area of Cape Town. Utilising Biovac as one of the anchor tenants, this is a joint initiative of DST and DEDAT, with the project management of the pre-implementation stage being housed by Wesgro. Set to come on line in the latter part of the 5-year strategic time-frame, the Park will provide the necessary stimulus for the growth of the health sector, which has been identified as a medium-term game changer by Project Khulisa.

Cape Town International Convention Centre Expansion. The CTICC expansion commenced in 2013/14 and construction work will continue into and beyond 2015/16. This project forms a core part of the tourism destination offering and in particular, the business tourism niche market.

Project Khulisha Infrastructure Projects. Over the course of the MTEF, new catalytic infrastructure projects may be explored and/or supported as a result of Project Khulisha and the Provincial Strategic Goals. These include:

- Tourism infrastructure for diversification of destination offerings
- Agri-processing Logistic Parks
- Conradie Hospital Development and the Built Environment

2. Broadband Enabler: Support broadband access, readiness and usage by citizens and businesses

The main purpose of the Broadband Unit is to grow and develop the provincial economy through the support of broadband usage, infrastructure and readiness by businesses and citizens to stimulate broadband up-take in order to improve competitiveness. The focus on citizens and businesses is part of the wider 4-stream WCG Broadband Plan, which also addresses government access and usage.

With respect to the above, the strategic priority for the citizen and business broadband plan, also known as Broadband Stream 2, takes the following constraints into account:

- 65% of the citizens of the Western Cape do not have access to the internet, and
- Under-utilization of broadband by the private sector in the Western Cape

The major focus for the 2015/16 will be:

Leadership Co-ordination and Support. Leadership co-ordination comprises the following two main aspects: (1) the need for stakeholder platforms to stimulate engagement and up-take; and (2) the need to monitor the progress of the Western Cape Broadband Strategy. The stakeholder engagement programme will utilize a range of mechanisms, including stakeholder forums and the formation of a Broadband Foundation for more structured stakeholder platforms that allow for joint funding of broadband projects. This will enable alignment and coordination of projects across government, business and civil society to enhance the imperatives of a connected Western Cape. With respect to monitoring of progress and impact, the first baseline study for broadband will be completed at the beginning of 2015. At regular intervals, successive studies will review the impact and effectiveness of the collective broadband projects on society and businesses. Results of these analyses will guide and inform project focus areas as the Broadband Initiative progresses.

Improving Broadband Access, Readiness and Up-take for Connected Citizens. Improving access for Connected Citizens will entail initiatives that seek to improve accessibility, readiness and usage. With 65% of the Western Cape population not having access to the internet (Stats SA 2011) and given the overall vision of the Western Cape, the challenge is to ensure that citizen-centric projects have wide geographic coverage and reach. To this end, the Department will implement a broad set of projects, including:

- Support WiFi Hotspot and the Integrated Community Access Node Network (ICANN) initiatives aimed at improving accessibility. These initiatives will complement and extend existing government-run internet access projects such as Cape Access and the rural library programme.
- Implement an e-Skills project which will ensure that citizens have the necessary e-literacy competencies to access and use the internet.
- Stimulate demand of the internet through an e-skills internet-based platform which aims to overcome the fragmentation that exists with respect to information on skills development and encourage that skills programmes to be available on the net.

Improving competitiveness for Connected Business. Broadband, as a tool for business and as a medium to access markets, is under-utilized by private sector in the Western Cape. This has impacted on the ICT industry as it has meant that the market for ICT and broadband-related products and services, outside of government procurement, is relatively small.

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

- Support the development of e-based industries through leveraging its own need for digitization of productivity-enhancing services.
- Develop a business tool-kit which will help businesses to more effectively use broadband to increase their competitiveness. Support will also be provided for an e-tourism initiative, in line with Project Khulisha.
- Support the establishment of a Community-based Bandwidth Barn in Khayelitsha, drawing on the talents within the communities to develop technological applications and solutions relevant to its residents and beyond.
- With respect to data-intensive industries, which are heavily reliant on high quality, cost-effective broadband, the Department will conduct project preparation analysis, together with its collaborating partner, SKA, for establishing a Big Data Centre. Big Data provides significant opportunities for attracting investment into the province and for developing new capabilities and innovations in the regional economy

3. Design and Innovation Enabler: Support the up-take and co-ordination of design and innovation

The main purpose of this enabler is grow and develop the provincial economy through the utilisation of design and innovation, and through the development of design industry-orientated infrastructure, to enhance competitiveness of the Western Cape economy.

This theme aims to change the dynamics and relationships of the status quo to embed innovative processes and design-thinking into on-going business and organisational practice with a view to improving the region's competitiveness through the development of demand-led products and services. This will result in economic outputs which are less dependent on price-based competition, but driven rather by user-need, quality, sustainability and efficiency.

The application of Design and Innovation can improve Western Cape and South African products, services and efficiencies, which in turn improves competitiveness and raises innovation levels. This is currently not possible due to a range of challenges, including:

- Low awareness by business of the advantages of design and innovation
- Lack of co-ordination amongst the quad-helix partnerships
- Government's limited utilization of design and innovation which can inhibit demand stimulation and service delivery

By improving the awareness and therefore uptake of design by Government, Communities, Academia and Business, Western Cape products and services should become more innovative; efficient and therefore tradable.

Challenges also exist with very few academics partnering with business, government and communities to develop innovative products that can address challenges faced by society. Combining design thinking with an innovation culture can offer unique approaches to harnessing the collective wisdom of society in developing sustainable solutions. Given that our challenges are not unique (e.g. housing challenges), products and services developed through this kind of design-led collaborative approach has greater potential for exports to other areas with similar problems.

Finally, to achieve true collaboration and develop designers and innovation, suitable equipment, resources (human, technology and financial) and neutral infrastructure must be made available which is strongly supported by our tertiary education institutions. There is at present an absence of a collaborative space that stimulates the use of design and innovation towards improving products and services.

The projects undertaken in the 2015/16 include:

Design Infrastructure Development. All Regions that have successfully adopted Design and Innovation towards competitiveness have manifested the initiatives in a physical space. The Department will facilitate the development of a Design Park, which will stimulate scales of agglomeration and provide a collaborative platform for co-development of innovative products and services. The focus in 2015/16 will be on cementing stakeholder support and finalising a suitable location for the Park. Beyond the substantial impact of the Design Park on the regional innovation system, this project will significantly contribute towards diversifying the winter tourism offering and therefore assist Project Khulisa's objectives.

Strengthening of the Design and Innovation Eco-System. This focus area intends to develop holistic and suitable marketing, enterprise and skills development programmes for designers, innovators and industries that can improve their products, services and overall business' competitiveness. Within fostering linkages between the design community and industry, there will be a specific focus on the agri-processing sector in facilitating innovation and improved design to assist in improving the competitiveness of business within the agro-processing industry.

Demonstrate through implementation. This focus area concentrates on the development and implementation of collaborative projects in businesses, communities and government to galvanize and showcase the positive effects of design and innovation within the Western Cape. This includes embedding local designed products, services, methodologies or skills as well as innovations into traditional businesses to improve industrial competitiveness through tangible, practical projects. To this end, there will be a particular focus on Project Khulisa's agri-processing sector. There will also be a focus on innovation within WCG, which will not only stimulate demand and broaden the market, but ensure that design and innovation results in better government service delivery and efficiencies.

4. Green Economy Enabler: Promote the Western Cape has a low carbon region and a leading green economic hub

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

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

The projects undertaken in the 2015/16 include:

The work under the Green Economy has been categorised into four project areas for the MTEF:

Energy Security and Price Stability. With Energy Security being identified as a key enabler of Project Khulisa, significant effort will go towards executing this game changer area. Some of the work already initiated in the Energy Security space will continue for instance the Smart Grids team will continue to work with Municipalities to build capacity and capabilities around embedded generation. The newly established Finance Initiative will also have a strong focus on Energy security and will build on a number of opportunities identified in this space. Work on the Liquefied Natural Gas project will continue in 2015/16 as this long term project has the potential to significantly impact on the energy security of the province and will also service the West Coast corridor where the Oil & Gas sector plays a prominent role. Furthermore, to create an enabling environment to foster energy security, there will be a continued focus on renewable energy, and in particular, the project preparation work on the Atlantis Special Economic Zone will proceed to the next phase of feasibility.

Resource Efficiency. On the Resource Efficiency front, the Western Cape Industrial Symbiosis programme is a priority for the Green Economy and has garnered much interest from industry since its establishment in 2013. The WISP team will continue to work with organisations to conclude mutually beneficial synergies which not only result in greater resource efficiency but also has a positive effect from a cost saving and landfill diversion perspective. Also encompassed within the efficiency theme, improved waste management practices in Municipalities will be encouraged through the waste economy project as more Municipalities are assisted with waste management technologies and identification of additional waste value chains.

The resource efficiency theme further includes a project to analyse and address the availability of water for economic development in the province – not only for agriculture and agri-processing, but for large industrial developments such as those envisaged for the Saldanha Bay area. The project spans interventions from governance and decision making to practical engineering interventions.

A number of projects in the Resource Efficiency space will be linked to the enhanced focus on the Agri-processing and Tourism sector – two of the high-growth sectors emanating from the Project Khulisha process. For the Tourism sector, with the Department of Environmental Affairs and Development Planning as the lead department, the Green Economy Enabler will develop an investment pipeline of projects within Cape Nature's Protected Areas. The biofuels project will aim to unlock the opportunities associated with developing biofuels from agricultural and other wastes as well as crop production. Furthermore, the 110% Green food waste project which was initiated in 2014/15 will be taken forward with an enhanced focus on the Agri-processing sector, determining how inefficiencies in the value chain can be reduced.

Better Living Models. In terms of the Better Living models thematic area, the Better Living Challenge project will move into its second phase with winners receiving the relevant assistance to enable market access for these more sustainable and affordable home improvement products and designs. In the process of up-scaling innovative designs and solutions, collaboration will be sought from the Department of Human Settlements.

Leadership & Co-ordination. The Green Economy is a highly transversal area with implementation stretching across various entities and departments. The Leadership and Co-ordination component of the Green economy is therefore a cross cutting thematic area that encapsulates the green intelligence work, the management of the 110% Green brand building, the cluster networking platform, as well as all coordination of all inter and intra departmental stakeholder relations.

The 110% Green initiative encompasses both the Brand building and networking platform of the Green Economy. Efforts will continue to grow the flagship programme whereby organisations are encouraged to commit to doing something practical that links green with the economy. A number of strategic initiatives are undertaken to test some of the new and innovative technologies in the green economy space. This will include implementation and monitoring of the Genius of Place project which utilises bio mimicry to solve some of the water and waste challenges experienced in informal settlements. There will be a particular focus on raising awareness within and for Project Khulisha's sectors, particularly given the resource challenges which impede these sectors' growth prospects.

Cluster co-ordination is undertaken by Green Cape. The key focus of the work – through sector desks – is to understand the opportunities and constraints within green economy subsectors, build relationships and facilitate communication between various national and provincial stakeholders and industry in the Green Economy. The industry work also encourages clustering amongst various sectors of the green economy, and GreenCape works with industry bodies to ensure that barriers to the growth of the sector are minimized. Clustering work covers renewable energy, energy efficiency, water, agriculture and the built environment. These sectors of the economy have a strong 'additive' value. In other words, the cumulative impact of focusing on multiple sectors simultaneously creates a strong 'green economy' brand for the province, while simultaneously promoting regional growth and job creation. There is a close link between these clustering activities and the project work conducted under the green economy programme, as the approach to resolving barriers is continually informed by what industry tells the Department through GreenCape.

Importantly, the clustering function is also aimed at attracting green economy investment into the Western Cape – especially in manufacturing. This work has already facilitated the establishment of manufacturing investment in the Province to the value of R800 million. In addition, the focused nature of the work has contributed towards a Western Cape profile as the preferred headquarters of renewable energy project developers, which brings with it the attendant concentration of skills to service the renewable energy industry.

9.4.4 Performance indicators and annual targets for 2015/16

Programme performance indicator (Output Indicator)		Audited/Actual performance			Estimated performance	Medium-term targets		
		2011/12	2012/13	2013/14		2014/15	2015/16	2016/17
Sub-programme: Strategic Initiatives								
1.1	Number of infrastructure projects supported	10	6	8	6	7	7	7
1.2	Number of broadband projects supported	-	-	-	-	13	13	13
1.3	Number of design projects supported	-	-	-	-	5	5	5
1.4	Number of Green Economy projects supported	-	-	-	-	11	11	11

9.4.5 Quarterly targets for 2015/16

Programme performance indicator		Reporting period	Annual target 2015/16	Quarterly targets			
				1st	2nd	3rd	4th
Sub-programme: Strategic Initiatives							
1.1	Number of infrastructure projects supported	Annual	7	-	-	-	7
1.2	Number of broadband projects supported	Annual	13	-	-	-	13
1.3	Number of design projects supported	Annual	5	-	-	-	5
1.4	Number of Green Economy projects supported	Annual	11	-	-	-	11

9.4.6 Risk Management

Strategic Objective: Grow and develop the provincial economy through the development of catalytic initiatives which enhance competitiveness, with a particular focus on industry infrastructure, broadband, resource efficiency and design.	
Risk Statement	Risk Mitigation Strategy/ies
Inability of the department to address the challenges impacting on the Project khulisa enablers due to multiple stakeholders and ownership falling outside of the direct control of the department, resulting in an inability to achieve the objectives of PSG1	To strengthen the influencing role of the Department through: <ol style="list-style-type: none"> 1. The investment into research and feasibility studies to support advocacy and lobbying efforts 2. The provision of logistic and secretariat capacity to facilitate stakeholder dialogue and co-ordination 3. The provision of seed capital for project preparation and co-funding for project implementation, as and where relevant

9.5 Reconciling performance targets with the Budget and MTEF

9.5.1 Expenditure estimates

Sub-programme		Audited			Main appropriation Adjusted appropriation	Adjusted appropriation	Revised estimate	Medium term expenditure		
		R'000	2011/12	2012/13				2013/14	2014/15	2014/15
1.	Trade and Investment Promotion	14 956	18 500	21 481	19 235	19 235	19 235	22 400	22 400	22 400
2.	Sector Development	35 577	44 803	46 405	49 179	52 050	52 050	40 208	40 725	41 221
3.	Strategic Initiatives	16 183	36 870	65 951	174 463	164 476	164 476	192 897	113 863	113 669
4.	Management: Trade and Industry Development	1 821	1 123	1 579	1 687	1 089	1 089	1 546	1 720	1 791
Total payments		68 537	101 296	135 416	244 564	236 850	236 850	257 051	178 708	179 081
Economic classification										
Current payments		23 776	40 340	47 235	61 905	54 508	54 508	75 605	75 446	74 327
	Compensation of employees	12 466	16 103	19 848	20 036	18 767	18 767	24 231	29 324	30 790
	Goods and services	11 309	24 237	27 387	41 869	35 741	35 741	51 374	46 122	43 537
	Interest and rent on land	1								
	Transfers and subsidies	44 557	60 655	87 929	182 459	182 218	182 218	181 102	102 918	104 410
	Provinces and Municipalities			5 150	500	500	500			
	Departmental agencies and accounts	14 956	24 762	29 216	47 326	50 326	50 326	54 658	55 524	57 016
	Universities and technicians			550	1 000	1 000	1 000			
	Foreign governments and international organisations									
	Public corporations and private enterprises			500	1 200	10	10			
	Non-profit institutions	29 601	35 890	52 513	132 433	130 380	130 380	126 444	47 394	47 394
	Households		3			2	2			
Transfers and subsidies to Capital										
	Government Motor Trading Account									
	Payments for capital assets			252	200			344	344	344
	Buildings and other fixed structures									
	Machinery and equipment	204	275	247	200	124	124	344	344	344
	Heritage assets									
	Specialised military assets									
	Biological assets									
	Land and subsoil assets									
	Software and other intangible assets		26	5						
	Payments for financial assets									
Total economic classification		68 537	101 296	135 416	244 564	236 850	236 850	257 051	178 708	179 081

Programme 4: Business Regulation And Governance



DEPARTMENT OF ECONOMIC DEVELOPMENT AND TOURISM

10. PROGRAMME 4: BUSINESS REGULATION AND GOVERNANCE

10.1.1 Purpose

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

10.1.2 Programme structure

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

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

- **Sub-programme 4.4: Liquor Regulation**

To promote and maintain an effective and efficient regulatory system for the liquor industry

10.2 Sub-programme 4.2: Regulation Services

Performance Delivery Environment

The enabling business environment comprises all relevant economic, political, social, regulatory and international factors external to firms in the Western Cape. In this regard the Project Khulisa exercise that was conducted by the WCG identified numerous opportunities and challenges affecting the regions ability to create jobs and thereby ensure economic growth. It is with the results of the aforementioned exercise in mind that the sub-programme has identified the areas of action and assistance that can be provided to sectors, units and departments. It is common cause that one of the factors considered by a possible investor into the Western Cape economy is the level of legal protection afforded to its rights as an investor. It is undeniable that this includes a consideration by a possible investor of the regions protection efforts with regards to brand protection. This specific issue was noted as a specific challenge affecting the agri-processing sector within the Western Cape. Globally, the issue of counterfeit goods and its prevalence within the market of a region and more importantly how that region addresses the problem is a factor considered by possible investors. The poor regulation of counterfeit and substandard goods by a region is therefore considered as a negative by possible investors. It is therefore deemed essential by the Programme that this sub directorate takes the lead from a provincial perspective to participate in the coordination and implementation of anti - counterfeit operations within the Western Cape. The aforementioned task is one which includes a spectrum of national and provincial role players and the sub directorate will thus participate in these multi stakeholder engagements and operations. This will be a new initiative driven by this sub directorate and as such the necessary resources will need to be allocated to the programme to ensure that a positive contribution towards is made in the fight against counterfeit and sub-standard goods. It is advanced that the initiatives in this regard will make a direct contribution towards addressing the challenges identified by project Khulisa with regards to poor regulatory enforcements as far as sub-standard imported goods is concerned.

10.2.1 Strategic Objectives

Strategic Objective	An effective provincial trading environment demonstrated by a high level of engagement with regulatory authorities on issues of compliance and enforcement.
Objective Statement	To achieve a reduction in the number of outlets offering counterfeit goods for sale by increasing the number of counterfeit joint operations between stakeholders and increasing the rand value of confiscated counterfeit goods. To assist with the growth of local business by effectively administering business licence appeals.
Baseline	Participation in 2 sub-standard goods confiscation operations during 2014/2015 financial year. 1 Business licence appeal completed in the 2013/2014 financial year.

10.2.2 Strategic objective annual targets for 2015/16

Strategic Objective (Outcome Indicator)	Audited / Actual Performance			Estimated performance	Medium-term Targets		
	2011/12	2012/13	2013/14		2014/15	2015/16	2016/17
Number of new businesses operating by virtue of positive departmental appeal recommendations issued.	-	-	-	-	1	2	3
Rand value total of sub-standard goods confiscation operations	-	-	-	-	R15m	R30m	R50m

10.2.3 Implementation Plan:

Analysis carried out internationally indicates that international trade in counterfeit and pirated products could have been up to USD 500 billion in 2010. This total does not include domestically produced and consumed counterfeit and pirated products and the significant volume of pirated digital products being distributed via the Internet. If these items were added, the total magnitude of counterfeiting and piracy worldwide could well be several hundred billion dollars more. Counterfeiting and piracy are illicit businesses in which criminal networks thrive. The various international reports also show that the items that they and other counterfeiters and pirates produce and distribute are often substandard and can even be dangerous, posing health and safety risks that range from mild to life-threatening. Economy-wide, counterfeiting and piracy undermine innovation, which is key to economic growth. The magnitude and effects of counterfeiting and piracy are of such significance that they compel strong and sustained action from governments, business and consumers. More effective enforcement is critical in this regard, as is the need to build public support to combat the counterfeiting and piracy. Increased co-operation between governments, and with industry, would be beneficial, as would better data collection. Counterfeiting and piracy are longstanding problems which are growing in scope and magnitude. They are of concern to governments because of (i) the negative impact that they can have on innovation, (ii) the threat they pose to the welfare of consumers and (iii) the substantial resources that they channel to criminal networks, organised crime and other groups that disrupt and corrupt society. They are of concern to business because of the impact that they have on (i) sales and licensing, (ii) brand value and firm reputation, and (iii) the ability of firms to benefit from the breakthroughs they make in developing new products. They are of concern to consumers because of the significant health and safety risks that substandard counterfeit and pirated products could pose to those who consume the items.

Costs related to combating counterfeiting and piracy

Type of costs Characteristics

- **Product protection** Products are modified to prevent or make them difficult to copy or fake. Packaging Special packaging, such as holograms and track and trace technologies, are used to deter counterfeiters and pirates.
- **Litigation** Legal actions are taken against counterfeiters and pirates.
- **Investigations and research** Investigations are carried out to track down counterfeiting activities.
- **Co-operation with governments** Resources are used to provide technical and other types of support to governments.

- Awareness Initiatives are taken to raise the awareness of stakeholders of developments and issues.
- Liability To build good will, firms may settle claims arising from counterfeit or pirated products.

What are the Effects of counterfeiting and piracy on government?

The costs come in the form of:

1. Lower tax revenues,
2. The cost of anti-counterfeiting activities, including responding to public health and safety consequences
3. Corruption.

What will the Programme do to address this problem?

At the national and provincial level, two of the principal challenges in combating counterfeiting and piracy are:

1. To find ways to enhance enforcement; and
2. Raise awareness of counterfeiting and piracy issues.

More may need to be done to undermine counterfeiting and piracy at the point where infringement originates; once goods enter domestic or international trade, the task becomes far more difficult. However the coordination of national and provincial activities in this regard can start the process of addressing this specific challenge.

Most economies appear to have the legal and regulatory mechanisms in place to adequately combat counterfeiting and piracy. South Africa is no different in this regard. Enforcement, however, is viewed by many as weak, a common criticism is that the resources devoted to IPR enforcement are insufficient and that those who engage in counterfeiting and piracy are not sufficiently penalised for their actions when they are caught. To demonstrate this point it is notable that a very small amount of counterfeit prosecutions have been initiated in South Africa. The problem thus persists as the perception is that the practice is condoned. As resource challenges are likely to persist, governments may need to consider focusing enforcement activities on twofold operations which will have the greatest impact. On the one hand activities must be focussed on the disruption of counterfeiting and piracy activities at the points where infringement originates (place of manufacture, point of importation). As such coordination of activities between the various roleplayers e.g SAPS, SARS, NRCS, OCP, Municipalities, becomes crucial in order to strategically address the challenge. On the other hand joint operations to remove counterfeit and substandard goods from the market place must continue. This process must however be accompanied by the criminal prosecution of persons/organisations deemed to be complicit in the manufacture/marketing or sale of such products. It is only with such a two pronged approach that an impact can be made in this area.

Raising awareness is also an important aspect of combating counterfeiting and piracy and needs to be pursued vigorously. Consumers should be adequately informed about the growing threat that substandard counterfeit and pirated products pose to their health and safety, and consumers and counterfeiters and pirates should be aware about the legal consequences of infringing IPRs or knowingly purchasing infringing products. Raising awareness could also have beneficial effects on consumer attitudes and behaviour towards counterfeiting and piracy. Part of the awareness process must be the message of the economic impact (job losses, loss of FDI etc) which counterfeit goods have on the country as a whole. This is especially since many consumers purchase counterfeit goods in the knowledge they are counterfeit but do so because of economic considerations. If a link can be shown between the problem of counterfeiting and the economic conditions in the country it could have an impact on the market behaviour of consumers. A sustained awareness initiative thus becomes crucial.

10.2.4 Performance indicators and annual targets for 2015/16

Programme performance indicator (Output Indicator)		Audited/Actual performance			Estimated performance	Medium-term targets		
		2011/12	2012/13	2013/14		2014/15	2015/16	2016/17
Sub-programme: Regulation Services								
1.1	Number of business licence appeal recommendations provided	1	2	1	3	1	2	2
1.2	Number of sub-standard goods confiscation operations conducted with stakeholders.	-	-	-	2	4	10	30

10.2.5 Quarterly targets for 2015/16

Programme performance indicator		Reporting period	Annual target 2015/16	Quarterly targets			
				1st	2nd	3rd	4th
Sub-programme: Regulation Services							
1.1	Number of business licence appeal recommendations provided	Annually	1	-	-	-	1
1.2	Number of sub-standard goods confiscation operations conducted with stakeholders.	Quarterly	4	1	1	1	1

10.2.6 Risk Management

Strategic Objective: An effective provincial trading environment demonstrated by a high level of engagement with regulatory authorities on issues of compliance and enforcement	
Risk Statement	Risk Mitigation Strategy/ies
The inability to contribute towards the growth of the number of businesses created in the province due to the failure to receive business licence appeals from applicants.	Engagement with Municipalities on issue to create awareness about appeal right; Engagement with business sectors to create awareness about appeal right
The inability to reduce the impact of sub-standard goods on the economy due to the failure to implement coordinated confiscation operations due to lack of cooperation and interest from stakeholders	Establishment of a provincial forum; Participation in provincial forum consisting of all roleplayers including SAPS, SARS, NRCS, Border Control, Harbour Authorities, Brandholders

10.3 Sub-programme 4.3: Consumer Protection

Performance Delivery Environment

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

From the above it therefore appears that the OCP has an extremely broad mandate to investigate conduct that may have had a prejudicial effect on consumers within the province. On a national level however we have the Consumer Protection Act, 2008 (Act 68 of 2008) which was fully implemented on the 1st of April 2011. This legislation further entrenched the provincial OCP's role and mandate within the arena of consumer protection. The national legislation furthermore concretises certain illegal practices and also prescribes the various roles and functions which provincial offices and provincial tribunals will now need to play to ensure the effective implementation of the national legislation. In practical terms this translates into the OCP conducting inquiries or investigations into complaints lodged by consumers against the conduct/product/service of a business. This mandate is performed both in terms of provincial and national legislation. Currently the operating practice of the OCP is to receive consumer complaints via the following 2 main avenues:

- Toll Free Call centre: The OCP has a toll free call centre that is operated and managed by an external agency on behalf of the Provincial government of the Western Cape. Consumers within the Western Cape are therefore able to lodge a formal complaint via the call centre. The matter is officially recorded and thereafter investigated by the OCP;
- Walk in centre: The OCP also operates a "client walk in centre" in central Cape Town and consumers are able to visit the centre and lodge a formal complaint in person;

In terms of the delivery environment the regulatory institutions within DEDAT were often seen as being somewhat of a misplaced entity within the economic development space. This was predominantly since regulation was generally viewed as anti-development and a negative force in an environment seeking to grow the economy. Regulation has however, in recent years come to be seen as an enabling factor, ensuring that all the economic role-players (consumers, enterprises and the various levels of Government) co-operate in a legally secure and predictable environment, structured towards economic growth and transformation. There is a growing realisation on the part of the business sector that economic growth should not be at the expense of 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.

The recent literature on international consumer protection has indicated that reputation and fear of bad publicity are extremely important as drivers for compliance –supporting the conclusion that attracting and retaining customers is increasingly becoming the top business priority. Reputation therefore emerges as an extremely important factor influencing compliance to both large and small firms. It is noted that a number of agencies now advocate the use of publicity to inform the public, and consequently to encourage improved levels of compliance. In engagements with businesses on the issue of compliance with the provisions of the Consumer Protection Act it has become apparent that many of them (especially smme's) have identified that maintaining excellent relations and reputational capital with local communities can promote ongoing business success, whilst loss of reputation (for example, because of a customer service problem) can be damaging to the business. It is therefore evident that the failure to comply with the law and the possibility of therefore being subject to enforcement action is now also increasingly being seen by business to have the potential to damage reputation. Some regulators and enforcement partners considered that, with reputation a major driver, it was crucial for businesses to avoid any adverse publicity, especially during a time when economic growth is an issue of national

importance. This therefore presents an ideal opportunity for a regulatory institution such as the OCP to now exploit this "willingness to comply" environment and ensure that the benefits of consumer protection is extended to not only consumers but also to business. It is therefore evident that an effective consumer protection environment is one which must provide a mechanism through which consumers can address illicit business behaviour but one which also acknowledges the importance of a growth orientated economy. In this manner the OCP can now effectively find its niche within the Western Cape Government since its redress services for consumers will go a long way in contributing towards the national outcome of ensuring that an "efficient and effective development orientated public service and an empowered, fair and inclusive citizenship" is developed. However, by the same token the OCP's engagement with business to ensure that the benefits of voluntary compliance as far as growth, competitiveness and enhancement of sectors or businesses is concerned will ensure that a contribution towards the achievement of PSG 1 and specifically the focus area of "creating an enabling environment" will be achieved.

10.3.1 Strategic Objectives

Strategic Objective	To provide an effective and efficient consumer protection service within the province which is aligned to the objectives and functions as prescribed by both provincial and national consumer protection legislation
Objective Statement	To ensure that the WCG Provincial Strategic Objective as far as making the Western Cape a destination of choice in which to do business, is achieved. The projects aimed at achieving this objective is the "access to provincial services" on the aspect of consumer protection within the province and the provision of an effective complaints resolution service. To enhance the financial literacy awareness and consumer rights awareness levels within the province and also to provide an effective complaints resolution service which provides financial savings to Western Cape consumers.
Baseline	2013/2014 financial year: Complaints received =10554; Complaints resolved = 10063

10.3.2 Strategic objective annual targets for 2015/16

Strategic Objective (Outcome Indicator)	Audited / Actual Performance			Estimated performance	Medium-term Targets		
	2011/12	2012/13	2013/14		2014/15	2015/16	2016/17
Increased awareness levels amongst Western Cape citizens regarding the OCP & its service offerings	14% (Sample size of 2559 consumers)	92% (463 persons surveyed)	89.46% (3000 persons surveyed)	20% Sample size of 3000 consumers	70% Sample size of 3000 consumers	70% Sample size of 3000 consumers	80% Sample size of 3000 consumers
Number of strategic consumer NGO partnerships established	20	22	28	30	35	40	50
Monetary value saving to consumers	R2.9m	R5m	R4.1m	R4 m	R2.5m	R3m	R4m
Percentage of consumers indicating satisfaction with the level and standard of service provided by OCP	51%	83% (217 persons surveyed)	59% (Sample size of 1500 consumers)	60% Sample size of 1500 consumers	60% Sample size of 1500 consumers	65% Sample size of 1500 consumers	65% Sample size of 1500 consumers
Percentage of consumers indicating change in financial behaviour due to OCP consumer financial literacy project	-	93% (200 people surveyed)	-	70%	60%	75%	80%

10.3.3 Implementation Plan:

Consumer Redress:

The projects and operations linked to the services of the OCP is primarily geared towards a citizen centric service since it provides dispute resolution services between consumers and suppliers. The aforementioned services can only be effectively provided if the correct and optimal human resources, ICT services and customer focused interventions are in place. It is our contention that the various initiatives i.e. toll free call centre, ADR services, adjudication services via consumer tribunal, are all focused on ensuring that the objectives as set in PSG 1 and 5 are achieved. By providing effective services to citizens which ultimately results in them obtaining a benefit e.g. refunds, repairs of defective products etc., the unit plays its part in ensuring that citizens of the Western Cape have a first-hand experience of the WCG's commitment towards quality service provision.

Strengthened self-regulation mechanisms and increased awareness of consumer rights among businesses will also create favourable conditions for the promotion and development of mechanisms of amicable resolution of consumer disputes. The experience of the past years has proven that out-of-court alternative dispute resolution mechanisms are an effective and cheap method of obtaining consumer redress, particularly in smaller cases, when courts of law fail to deliver the desired outcomes due to lengthy proceedings, high costs, formalised procedures and psychological barriers related to getting involved in a court action.

The development of the systems of amicable dispute resolution is, however, not possible without the cooperation and willingness to collaborate from business. Consequently, the development of amicable dispute resolution systems must be included in the concept of 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. Consumers must indeed have guarantees that, regardless of their choice of the method of dispute resolution, they will be provided with a minimum of standards. The objective of this process is to harmonise the principles in force in this area in order to make it easier for consumers to access alternative methods of settling their disputes with businesses, as well as to set forth seven basic principles of out-of-court resolution of consumer disputes: the principle of independence, transparency, respect of the rules of the opponent, effectiveness, legality, freedom and the right to representation.

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

New priority focus area:

Support of SMME's

In previous financial years the primary role of the OCP as far as business (including SMME's) was concerned related to the investigation of consumer complaints lodged against such businesses. It has however become necessary for the OCP to realign itself especially in light of the departments strategic priorities especially with regards to the role which SMME's can play within the arena of job creation. As a result a new focus for the OCP will be the role of supporting and capacitating SMME's with regards to the legislative imperatives as created by the Consumer Protection Act. During the past financial years it has become evident that a vast majority of consumer complaints received by the OCP relate to the products/services provided/offered by SMME's. The resolution of such disputes have proven to be challenging especially since many of the SMME's are not aware of the obligations placed on them by the Consumer Protection Act and as a result rely on outdated policies and procedures as far as customer rights are concerned. As a result there is often a reluctance amongst SMME's to engage and address issues of dispute. It is internationally accepted that substantial reputational damage can be caused to a business due to perceptions amongst consumers that their consumer rights are not protected. This reputational damage translates into loss of consumer confidence in a business or brand which further translates into loss of turnover and subsequent profit. The knock on effect of this reputational damage is vast since it will impede a business's ability to grow and ultimately create jobs and thus limit the economic growth of a region. The role and importance of basic principles such as customer care, customer rights/obligations, new law and policy on consumer protection, is therefore crucial in order for a business to maintain consumer confidence and thus flourish. As such the OCP will over the next 5 years be actively engaging with SMME's, sector bodies, government departments, Municipalities, industry bodies and business groupings to provide support on this issue. For example, the OCP will now be actively assisting SMME's in identifying and addressing policy/administrative shortcomings within their business as far as consumer protection is concerned. The idea is to ensure that such businesses become aware of their obligations in terms of the law and actively amend policies/procedures that are contrary to legislation. This will ensure that they not only become legally compliant but can in fact enhance consumer confidence in the products or services they offer. By introducing this new approach the OCP can also make a direct contribution towards one of the strategic priorities of the department as far as supporting business is concerned. The additional impact is that consumer confidence in SMME's can drive the growth of such businesses and possibly lead to job creation and the improvement of the Western Cape economy.

Consumer Education Services:

The education and information activities carried out in the previous years have shown that the OCP's activity in this area brings positive results and is received with great interest by consumers and entrepreneurs. Consumer education is a long-term and continuous process, especially in a country 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. With relation to the changing market situation and an increasingly widespread application of new communication

techniques by businesses, it seems necessary to strengthen the activities of the OCP aimed at educating consumers as regards the traps and risks they face. The impact of new technology in the transactional process between consumer and business also dictates that new strategies must be developed and implemented in order to keep trend with this new form of consumerism.

In the years to come the OCP intends to continue basing consumer protection policy on regularly obtained, reliable information about South African and specifically Western Cape consumers. Supporting consumer policy with the data about the type and scale of problems faced by consumers on the market, the barriers preventing consumers from fully adapting to the modern market and about the current level of knowledge and awareness of consumers will enable the Office to implement systemic solutions aimed at eliminating or limiting market changes which are unfavourable to consumers. The most important objective of the OCP's research activities is to obtain background for designing its educational and information programmes. Moreover, the OCP will use the results of social research that will be undertaken in its direct communication with consumers and entrepreneurs, in the framework of information campaigns, PR activities and working meetings, which aim to strengthen the social dialogue. The data acquired through this research will constantly be used by the OCP in its communication with other government agencies, Regulatory bodies, as well as NGOs, academic circles and the media. The OCP will be embarking on regular research initiatives to amongst others address the following:

- The survey of the level of consumer awareness, the ways of making purchase decisions and the barriers that make it impossible for consumers to participate in the market in a safe and satisfying way;
- The patterns of household finance management and the use of credits and loans. Methods and techniques used to solve household financial problems (loans vs. searching for other sources of financing);
- The consumer on the market of goods and services sold on the Internet;
- Western Cape entrepreneurs' knowledge of consumer protection law and the State agencies providing redress services to consumers

The OCP's consumer education activities

In the forthcoming 5 year period the OCCP will continue to carry out an active educational and information activity, focusing mainly on the education of various groups of consumers. The education programme will include the basic issues, the knowledge of which facilitates the functioning on the market, acquiring everyday consumer competencies' knowledge of redress options. It should also provide an answer to the newest challenges occurring on the market. At the same time, it is important for the new education and information activities of the Office to provide Western Cape consumers with assistance in their functioning on the South African market.

The OCP's campaigns will also be executed in cooperation with the National Consumer Commission (NCC), various regulatory authorities and Ombud Schemes that are either statutory or that will be established in terms of the Consumer Protection Act, 2008. In the forthcoming period the OCP plans to execute education campaigns relating to the following consumer issues:

- Benefits and risks related to the use of the latest technologies to transact with business (concluding distance contracts, via the Internet, the phone, mail orders, etc.);
- Sub – standard Goods and the risks posed by them. The objective of this campaign will be to draw consumers' and entrepreneurs' attention to the factors that determine the safety and quality of products;

Counterfeit Goods: What are they and what is the impact on the economy?

- Advertising. Campaigns concerning this issue will inform consumers about the various types of misleading, false and inaccurate advertising that is designed to entrap consumers into problematic agreements;
- Consumer rights and obligations. The need to inform consumers about their rights and obligations in terms of the Consumer Protection Act and the various authorities available to assist with redress remains valid. The following 5 years will also see the OCP developing a more focused and sustained campaign aimed at SMME's specifically. This is especially since a need has been identified to support SMME's on the issue of consumer rights and obligations in terms of the relevant legislation. The educational and information campaigns will be addressed to various consumer groups: the youth, adults, elderly people 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 the society. In this respect, the expert support of academic circles will be also very important.

Continued Priority Focus: Financial Literacy Education

In the aftermath of the financial crises, financial literacy has been increasingly recognized as an important individual life skill in the majority of economies. The underlying reasons for this growing policy attention encompass the transfer of a broad range of financial risk to consumers, the greater complexity and rapid evolution of financial landscape, the rising number of active consumers in the financial sphere and the limited ability of regulation alone to efficiently protect consumers. In addition to the reasons advanced above, consequences of the financial crises have demonstrated the potential implied costs and negative spill-over effects of low levels of financial literacy for society at large, financial market and households.

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

The involvement of National Treasury through the formation of a National Financial Education Committee of which the Western Cape OCP is a represented member indicates the seriousness of the financial education programme. Other Provinces such as the KZN have similarly taken the initiative to prioritise financial education. A financial healthy society is key to development. The innovation and subsequent manufacturing of products and services will be futile if consumers are unable to access finance due to negative listing/unfavourable credit reports in the credit bureau. By failing to access finance from financial institutions, this reduces the number of potential customers who would have sustained the manufacturing and services sector. This will subsequently affect the attainment of some of the underpinnings of strategic goal 1.

Currently there are more than 600 000 consumers who have applied for debt counselling since the National Credit Act came into effect in in June 2007. It must be noted that consumers who seek debt counselling are removed out of the credit market as prescribed by the law. This reduces their level of participation in the economy as they cannot access credit. It can be argued that those who are removed from accessing further credit could have been potential customers of businesses in the Western Cape. This indirectly reduces demand for products that these consumers who are under debt review would have bought. It is perhaps imperative for government to provide financial education to consumers as this will reduce the number of consumers who are in financial dire straits. The reduction in the number of indebted consumers will potentially address the demand and supply side of the market which could subsequently help in the stimulation of the economy. The proposed financial educational programmes will therefore help to acquaint consumers in general about various financial products in the market and the implications of their choices. This will invariably assist consumers to stay in the market and continue to consume products and services manufactured and created by the economy thus not only helping to sustain jobs and economic growth but also to contribute to the fiscus.

10.3.4 Performance indicators and annual targets for 2015/16

Programme performance indicator (Output Indicator)		Audited/Actual performance			Estimated performance	Medium-term targets		
		2011/12	2012/13	2013/14		2014/15	2015/16	2016/17
Sub-programme: Consumer Protection								
1.1	Number of consumer education programmes conducted	203	275	243	230	200	220	220
1.2	Number of complaints received	14 179	15 597	10 554	12 000	7 000	6 500	6 000
1.3	Number of complaints resolved	8 728	19 039	10 063	11 000	5 000	5 000	4 500
1.4	Number of consumer education booklets and/or information material distributed to strategic partners.	-	10	12	4	5 000	5 000	6 000
1.5	Number of financial literacy workshops conducted	100	84	89	70	50	100	120
1.6	Number of attendees at financial literacy workshops	4 069	2 509	2 664	2 100	1 000	1 500	1 500
1.7	Number of SMME engagements conducted	-	-	-	-	20	40	100

10.3.5 Quarterly targets for 2015/16

Programme performance indicator		Reporting period	Annual target 2015/16	Quarterly targets			
				1st	2nd	3rd	4th
Sub-programme: Consumer Protection							
1.1	Number of consumer education programmes conducted	Quarterly	200	50	50	50	50
1.2	Number of complaints received	Quarterly	7 000	1 000	2 000	2 000	2 000
1.3	Number of complaints resolved	Quarterly	5 000	1 000	1 500	1 500	1 000
1.4	Number of consumer education booklets and/or information material distributed to strategic partners.	Quarterly	5 000	1 500	1 000	1 500	1 000
1.5	Number of financial literacy workshops conducted	Quarterly	50	10	15	15	10
1.6	Number of attendees at financial literacy workshops	Quarterly	1 000	150	350	350	150
1.7	Number of SMME engagements conducted	Quarterly	20	5	5	5	5

10.3.6 Risk Management

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 To become the most effective provincial consumer protection authority in the country by virtue of high levels of consumer rights awareness and a high rate of financial savings accruing to consumers due to the OCP's assistance.

Risk Statement	Risk Mitigation Strategy/ies
<p>Consumer education programmes: The inability to implement effective and sustained consumer education programmes across the province due to insufficient resources (human, infrastructural & financial) which results in a decrease in the consumer rights awareness levels and the failure to achieve service standards.</p>	<ul style="list-style-type: none"> Enhancement of strategic s with various stakeholders and partners within the consumer protection environment Cooperation with the media will be continued so as to ensure that the exposure of the various events, projects and programmes of the OCP will be communicated to readers, listeners and watchers of the various media sources.
<p>Policy & Legislation Lack of control which the department has over the legislative environment due to the constitutional mandate (concurrent jurisdiction) which results in the implementation of policies and legislation that are unsuitable to the department and which impacts on service delivery standards and brand reputation.</p>	<ol style="list-style-type: none"> Establishment of a Consumer Protection Forum comprised of all 9 Provinces and the Regulatory Authorities Programme units tasked with evaluating proposed policy legislation and providing comments to the MEC Issues and concerns escalated to the president and premier co-ordinating forum <p>The Red Tape Unit will be engaged so as to lobby for any proposed legislative and/or policy amendments.</p>

10.4 Sub-programme 4.4: Liquor Regulation

Performance Delivery Environment

The Western Cape Liquor Authority is now a fully-fledged independent authority and as a result the oversight role from a departmental perspective will be housed within Programme 4. The issue of effective liquor regulation has become an important component for the WCG since it not only plays a role in the stimulation and growth of the economy by virtue of the jobs created due to new liquor businesses operating but must now also make a

contribution towards reducing the negative effects of alcohol abuse within the region. As such liquor regulation touches on 2 of the 5 provincial Strategic Goals which have been introduced by the WCG. The relevant strategic goals are numbers 1 and 3. The first strategic goal relates to the growth of the economy and the creation of jobs whereas the third relates to the need for the WCG to have a coordinated and provincially aligned strategy to enhance safety and wellness by tackling social ills. It is accepted that substance abuse and particularly alcohol abuse is a major contributor towards many social ills and as such liquor regulation must play a role in this regard. It is however also accepted that the challenge of social ills is one which is multi-dimensional and as such requires intervention, assistance and support from various stakeholders within and outside of government. As such liquor regulation will provide such assistance and support within the various forums, platforms and stakeholder engagements which are implemented. The primary focus however of liquor regulation must remain the implementation of the legislation relating to liquor licencing administration and as such the core of its primary activities will be focussed on these legislative imperatives.

The Western Cape Liquor Authority (WCLA) is in terms of the Western Cape Liquor Act, 2008 responsible for the regulation of the licensed liquor trade in the Western Cape. As such, the Governing board of the WCLA 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 licence 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 aforementioned prescribed legislative processes will be performed by the WCLA but the monitoring and evaluation thereof will be on a departmental level.

10.4.1 Strategic Objectives

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	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.
Baseline	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. Only some 12% of licensed liquor outlets are owned by HDIs and only a quarter of all liquor outlets in the Province are licensed.

10.4.2 Strategic objective annual targets for 2015/16

Strategic Objective (Outcome Indicator)	Audited / Actual Performance			Estimated performance	Medium-term Targets		
	2011/12	2012/13	2013/14		2014/15	2015/16	2016/17
Percentage of liquor outlets licensed	30% (baseline: 28 000)	30.23% (baseline: 26 000)	30.23% (baseline: 26 000)	35% (baseline : 24 000)	35% (baseline: 24 000)	36% (baseline: 24 000)	36.5% (baseline: 24 000)

10.4.3 Implementation Plan:

WCLA: Education and Awareness

As mentioned previously the primary focus of liquor regulation is the implementation of the legislation relating to liquor licensing. One of the aspects identified by the WCLA is the need to implement an education and awareness strategic intervention aimed at both the industry i.e. licence holders as well as consumers. The rationale behind

this is to ensure that both the provider of liquor as well as the consumer thereof are targeted with regards to the need for effective regulation of alcohol availability and usage. It is accepted that many players within the industry and consumers of alcohol are unaware of the various impacts i.e. social and economic which alcohol abuse has on the South African landscape. The need therefore exists for a coordinated and sustained intervention in this regard. As such the WCLA will focus its attention on the following approaches:

Intervention 1: General Awareness through mass-media initiatives

This will be done through newspaper advertisements, commuter-targeted notices on trains and taxis and at terminals for these transport services (train stations and terminuses), fliers, pre-recorded radio insert and TV public service programmes e.g. youth programmes. By implementing the aforementioned we aim to create extensive knowledge of the aspect of alcohol-related harms.

Intervention 2: Creating knowledge and inculcating behaviour-change

This will be done through targeted specific interventions that will include industrial theatre at schools and in communities; radio discussions on university radio stations; television talk programmes covering specific topics on liquor abuse; and newspaper articles. A wide range of topics will be covered through the aforementioned interventions.

WCLA: Compliance & Enforcement

It is accepted that as far as the legislative mandate of the WCLA is concerned, enforcement and compliance must play an important role in the operations of the WCLA. As such the Compliance and Enforcement component will monitor and enforce compliance of licenced liquor outlets with the provisions of the Act by conducting routine compliance inspections, formal inspections, the issuing of compliance notices, enforcement operations, the investigation of complaints against licenced liquor outlets and the prosecution of the breaches of the Act and licence or licence conditions. This component currently has 8 permanent and filled liquor licence inspector posts of which one inspector functions in the capacity of a prosecutor. The functions attached to this component include conducting inspections, issuing compliance notices, investigation of complaints, attending joint enforcement operations and the prosecution of non-compliant licence holders.

Programme / Component Interventions

- Routine compliance inspections;
- Formal inspections;
- Issue compliance notices;
- Enforcement operations;
- Investigation of complaints;
- Prosecution for breaches of the Act and / or licence conditions.

WCLA: Liquor Licencing Administration

This section of the WCLA is responsible for providing an administrative support function to the Liquor Licencing Tribunal and to accept and process all liquor licence applications for consideration by the Liquor Licencing Tribunal. As such, the unit plays an integral role towards ensuring that an effective and efficient application processing system is implemented and maintained by the WCLA. It is acknowledged that in order for the WCLA to make a contribution towards growing the region's economy it is imperative that an effective licensing system with minimal red tape is operationalised. In this regard the WCLA and the department have identified various legislative impediments which are contained within the current Liquor Act which require remedial action. As a result various amendments to the current Act are in process and it is anticipated that the proposed amendments will further assist with the enhancement of the licencing application and finalisation process. In addition to the legislative amendments the WCLA and the department will ensure that a fully automated electronic application system will be introduced to further assist with the effective management and finalisation of liquor applications.

10.4.4 Performance indicators and annual targets for 2015/16

Programme performance indicator (Output Indicator)		Audited/Actual performance			Estimated performance	Medium-term targets		
		2011/12	2012/13	2013/14		2014/15	2015/16	2016/17
Sub-programme: Liquor Regulation								
1.1	Number of awareness interventions conducted	103	123	103	100	120	120	120
1.2	Number of inspections conducted	2 306	2 404	3 820	3 000	3 250	3 250	3 250
1.3	Number of applications received	2 456	3 364	3 308	2 650	2 850	2 850	2 850
1.4	Number of licences issued	1 172	916	1 602	1 750	1 500	1 500	1 500

10.4.5 Quarterly targets for 2015/16

Programme performance indicator		Reporting period	Annual target 2015/16	Quarterly targets			
				1st	2nd	3rd	4th
Sub-programme: Liquor Regulation							
1.1	Number of awareness interventions conducted	Quarterly	120	30	30	30	30
1.2	Number of inspections conducted	Quarterly	3 250	812	813	812	813
1.3	Number of applications received	Quarterly	2 850	712	713	712	713
1.4	Number of licences issued	Quarterly	1 500	375	375	375	375

10.4.6 Risk Management

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.

Risk Statement	Risk Mitigation Strategy/ies
Inadequate coordination of internal and external communication activities due to lack of a communication strategy which causes fragmented messaging taking place within the industry.	Implement a Communications Strategy to improve communication interventions.
Safety of inspectors. The function performed by inspectors can lead to the removal of a licence and thus the closing down of a liquor trading business. This is therefore a volatile environment which places the safety of inspectors at risk.	On blitzes the DLO and / or other SAPS members will normally accompany the inspectors. The DD is aware of all inspections being conducted. Training will be conducted for the inspectors. A monthly inspection schedule is developed by the WCLA; All blitz operations will normally involve the assistance of the SAPS; Cooperation with industry bodies.
Collusion between officials, applicants and licence holders.	Annually updated declaration of interest by administration staff members including well-defined delegations of authority.
Lack of trust in the WCLA due to the lack of knowledge by and participation of all stakeholders which may lead to the inability to effectively regulate the liquor licensing	Establishment of stakeholder forums with all relevant roleplayers within liquor industry; Ensure that engagement with all stakeholders is conducted in an open and transparent method.

10.5 Reconciling performance targets with the Budget and MTEF

10.5.1 Expenditure estimates

Sub-programme		Audited			Main appropriation Adjusted appropriation	Adjusted appropriation	Revised estimate	Medium term expenditure		
		R'000	2011/12	2012/13				2013/14	2014/15	2014/15
1.	Governance									
2.	Regulation Services									
3.	Consumer Protection	9 688	9 795	10 384	10 283	10 283	10 283	10 582	11 646	11 738
4.	Liquor Regulation	9 333	25 025	31 097	33 606	38 910	38 910	35 757	35 981	37 793
Total payments and estimates		19 021	34 820	41 481	43 889	49 193	49 193	46 339	47 627	49 531
Economic classification										
	Current payments	18 841	9 944	10 455	10 906	10 906	10 906	11 244	12 321	12 453
	Compensation of employees	12 675	7 306	7 574	8 153	8 153	8 153	8 254	8 861	9 498
	Goods and services	6 166	2 638	2 881	2 753	2 753	2 753	2 990	3 460	2 955
	Interest and rent on land									
	Transfers and subsidies		24 762	30 939	32 936	38 240	38 240	35 035	35 216	36 983
	Provinces and Municipalities									
	Departmental agencies and accounts		24 762	30 936	32 936	38 240	38 240	35 035	35 216	36 983
	Universities and technikons									
	Foreign governments and international organisations									
	Public corporations and private enterprises									
	Non-profit institutions									
	Households			3						
Transfers and subsidies to Capital										
	Government Motor Trading Account									
	Payments for capital assets	180	114	87	47	47	47	60	90	95
	Buildings and other fixed structures									
	Machinery and equipment	154	114	87	47	47	47	60	90	95
	Heritage assets									
	Specialised military assets									
	Biological assets									
	Land and subsoil assets									
	Software and other intangible assets	26								
	Payments for financial assets									
Total economic classification		19 021	34 820	41 481	43 889	49 193	49 193	46 339	47 627	49 531

Programme 5: Economic Planning



DEPARTMENT OF ECONOMIC DEVELOPMENT AND TOURISM

11. PROGRAMME 5: ECONOMIC PLANNING

11.1.1 Purpose

The purpose of this Programme is to provide support to the leadership of the Department – the Minister, the Head of Department and the Departmental Top Management – in undertaking planning processes that provide a coherent vision and strategic outcomes around which policies and strategies are developed, enhanced or applied to attain their intended objectives.

11.1.2 Programme structure:

- **Sub-programme 5.1: Policy and Planning**

To develop provincial economic policies and strategies

- **Sub-programme: 5.2 Research and Development**

To conduct economic research

- **Sub-programme 5.3: Knowledge Management**

To contribute to the creation of a knowledge economy

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

To determine the effectiveness and impact of provincial policy objectives and strategies

- **Sub-programme 5.5: Management**

To conduct the overall management and administrative support to the Programme

- **Sub-programme 5.6: Western Cape Economic Development Partnership**

To provide resources to the Western Cape Economic Development Partnership (WCEDP) to enable it to deliver on its mandate of economic development collaboration through effective economic partnership of regional economic players

11.2 Sub-programme 5.1: Policy and Planning

Performance Delivery Environment

Government policy and planning environment was characterised and informed by the adoption of National Cabinet adoption of the National Development Plan (NDP). The NDP is supported by provincial government and is given effect by the provincially adopted OneCape 2040. OneCape2040 is a deliberate attempt to stimulate a transition towards a more inclusive and resilient economic future for the Western Cape region. It is a vision and strategy for society, rather than a plan of government, although all three spheres of government are essential for implementation. It does not replace any existing statutory plans required of either province or Municipalities. It is rather intended as a reference point and guide for all stakeholders in order to:

- promote fresh thinking and critical engagement on the future;
- provide a common agenda for private, public and civil society collaboration;
- help align government action and investment decisions;

- facilitate the necessary changes we need to make to adapt to our (rapidly) changing local and global context;
- address our development, sustainability, inclusion and competitiveness imperatives

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

- Strategic Goal 1: Create opportunities for growth and jobs
- Strategic Goal 2: Improve education outcomes and opportunities for youth development
- Strategic Goal 3: Increase wellness, safety and tackle social ills
- Strategic Goal 4: Build a quality living environment, resilient to climate change
- Strategic Goal 5: Embed good governance and integrated service delivery through partnerships and spatial alignment

This department is tasked as the lead department is Provincial Strategic Goal 1: Create opportunities for growth and jobs, while supporting PSG 2, PSG 4 and PSG 5. The purpose of this sub-programme is firstly develop the strategic plan expressing PSG 1 to be adopted by cabinet, then to align the department's strategy to that of the cabinet adopted PSG 1. In maximising economic and socio-economic outcomes as described in the PSP and PSG's suitable provincially adopted policies are required, which will be drafted by this sub-programme in collaboration with the Department of the Premier's policy unit.

11.2.1 Strategic Objective

Strategic Objective	To provide economic strategy and policy leadership in the Province.
Objective Statement	The objective is to facilitate and lead the collaborative process of economic policy and strategy development in support of Provincial Strategic Plans. In addition to managing and facilitating annual departmental planning processes, the Policy and Planning sub-programme will develop 3 draft policies to be tabled at Provincial Top Management.
Baseline	PSG 1

Objectives:

To give effect to the integrated evidence based economic policy and strategy development the Policy and planning unit supports Province-wide cross-cutting economic development, facilitating strategic planning processes of the DEDAT 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. The sub-programme aligns and integrates all economic policies and strategies emanating from all spheres of government.

To establish the Western Cape as the lowest carbon province and leading green economy hub of the African Continent

11.2.2 Programmes and Projects

In 2015/16 the sub-programme will focus on:

Economic Strategy Development

Project Khulisa, which was purposed to develop the strategic expression of PSG 1 was completed and adopted by cabinet in the 2014/2015 financial year. In that year, the department finalised its five year strategy that was aligned to the cabinet adopted PSG 1.

However, both the PSG 1 and Project Khulisa described high level economic interventions through high level roadmaps per key area of intervention. These roadmaps and interventions must be unpacked and described in more detail through key roadmap strategy development. Through wide stakeholder engagement the sub-programme will facilitate the development of more detailed strategic roadmaps.

Economic Policy Development

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

Strategic Planning Sessions

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

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

11.2.3 Strategic objective annual targets for 2015/16

Strategic Objective (Outcome Indicator)	Audited / Actual Performance			Estimated performance	Medium-term Targets		
	2011/12	2012/13	2013/14		2014/15	2015/16	2016/17
Updated Economic Development Strategy	1	1	1	1	1	1	1
Sector/cross-cutting theme policies	-	-	-	-	3	3	3

11.2.4 Performance indicators and annual targets for 2015/16

Programme performance indicator (Output Indicator)		Audited/Actual performance			Estimated performance	Medium-term targets		
		2011/12	2012/13	2013/14		2014/15	2015/16	2016/17
Sub-programme: Policy and Planning								
1.1	Number of economic strategies developed	-	2	-	2	2	2	2
1.2	Number of strategies reviewed	-	7	10	4	4	4	4
1.3	Number of strategic planning sessions	14 Matrix Planning Sessions	2	2	2	2	2	2
1.4	Number of sector/cross-cutting theme policies developed	-	-	-	-	3	3	3

11.2.5 Quarterly targets for 2015/16

Programme performance indicator		Reporting period	Annual target 2015/16	Quarterly targets			
				1st	2nd	3rd	4th
Sub-programme: Policy and Planning							
1.1	Number of economic strategies developed	Quarterly	2	-	-	1	1
1.2	Number of strategies reviewed	Quarterly	4	1	1	1	1
1.3	Number of strategic planning sessions	Quarterly	2	-	1	-	1
1.4	Number of sector/cross-cutting theme policies developed	Quarterly	3	-	-	-	3

11.2.6 Risk Management

Strategic Objective: To co-ordinate and facilitate evidenced based provincial economic policy and strategy development.	
Risk Statement	Risk Mitigation Strategy/ies
Lack of strategic cohesion between government departments which inhibits effective policy development that facilitates growth of businesses within the identified priority sectors	To ensure broad support to policy development, the Ministry of Economic Opportunities will participate in policy development.

11.3 Sub-programme 5.2: Research & Development

Performance Delivery Environment

The purpose of the sub- programme, Research and Development within Economic Planning is to conduct economic research, which would assist the Department and Western Cape government in policy and economic instrument development.

Project Khulisa has defined strategic areas for economic intervention. In addition Project Khulisa has described sector intervention roadmaps and key areas for intervention both sectorially and transversally. Notwithstanding described areas for economic intervention, apparent intelligence deficiencies exist within the Department. These intelligence deficiencies have to be addressed through research outcomes to maximise the effectiveness of the Department's economic interventions.

Indicator values are influenced by the methodologies used to accumulate them. Across Programmes and WCG measurement methodologies are inconsistently which leads to different values for the same indicator, which often leads to confusion and can lead to poor instrument development. The Department will standardise on one central data source that will use one methodology across the department and influence WCG to use the same economic data source. This will allow for improved economic instrument development.

Project Khulisa identifies the parts of the Western Cape economy that can unlock economic growth and job creation, which is the core of PSG 1. PSG1 is driven by the Minister's office research projects will be directed by PSG1, Project Khulisa related roadmaps, and departmental interventions. To ensure further alignment, research projects will be approved by the HOD and Minister's office.

In demonstrating alignment to National Treasury regulation, which states that Departments have to limit outsourcing where possible, the Department will use to internal staff to more efficiently in giving expression to research outcomes. It is often the case that primary research has to be undertaken because key data points that are required to shape economic interventions are not available. In these cases the Programme will consider the use of recently graduated economic interns to collect key economic data points.

11.3.1 Strategic Objective

Strategic Objective	To conduct and facilitate economic research to support policy and strategy development within the framework described by Project Khulisa.
Objective Statement	To provide macro and meso-level economic data aimed at shaping the development of economic interventions over MTEF 2015/20
Baseline	Base year 2014/15: Departmental research agenda , 10 research reports, 1 research and development initiative supported, 2 economic seminars, 4 economic briefs, 2 quarterly economic reviews

Objectives:

To conduct and facilitate economic research for policy development, strategy development and to shape economic interventions as described in Project Khulisa. The provisioning of centralised macro and meso and micro-level economic data which includes trade related, price related data and other economic data. The provisioning of relevant data alongside primary research is aimed at aiding programmes to improve the effectiveness of Department supported economic interventions.

11.3.2 Programmes and Projects

In 2015/16 the sub-programme will focus on:

Research Reports

In support of other programmes, the sub-programme will develop research reports which will support roadmaps as described in Project Khulisa Furthermore, research reports will be developed in support of development of the three policy drafts to be developed by sub-programme 1.

Provisioning of Economic Data through the Central Data Repository

The sub-programme will provide micro, meso and macro level economic data through a central economic data repository that is easily accessible by Western Cape Government officials.

11.3.3 Strategic objective annual targets for 2015/16

Strategic Objective (Outcome Indicator)	Audited / Actual Performance			Estimated performance	Medium-term Targets		
	2011/12	2012/13	2013/14		2014/15	2015/16	2016/17
To implement a strategic research agenda that will give effect to Khulisa roadmaps.	-	-	-	-	An approved research agenda that is aligned to Project Khulisa strategies and roadmaps	An approved research agenda that is aligned to Project Khulisa strategies and roadmaps	An approved research agenda that is aligned to Project Khulisa strategies and roadmaps

11.3.4 Performance indicators and annual targets for 2015/16

Programme performance indicator (Output Indicator)		Audited/Actual performance			Estimated performance	Medium-term targets		
		2011/12	2012/13	2013/14		2014/15	2015/16	2016/17
Sub-programme: Research and Development								
1.1	Economic research reports	10	15	11	10	8	10	10
1.2	Provisioning of micro, meso and macro-economic data	-	-	-	-	1	1	1

11.3.5 Quarterly targets for 2015/16

Programme performance indicator		Reporting period	Annual target 2015/16	Quarterly targets			
				1st	2nd	3rd	4th
Sub-programme: Policy and Planning							
1.1	Economic research reports	Quarterly	8	-	2	2	4
1.2	Provisioning of micro, meso and macro-economic data	Annual	1	-	-	-	1

11.3.6 Risk Management

Strategic Objective: To co-ordinate and facilitate evidenced based provincial economic policy and strategy development.	
Risk Statement	Risk Mitigation Strategy/ies
Due to curtailing of external service providers, the development of research reports that relies on gathering primary data impact the delivery of quality research reports	The Programme will, more widely and effectively, use economic interns to gather primary research intelligence

11.4 Sub-programme 5.3 Knowledge management

Performance Delivery Environment

The delivery, knowledge management capability and expectations continue to rise with the plethora of ICT projects i.e. Enterprise Portfolio Management, Enterprise Content Management, Business Intelligence System, Automation of the Annual Performance Plan, Business Process Optimisation, Electronic Content Management, Document Management, Biz Brain Suit for implementation. There is enormous pressure on the Department to align its knowledge management resources to the technical and strategic advancements brought about by the Khulisa project and ICT initiatives. Along with the ICT and Khulisa initiatives, programmes are in various levels of change management around their processes and procedures that result in the knowledge that is managed. As a result, there is a request for additional resources to strengthen the ability to give expression knowledge management goals.

11.4.1 Strategic Objectives

Strategic Objective	To Strengthen institutional governance for improved service delivery
Objective Statement	To develop an institutional single unified repository by 2017 and to maintain the system to ensure improved service delivery.
Baseline	Shared Drive

Objectives:

To strengthen the institutional governance for improved service delivery through the development of a single unified knowledge repository to capture, store and disseminate information for organisational learning.

11.4.2 Programmes and Projects

A Fully Functioning Resource Center

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

A Fully Implemented Enterprise Content Management(ECM)

The unit will focus on building and strengthening platforms and tools on which the knowledge enveloped and built up in the Department is captured, digitally stored and distributed internally and externally to relevant stakeholders with access control as per legislation. The records management will be in accordance with the provincial guidelines. In addition the unit will determine the procedure and methodology for data and information collection and in doing so, facilitate and co-ordinate the implementation of the Provincial ECM system. The system is to ensure that information relevant to the execution of the departmental economic mandate is stored in a single unified system which is easily accessible and timeously made available to departmental users by using proper design sourcing, storage and dissemination technologies which contributes to the achievement of the Departments Strategic Mandate.

Document Management: Document Management controls the life cycle of documents. Its focus is on how documents are created, reviewed, published and how the document will be retained or disposed of. The Document Management system will function as a sub-category of the ECM system. The symbiotic relationship between the two lies in that the ECM could not exist without its 'manage' function, which refers to the Document Management system in its simplest form.

E-Filing: The unit will implement and maintain an electronic filing system to store data electronically and easily disseminate information. Emphasis will be placed on capacitating the Department to enable staff to use the system effectively.

Facilitation of Learning Networks

Knowledge Management will facilitate a number of learning networks. These networks will cover a range of topics and will include the economic drivers of tourism, agri-processing and the midstream offshore oil and gas industry with a focus on rig maintenance and repair.

11.4.3 Strategic objective annual targets for 2015/16

Strategic Objective (Outcome Indicator)	Audited / Actual Performance			Estimated performance	Medium-term Targets		
	2011/12	2012/13	2013/14		2014/15	2015/16	2016/17
Centralised repository of institutional knowledge with access management and dissemination	-	-	-	-	System Established	System 80% Implemented	System fully Implemented

11.4.4 Performance indicators and annual targets for 2015/16

Programme performance indicator (Output Indicator)	Audited/Actual performance			Estimated performance	Medium-term targets			
	2011/12	2012/13	2013/14		2014/15	2015/16	2016/17	2017/18
Sub-programme: Knowledge Management								
1.1	Fully Implemented e-filing system in accordance with provincial guidelines		Establishment of e-filing system within the department	No programmes were scanned	Back scanning of records of 2 selected programs	Back scanning of records of 2 selected programs	Back scanning of records of selected program	Maintenance of scanning
1.2	Enterprise Content Management System to store and dissemination institutional knowledge	-	-	-	-	50% content stored and disseminated	50% content stored and disseminated	50% content stored and disseminated
1.3	Number of Learning networks	4	4	3	4	4	4	4

11.4.5 Quarterly targets for 2015/16

Programme performance indicator		Reporting period	Annual target 2015/16	Quarterly targets			
				1st	2nd	3rd	4th
Sub-programme: Knowledge Management							
1.1	Fully Implemented e-filing system in accordance with provincial guidelines	Annually	Back scanning of records of 2 selected programs	-	-	-	Back scanning of records of 2 selected programs
1.2	Enterprise Content Management System to store and dissemination institutional knowledge	Annually	50% content stored and disseminated	-	-	-	50% of content stored and disseminated
1.3	Number of Learning networks facilitated	Annually	4	-	-	-	4

11.4.6 Risk Management

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

11.5 SUB-PROGRAMME 5.4 MONITORING AND EVALUATION

Performance Delivery Environment

DEDaT's strategic mandate is that of a "broad 'socio-economic development mandate,' and delivered through "implementing policies and programmes to ensure the whole of society has economic opportunities for growth and jobs," (Project Khulisa, 2014). Khulisa also notes that best practice efforts by governments globally, "go well beyond plans" (Khulisa Final Report: 2014: 9) and hence, through its Five Year and annual plans, DEDT's action plan should include the "structured monitoring and evaluation of implementation that allow review of progress and bottlenecks to be identified", (Project Khulisa Final Report, 2014: 41).

The sub-programme's mandate is to act as the custodian of M&E in the DEDaT and in doing so, fulfils a national directive of government to institutionalise a 'department-wide M&E System,' aligned to the Government-Wide M&E System Strategy of 2007. In the ambit of this department's mandate, the M&E programme of activities will be delivered through outcome based monitoring, evaluation and measurement of prioritised programmes to inform the effectiveness and impacts of our medium –term strategy, plans and game-changer activities designed to deliver on our goal of economic opportunities for growth and jobs.

11.5.1 Strategic Objectives

Strategic Objective	Outcomes-based monitoring, evaluation and measurement of implementation of strategies, programmes and projects are conducted to determine the effectiveness and impact of economic development policies and priorities.
Objective Statement	To deliver, co-ordinate & maintain a responsive outcomes-based departmental "M&E system" operationalised into core components including Level 4 of M&E for MPAT, 20 monitoring reports, 10 evaluation reports, and improvements to institutionalise M&E systemic improvements in its 'whole-of-department' mandate over MTEF 2015/20.
Baseline	Base year: 2014/15: 'M&E system' via MPAT: M&E Level 4 (est.), 2 evaluation reports, 4 monitoring reports, 4 M&E learning networks as per number of engagements / sessions.

11.5.2 Strategic objective annual targets for 2015/16

Strategic Objective (Outcome Indicator)	Audited / Actual Performance			Estimated performance	Medium-term Targets		
	2011/12	2012/13	2013/14		2014/15	2015/16	2016/17
Functional 'M&E system aligned to national & regional standards & priorities.	-	-	-	-	MPAT: M&E Level 3	MPAT: M&E Level 4	MPAT: M&E Level 4

11.5.3 Implementation Plan

In 2015/16, the sub-programme will focus on:

- Functional and maintained 'M&E system' to a Level 4 Maturity Rating (via the MPAT). The MPAT is a national tool with objectively measures assesses the quality of M&E management practices in the department. Developed by the national Department of Planning Monitoring and Evaluation, it is co-ordinated by the WCG Department of the Premier; with a provincial directive that all departments aspire to and maintain a Level 4 in terms of this annual rating.

Any 'system' is only as good as the strategic architecture which frames it and the composite parts it is comprised of. The following projects and initiatives are designed to purposively augment and contribute to an improved M&E system across the DEDT; including:

- **Evaluation Reports:**

A key outcome of the Project Khulisa was to propose job and growth targets for the 3 prioritized sectors, singled out for focused DEDaT support over MTEF 2015 – 2020. If the game-changers emanate into detailed, project based actions and interventions, cumulatively the Oil & Gas, Agri-processing and Tourism sectors could contribute 484,000 new jobs to the economy by 2019 and add a further T57 billion in its GVA contributions.

Given this forecasted impact, one technique whereby the Department can independently track measure and address bottlenecks which detract from reaching our intended impact, is through the use of structured and research – based programmatic evaluations, aligned to measuring longer term economic impact.

For the 2015/16 year, the 2 evaluations conducted by the sub-programme could cover, subject to detailed problem analysis, developing performance baselines in Y1 (2015/16) in these Sectors and Enabler areas, and aligned to the imperative for economic impact measurement, could be followed up in year 3 by economic evaluations to independently review our track record and lessons learnt in terms of the actual impact achieved.

The focus of the 15/16 evaluations must be to develop the baseline of performance from which to measure economic impacts of those projects / programmes taken forward to operationalise Khulisa recommendations for the 3 Sectors & enablers. Programmes such as Skills Development, will, from 15/16 & outer years continue implementing key activities which will either be expanded or develop into more medium term programme offerings.

The 2013/2014 artisanal project, for which there has not yet been a formal evaluation in terms of outcomes / impact is a likely candidate for evaluation, given its strategic importance and that it skills development features prominently in the 5 year strategy and Project Khulisa. Another candidate project for evaluation is the Pilot Occupational Readiness Programme (formerly Skills for 1000) which will probably be expanded in both content and geographical regions.

Baseline evaluations of major programmes (and pilots) are critical, so that in 15/16, the department can formulate the “before” picture from which a more formal, summative evaluation on impact can be benchmarked against in the outer years of the MTEF and the 5 year.

Hence, given the strong focus on economic impact and tracking performance consistently and against medium term goals, evaluations on key themes and key existing departmental activities where sizeable investments have already been made (and are planned) are critical if we are to be in a position where, from Y2 and Y3 of the 5 Year Term, we want to start making judgments in terms of economic contribution of our projects.

- **Monitoring Reports:**

Whereas evaluation is pitched at the Goal and Outcomes level of projects/ programmes, monitoring usually focus on lower down objective types, including project level outputs, activities and inputs. As part of strengthening the ‘monitoring system’ in DEDaT, the Department requires a stronger focus and adoption of ‘results-based monitoring, i.e. monitoring that tracks effects of funded projects / programmes (outputs, outcomes and impact), assesses whether projects / programmes will reach their intended results and identify, early-on, any early unintended impacts. In this way, monitoring merges with and precedes evaluation.

For 2015/16, the 4 monitoring reports will cover the following themes:

- a) Additional information required in Khulisa game-changers, action plan activities and enablers as these are conceptualized into funded projects over 2015.16;
- b) Tracking the progress of Khulisa projects to prepare for prospective evaluations;
- c) Support project/programme monitoring needs of existing initiatives, e.g. consumer protection, broadband, manufacturing sectors, etc

M&E Strategic Framework

To complement the new 5 Year Strategic Plan for the DEDT, which details why and how we will fulfil our mandate for enabling economic opportunities for growth and jobs, all the organisational systems in the Department would need to work towards such a transversal departmental goal. Currently, the M&E and programme does not have

a guideline by which to shape how it, as a core system in the Strategy and planning unit, will direct and guide the M&E strategic and operational approach over the medium term.

Functional M&E Learning Network: through capacity building sessions and engagements, to promote improved co-ordination and a firmer approach to institutionalising M&E across the department.

11.5.4 Performance indicators and annual targets for 2015/16

Programme performance indicator (Output Indicator)		Audited/Actual performance			Estimated performance	Medium-term targets		
		2011/12	2012/13	2013/14		2014/15	2015/16	2016/17
Sub-programme: Monitoring & Evaluation								
1.1	Number of evaluation reports	6	5	5	2	2	4	4
1.2	Number of monitoring reports	11	11	10	4	4	4	4
1.3	M&E Strategic Framework developed	-	-	-	-	1	-	-

11.5.5 Quarterly targets for 2015/16

Programme performance indicator		Reporting period	Annual target 2015/16	Quarterly targets			
				1st	2nd	3rd	4th
Sub-programme: Monitoring & Evaluation							
1.1	Number of evaluation reports	Annually	2	-	-	-	2
1.2	Number of monitoring reports	Quarterly	4	-	-	2	2
1.3	M&E Strategic Framework developed	Annually	1	-	-	-	1

11.5.6 Risk Management

Strategic Objective: Outcomes-based monitoring, evaluation and measurement of implementation of prioritised programmes and projects to inform effectiveness and impact of strategies, plans and game-changer activities designed to deliver economic opportunities.

Risk Statement	Risk Mitigation Strategy/ies
<p>Effective Monitoring & Evaluation is hampered due to the inadequate implementation of an 'M&E System in the Department which leads to:</p> <ul style="list-style-type: none"> • difficulty in assessing the impact of DEDT programmes • the setting of inappropriate targets • difficulty of objectively assessing DEDT performance 	<ol style="list-style-type: none"> 1. Undertake capacity building on all M&E elements within the department.) 2. Development of a new M&E framework aligned to new 5-year Department Strategic Plan. 3. Review of departmental outcome indicators. 5. Utilisation of the results of the baseline survey in all sub sectors of the DEDT.

11.6 Sub-programme 5.5: Western Cape Economic Development Partnership

Performance Delivery Environment

The Western Cape Economic Development Partnership performance delivery environment was dynamic and favourable to the economic collaboration in the region. During this year, the EDP was endorsed and supported by both the Provincial Government and the City of Cape Town and other Municipalities in the province. It was also endorsed and supported by the broad business and NGO sector in the province. This environment made it easier for the organisation to full fill its mandate; hence it facilitated economic collaborations in the agricultural sector, developed a set of provincial economic indicators and worked in various Municipalities encouraging regional economic integration. On the other hand the Provincial Government developed and refined the legislative instruments that will define the relationship between provincial government and the WEDP that was completed on December 13, 2013.

11.6.1 Strategic Objective

Strategic Objective	To promote economic development collaboration through effective economic partnership of regional economic players
Objective Statement	To promote economic development collaboration through effective economic partnership of regional economic players through resource allocation to the Western Cape Economic Development Partnership
Baseline	None

Objectives:

Key to economic planning is the promotion of economic development collaboration through effective partnership of regional economic players. In this regard, the Western Cape Economic Development Partnership will be used as the vehicle to achieve the above-mentioned objective.

11.6.2 Implementation Plan

The EDP will focus on:

Economic and Market Intelligence: The WCEDP will place a high priority on accurate data, understanding long-term demand trends and economic and market intelligence to ensure evidence strategy and planning.

Economic Vision, Strategy and Delivery: The WCEDP will mobilise stakeholders and build leadership around a shared economic vision and strategy, a common agenda and joint action plans and projects. In order to achieve this, One Cape 2040 has identified 6 key transition areas which need to develop, namely Economic Access transition;- Working Cape, Ecological transition;- Green Cape, Cultural transition;- Connecting Cape, Settlement transition;- Living Cape, and Institutional transition;- Leading Cape.

- **Economic System Performance Coordination and Monitoring:** The WCEDP will monitor the performance of the economic delivery system and make recommendations for service delivery improvements.
- The WCEDP will give high priority to putting in place effective information management, knowledge sharing and communications systems in place for partnership building.

11.6.3 Strategic objective annual targets for 2015/16

Strategic Objective (Outcome Indicator)	Audited / Actual Performance			Estimated performance	Medium-term Targets		
	2011/12	2012/13	2013/14		2014/15	2015/16	2016/17
Number of partnerships (including strategic, operational, special purpose, spatial, coalition and knowledge sharing partnerships) established	-	-	-	5	5	-	-

11.6.4 Performance indicators and annual targets for 2015/16

Programme performance indicator (Output Indicator)	Audited/Actual performance			Estimated performance	Medium-term targets			
	2011/12	2012/13	2013/14		2014/15	2015/16	2016/17	2017/18
Sub-programme: Western Cape Economic Development Partnership								
1.1	Number of joint plans/projects between the Economic Development Partnership and its partners	-	-	-	2	2	2	2
1.2	Number of economic intelligence reports produced	-	-	-	4	4	4	4
1.3	Number of M&E reports produced on provincial economic indicators	-	-	-	4	4	4	4

11.6.5 Quarterly targets for 2015/16

Programme performance indicator		Reporting period	Annual target 2015/16	Quarterly targets			
				1st	2nd	3rd	4th
Sub-programme: Western Cape Economic Development Partnership							
1.1	Number of joint plans/projects between the Economic Development Partnership and its partners	Quarterly	2	-	-	1	1
1.2	Number of economic intelligence reports produced	Quarterly	4	1	1	1	1
1.3	Number of M&E reports produced on provincial economic indicators	Quarterly	4	1	1	1	1

11.6.6 Risk Management

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

11.7 Reconciling performance targets with the Budget

Expenditure estimates

Sub-programme		Audited			Main appropriation Adjusted appropriation	Adjusted appropriation	Revised estimate	Medium term expenditure		
		R'000	2011/12	2012/13				2013/14	2014/15	2014/15
1.	Policy & Planning	1 294	1 697	14 159	16 949	20 199	20 199	4 119	4 456	4 653
2.	Research & Development	782	1 294	1 697	3 335	3 110	3 110	4 399	4 503	4 664
3.	Knowledge Management				8 325	11 043	11 043	4 307	4 634	3 607
4.	Monitoring & Evaluation	4 155	6 805	5 775	5 310	5 310	5 310	2 641	2 903	3 057
5.	Management	2 515	3 009	3 149	2 818	2 818	2 818			
6.	Economic Development Partnership	1 850	7 850	9 692	8 896	8 896	8 896	7 000	9 654	10 136
Total payments and estimates		14 794	24 737	34 690	39 941	41 691	41 691	22 466	26 150	26 117
Economic classification										
	Current payments	14 195	16 684	20 797	23 590	24 114	24 114	15 297	16 324	15 860
	Compensation of employees	9 023	9 355	9 700	8 668	8 668	8 668	8 694	9 346	10 028
	Goods and services	5 172	7 329	11 097	14 922	15 446	15 446	6 603	6 978	5 832
	Transfers and subsidies	500	7 860	13 493	16 196	17 404	17 404	7 000	9 654	10 136
	Provinces and Municipalities									
	Departmental agencies and accounts									
	Universities and technikons									
	Foreign governments and international organisations									
	Public corporations and private enterprises									
	Non-profit institutions	500	7 850	13 442	16 196	17 396	17 396	7 000	9 654	10 136
	Households		10	51		8	8			
Transfers and subsidies to Capital										
	Government Motor Trading Account									
	Payments for capital assets									
	Buildings and other fixed structures									
	Machinery and equipment	99	193	341	155	155	155	169	172	121
	Software and other intangible assets			56						
	Payments for financial assets		3		18	18				
Total economic classification		14 794	24 737	34 690	39 941	41 691	41 691	22 466	26 150	26 117

Programme 6: Tourism, Arts And Entertainment



DEPARTMENT OF ECONOMIC DEVELOPMENT AND TOURISM

12. PROGRAMME 6: TOURISM, ARTS AND ENTERTAINMENT

12.1.1 Purpose

To facilitate the implementation of an integrated tourism strategy that will lead to sustained and increased growth and job-creation in the tourism industry.

12.1.2 Programme structure

The Programme is structured as follows:

- **Sub-programme 6.1: Tourism Planning**

To develop and coordinate the strategic agenda

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

To facilitate growth and development of the tourism industry

To enhance the quality of the visitor experience to the destination through the provision of quality tourism support services

- **Sub-programme 6.3: Tourism Sector Transformation**

To provide for the registration and regulation of tourist guides

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

To provide resources to the Destination Marketing Organisation to enable it to deliver on its mandate as defined in the Western Cape Tourism Act (Act 1 of 1999)

- **Sub-programme 6.5: Commercial Arts and Entertainment**

To assist creative entrepreneurs to protect and benefit fully from their intellectual property

To promote and nurture the commercialisation and globalisation of product offering as part of the Cape offering to the tourism industry

Context

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

Tourism is a major contributor to economic value and employment in the Western Cape. It directly contributes R17 million in GVA and accounts for 204,000 formal jobs in the province. Under a high growth scenario (which would entail the Western Cape matching the growth of successful tourism regions elsewhere in the world), the sector's GVA contribution could increase by 65% to R28 billion in 2019, and it could add a further 120,000 formal jobs over the same period. (Project Khulisa, Final Report, McKinsey & Company, December 2014).

Project Khulisa identified several key levers that the Western Cape Government can use to catalyse a substantial and sustained increase in tourism visits, GVA contribution and job-creation (Project Khulisa Final Report, McKinsey & Company, 11 December 2014). These are:

- **Accessibility:** Engage National Government to improve the visa regime; consider options to "facilitate" certain sectors or players in the meantime.
- **Set strategic focus:** Prioritise the development of targeted niche markets and targeted source markets.
- **Promotion:** Create a platform that the public and private sectors are willing to collaborate on strategically and financially.

These key levers are prioritised in the Western Cape Government's Khulisa Tourism Roadmap and inform the key drivers of the provincial tourism strategy for the 2015/2016 financial year. The strategic priorities for tourism destination management and destination marketing are:

Strategic Priority 1: To co-ordinate a single tourism destination strategy and delivery model which ensures effective and integrated destination management and marketing.

Strategic Priority 2: To co-deliver targeted actions designed to improve destination accessibility and attractiveness.

Strategic Priority 3: To improve brand awareness and ensure integrated marketing in key market segments and prioritised niches.

Strategic Objective	Areas of collaboration		
	Area of work	Key deliverables	Key partners
To co-ordinate a single tourism destination strategy and delivery model which ensures effective and integrated destination management and marketing.	Destination management: Tourism Planning	Planning	DEDAT, Wesgro, EDP, NDT, relevant industry associations and the private sector.
		Western Cape Tourism Partnership	DEDAT, Wesgro, NDT, SAT, Local Government, RTO and LTO Forums, SATSA, FEDHASA, TVET Colleges and HEIs, other relevant industry associations and the private sector.
		Research	DEDAT, Wesgro, EDP, relevant industry associations and the private sector.
To co-deliver targeted actions designed to improve destination accessibility and attractiveness.	Destination Management: Tourism Growth and Development	Destination Access	DEDAT, Wesgro, NDT, ACSA, relevant industry associations and the private sector.
		Niche market support	DEDAT, Wesgro, NDT, Local Government, SANParks, Cape Nature, relevant industry associations and the private sector.
		Tourism Support Services	DEDAT, NDT, CATHSSETA, Local Government, RTLCs, DoTPW, relevant industry associations and the private sector
		Responsible Tourism	DEDAT, Wesgro, NDT, Local Government, relevant industry associations and the private sector.
To improve brand awareness and ensure integrated marketing in key market segments and prioritised niches.	Tourism Destination Marketing	Competitive brand	DEDAT, Wesgro, EDP, SAT, Brand SA, relevant industry associations and the private sector.
		Lifestyle marketing	DEDAT, Wesgro, NDT, SAT, Brand SA, Local Government, relevant industry associations and the private sector.
		Business Events	DEDAT, Wesgro, CTICC, NDT, SAT, RTOs, LTOs, relevant industry associations and the private sector.
		Events	DEDAT, Wesgro, CTICC, NDT, SAT, RTOs, LTOs, relevant industry associations and the private sector.
		Marketing opportunities for SMMEs	DEDAT, Wesgro, NDT, TEP, RTOs, LTOs, SAT, relevant industry associations and the private sector.

12.2 SUB-PROGRAMME 6.1: TOURISM PLANNING

Performance Delivery Environment

Project Khulisa identified EXTEND THE SEASON as the key driver for tourism growth. Tourism Action Plans will be finalised to ensure that this key driver receives priority focus.

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

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

12.2.1 Strategic Objectives

Strategic Objective	Tourism Destination Management: Tourism Planning To co-ordinate a single tourism destination strategy and delivery model which ensures effective and integrated destination management and marketing
Objective Statement	Single tourism destination strategy and delivery model.
Baseline	No Baseline.

12.2.2 Strategic objective annual targets for 2015/16

Strategic Objective (Outcome Indicator)	Audited / Actual Performance			Estimated performance	Medium-term Targets		
	2009/10	2010/11	2011/12		2012/13	2013/14	2014/15
A single tourism destination strategy and delivery model	-	-	-	-	-	-	-

12.2.3 Implementation Plan:

Co-design and monitor (transversal approach), the following two Khulisa Tourism Action Plans:

- Improve accessibility to Cape Town and Environments.
- Improve brand awareness and implement targeted marketing.

The Tourism Actions Plans will be co-designed by means of a transversal approach and will finalise role clarification, responsibilities and prioritisation of key delivery actions in the 2015/2016 financial year.

For the 2015/2016 financial year, consultative and cooperative tourism planning will be focussed on:

- Create a platform that the public and private sectors are willing to collaborate strategically and financially to ensure integrated branding and marketing.
- Address industry blockages, specifically focusing on engagement with national government on visa issues.
- Chairing the Western Cape Tourism Partnership, which is the institutional mechanism driving stakeholder engagement on strategic and critical issues facing the tourism industry.

12.2.4 Performance indicators and annual targets for 2015/16

Programme performance indicator (Output Indicator)	Audited/Actual performance			Estimated performance	Medium-term targets			
	2011/12	2012/13	2013/14		2014/15	2015/16	2016/17	2017/18
Sub-programme: Tourism Planning								
1.1	Number of Tourism Action Plans co-designed and monitored	-	-	-	-	2	2	2

12.2.5 Quarterly targets for 2015/16

Programme performance indicator	Reporting period	Annual target 2015/16	Quarterly targets				
			1st	2nd	3rd	4th	
Sub-programme: Tourism Planning							
1.1	Number of Tourism Action Plans co-designed and monitored	Annual	2	-	-	-	2

12.2.6 Risk Management

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

12.3 SUB-PROGRAMME 6.2: TOURISM GROWTH AND DEVELOPMENT

Tourism Growth and Development will contribute to the Western Cape's Tourism Strategy by developing and managing the Western Cape as a tourism destination for improved global competitiveness.

For the destination to be globally competitive it is important that the product offering is varied, and is of good quality and provides world class tourism experiences.

This area will co-deliver targeted actions designed to improve destination accessibility and attractiveness by developing prioritised tourism niche markets and infrastructure in the destination.

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

12.3.1 Strategic Objectives

Strategic Objective	Tourism Destination Management: Tourism Growth and Development To co-deliver targeted actions designed to improve destination accessibility and attractiveness.
Objective Statement	To facilitate R50 million investment in tourism infrastructure and niche market support.
Baseline	No Baseline.

12.3.2 Strategic objective annual targets for 2015/16

Strategic Objective (Outcome Indicator)	Audited / Actual Performance			Estimated performance	Medium-term Targets		
	2011/12	2012/13	2013/14		2014/15	2015/16	2016/17
To improve destination access and to enhance destination attractiveness by supporting tourism niche markets	-	-	-	-	-	-	-

12.3.3 Implementation Plan

Facilitate improved access to the destination in the following key focus areas for the 2015/2016 financial year:

1. Explore cruise tourism options, by establishing a provincial strategic position, and playing a lobbying role in key areas.
2. Improve local transport, by developing a communication plan around current transport options.
3. Drive increased air access and develop an implementation plan which will focus on key source markets.

Focused support of tourism niche markets to enhance the attractiveness of the visitor experience, in collaboration with all stakeholders. Alignment and co-ordination with Local Government and the Western Cape Government's Joint Planning Initiative (JPI) will be in place. Implementation Plans for the following province-wide tourism niche markets will be support in the 2015/2016 financial year:

1. Develop culture and heritage tourism as a unique selling proposition. Establish the current position on culture and heritage tourism as a niche market and prioritise the focus areas which include the development and marketing of attractions, infrastructure, products and events.
2. Based on a thorough analysis of domestic tourism and international source markets, cycle tourism was identified as an important niche market in terms of growth opportunities and contribution to the economy of the Western Cape. Following tourism stakeholder engagements held during the 2014/2015 financial

year, a draft cycle tourism strategy and implementation plan is being developed together with inputs from relevant stakeholders.

Facilitate the following **supply-side measures** to enhance the attractiveness of the tourism visitor experience for the 2015/2016 financial year:

1. Drive skills development in critical areas, by increasing throughput in the areas of critical and scarce skills (assistant chefs and food assurers) and creating a culture of service excellence (front-line customer care programme)
2. Manage the negative perceptions around safety of the destination by providing a pro-active and a re-active response to tourists in distress.
3. Improve the movement of tourists within the destination, by facilitating tourism road signage applications.
4. Enhance and create an awareness of the tourism product offering through the development of tourist guides and by ensuring registration and regulatory compliance.

12.3.4 Performance indicators and annual targets for 2015/16

Programme performance indicator (Output Indicator)		Audited/Actual performance			Estimated performance	Medium-term targets		
		2011/12	2012/13	2013/14		2014/15	2015/16	2016/17
Sub-programme: Tourism Growth and Development								
1.1	Number of tourism niche markets supported.	-	2	2	2	1	2	2
1.2	Tourism Support Services: Number of tourism establishments/ individuals supported/ assisted	-	950	225	160	180	190	200

12.3.5 Quarterly targets for 2015/16

Programme performance indicator		Reporting period	Annual target 2015/16	Quarterly targets			
				1st	2nd	3rd	4th
Sub-programme: Tourism Growth and Development							
1.1	Number of tourism niche markets supported.	Annual	1	-	-	-	1
1.2	Tourism Support Services: Number of tourism establishments/ individuals supported/ assisted	Quarterly	180	45	45	45	45

12.3.6 Risk Management

Strategic Objective: To co-deliver targeted actions designed to improve destination accessibility and attractiveness.	
Risk Statement	Risk Mitigation Strategy/ies
<p>Lack of diverse and undeveloped product offering in the Western Cape could result in tourists finding the destination less attractive.</p> <p>The Western Cape's ability to compete as a tourist destination globally is hampered by:</p> <ul style="list-style-type: none"> • The proposed visa regulations. • The threat to tourist personal safety to health. • Limited direct flights from Source markets. 	<p>Development of prioritised tourism niche markets in collaboration with private and public sector to enhance the product offering.</p> <p>The following risk mitigating actions will be in place:</p> <ul style="list-style-type: none"> • The Red Tape Reduction Unit will conduct regular engagements with the National Department of Home Affairs with regard to visa regulations • Dedicated pro-active and re-active institutional mechanism that manages safety perceptions and creates awareness and provide a positive response to tourists in distress. • The Strategic Initiatives Unit will facilitate discussion with airlines and all relevant stakeholders to increase direct flights.

12.4 SUB-PROGRAMME 6.3: TOURISM SECTOR TRANSFORMATION

Performance Delivery Environment

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

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

This unit will enhance and create an awareness of the tourism product offering by developing and regulating a sustainable tourist guiding sub-sector, in line with the legislative mandate.

12.4.1 Strategic Objectives

Strategic Objective	Tourism Destination Management: Tourism Sector Transformation To co-deliver targeted actions designed to improve destination accessibility and attractiveness.
Objective Statement	To ensure an effective and efficient tourist guide regulatory service.
Baseline	Effective and efficient tourist guide regulatory service.

12.4.2 Implementation Plan

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

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

Objectives of the tourist guiding inspections:

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

12.4.3 Performance indicators and annual targets for 2015/16

Programme performance indicator (Output Indicator)		Audited/Actual performance			Estimated performance	Medium-term targets		
		2011/12	2012/13	2013/14		2014/15	2015/16	2016/17
Sub-programme: Tourism Sector Transformation (Tourism Regulation)								
1.1	Number of tourist guides upskilled	-	-	-	410	52	52	52
1.2	Number of individuals registered (tourist guides)	1 422	1 633	1 477	1 000	1 100	1 200	1 300
1.3	Number of individuals/ tourism related businesses inspected or monitored (tourist guides)	1 057	1 077	1 108	1 000	80	100	150

12.4.4 Quarterly targets for 2015/16

Programme performance indicator		Reporting period	Annual target 2015/16	Quarterly targets			
				1st	2nd	3rd	4th
Sub-programme: Tourism Growth and Development							
1.1	Number of tourist guides upskilled	Annually	52	-	-	52	-
1.2	Number of individuals registered (tourist guides)	Quarterly	1 100	275	275	275	275
1.3	Number of individuals/ tourism related businesses inspected or monitored (tourist guides)	Quarterly	80	20	20	20	20

12.4.5 Risk Management

Strategic Objective: To co-deliver targeted actions designed to improve destination accessibility and attractiveness.

Risk Statement	Risk Mitigation Strategy/ies
Reputational risk to the destination if incorrect information is provided by illegal guiding.	Dedicated regulatory capacity in place to ensure the registration of tourist guides and conducting illegal guiding inspections as well as upskilling opportunities for existing tourist guides.

12.5 SUB-PROGRAMME 6.4: TOURISM DESTINATION MARKETING

Performance Delivery Environment

Project Khulisa has identified several challenges which prevent the destination achieving its full growth and jobs potential in the tourism industry. Some of the challenges include a lack of a clear tourism brand, uncoordinated and competing tourism marketing efforts; with an overlap in destination marketing spend by multiple public sector groups

The Western Cape's top tourist source markets have traditionally been Europe and the US; however there is an opportunity to invest in the emerging markets. The Gulf Corporation Council (GCC), Angola and the Domestic markets will receive priority focus in the 2015/2016 financial year.

A concerted effort will be made to drive low season tourism through the priority marketing of source markets and niche markets.

12.5.1 Strategic Objectives

Strategic Objective	Tourism Destination Marketing To improve brand awareness and ensure integrated marketing in key market segments and prioritised niches.
Objective Statement	To achieve an increase in tourism GVA of R10 bn (from R17bn to R27bn) through 7.5m domestic and 5m foreign visitors.
Baseline	2014/15 Number of international arrivals to the Western Cape = 1,200,000 2014/15 International Foreign Direct Spend = R8.5bn – R13bn. 2014/15 Number of domestic trips = 1,62m.

12.5.2 Strategic objective annual targets for 2015/16

Strategic Objective (Outcome Indicator)	Audited / Actual Performance			Estimated performance	Medium-term Targets		
	2011/12	2012/13	2013/14		2014/15	2015/16	2016/17
Number of international arrivals	981,019	539,239	691,862	1,200,000	1,1m – 1,4m	1,1m – 1,45m	1,1m – 1,5m
International Foreign Direct Spend	R13.3b	R8.3b	R8.5b	R8bn – R13bn	R8bn – R13bn	R8bn – R13bn	R8bn – R13bn
Number of domestic trips	1 843 800	910 000	1.129m	1.62m	1,5m – 2,5m	1,5m - 2,1m	1,5m - 2,2m

12.5.3 Implementation Plan

Ensure integrated branding of the destination, by developing and promoting a messaging matrix in partnership with key stakeholders. Include sector leverage from agriculture, broadband, film and craft and design. The use of a consistent brand narrative, as set out in the messaging matrix, and marketing via multiple communication channels will help drive the competitive identity of the province.

Ensure integrated marketing of the destination, in partnership with South African Tourism, Local Government and the private sector for the 2015/2016 financial year, by:

1. Marketing unique tourism lifestyle experiences to the domestic and international markets, with priority resource allocation to the following source and niche markets.

Western Cape's 2015/2016 prioritised source market selection	
Risk Statement	Risk Mitigation Strategy/ies
Tactical Markets "low hanging fruit" 30% of resources Namibia, GCC, India	Core Markets "bread and butter" 50% of resources Domestic USA, Australia, France, Germany, Netherlands, UK
0% of resources Kenya, Singapore	Investment Markets "invest for future" 20% of resources Brazil, Angola , China (including Hong Kong), Italy
Western Cape's 2015/2016 prioritised niche market selection	
Cycle Tourism Wine and Cuisine	

The fundamental drivers for marketing tourism lifestyle experiences to the domestic and international markets are:

- Driving **low season tourism** through targeted and focused domestic and international marketing campaigns. For the 2015/2016 financial year priority source market selection in terms of Khulisa delivery will be focused on GCC (Gulf Co-operation Council), Angola and the Domestic markets as well as the marketing of the prioritised niche markets.
 - **Leveraging** marketing campaigns, events, and joint marketing agreements with trade, media, and industry partners.
 - Driving **website and social media platforms** (Twitter, Facebook, WeChat, YouTube and Instagram), with strong emphasis on ROI.
2. Promoting business tourism (meetings, incentives, conferencing, exhibitions and events) to the domestic and international markets. Business tourism will focus its efforts on attracting business from economic sectors that show growth opportunity such as agri-processing, film and craft and design. Strong partnership arrangements to be in place with the CTICC and the National Conventions Bureau to harness the full benefit of business tourism for the City of Cape Town and the leverage to the regions.
 3. Providing market exposure to events that will drive low season tourism, further increase footfall and create platforms for visitors to interact with local communities. The event portfolio is made up of:
 - **Jewel events** which feature on the annual events calendar and are integrally associated with the destination brand. These events have a high potential for international exposure and the ability to encourage increased foreign tourist arrivals and length of stay.
 - **Incubator events** which have great economic, socio-culture and niche tourism development impact for the destination.

- **Local events** which leverage the natural assets of the town, celebrate local traditions, and ensure social inclusion. The majority of local events supported, occur in the province's low season and are closely linked to niche tourism.
4. Providing marketing opportunities for tourism businesses to market via the use of various marketing channels, such as digital guide books, educationals, media familiarisation trips and participation at domestic trade shows.

12.5.4 Performance indicators and annual targets for 2015/16

Programme performance indicator (Output Indicator)		Audited/Actual performance			Estimated performance	Medium-term targets		
		2011/12	2012/13	2013/14		2014/15	2015/16	2016/17
Sub-programme: Tourism Destination Marketing								
1.1	Branding: Rand Value (Average value equivalent)	-	-	-	-	R15m	R25m	R30m
1.2	Number of Joint Marketing Agreements (JMAs)	7	5	11	3	12	13	14
1.3	Business Events – Number of conference bids secured	20	17	23	16	17	18	19
1.4	Number of Events supported	14	19	37	20	37	37	37
1.5	Number of tourism businesses given access to marketing opportunities	-	-	-	-	80	100	120

12.5.5 Quarterly targets for 2015/16

Programme performance indicator		Reporting period	Annual target 2015/16	Quarterly targets			
				1st	2nd	3rd	4th
Sub-programme: Tourism Destination Marketing							
1.1	Branding: Rand Value Average Value Equivalent	Annual	R15m	-	-	-	R15m
1.2	Number of Joint Marketing Agreements (JMAs)	Quarterly	12	3	4	3	2
1.3	Business Events – Number of conference bids secured	Quarterly	17	3	5	5	4
1.4	Number of Events supported	Quarterly	37	3	14	13	7
1.5	Number of tourism businesses given access to marketing opportunities	Quarterly	80	20	20	20	20

12.5.6 Quarterly targets for 2015/16

Strategic Objective: To improve brand awareness and ensure integrated marketing in key market segments and prioritised niches	
Risk Statement	Risk Mitigation Strategy/ies
Failure to effectively market the destination internationally and domestically due an uncoordinated marketing approach between public and private sector role-players which will result in tourist arrivals and spend in the Western Cape not being fully maximised.	Improved and co-ordinated interaction between public and private sector role-players in order to ensure effective and integrated tourism destination marketing. This will be done by actively participating in the marketing working group of South Africa Tourism, Regional Tourism Organisations and Local Tourism Organisations.

12.6 Reconciling performance targets with the Budget and MTEF

12.6.1 Expenditure estimates

Sub-programme		Audited			Main appropriation Adjusted appropriation	Adjusted appropriation	Revised estimate	Medium term expenditure		
		R'000	2011/12	2012/13				2013/14	2014/15	2014/15
1.	Tourism Planning	2 940	3 533	3 863	3 895	4 077	4 077	3 551	4 054	4 252
2.	Tourism Growth and Development	7 506	4 564	4 838	3 843	4 137	4 137	3 441	4 295	4 485
3.	Tourism Sector Transformation	7 382	8 508	8 702	9 092	9 092	9 092	6 538	7 348	7 568
4.	Destination Marketing Organisation	35 439	25 000	22 600	21 000	21 000	21 000	28 300	29 000	29 000
5.	Commercial Arts and Entertainment	9 556	8 740	7 551	7 172	6 696	6 696	641	686	616
Total payments and estimates		62 823	50 345	47 554	45 002	45 002	45 002	42 471	45 383	45 921
Economic classification										
	Current payments	15 665	17 157	17 013	17 213	17 213	17 213	14 076	16 241	16 758
	Compensation of employees	11 178	12 336	12 500	12 524	13 104	13 104	12 118	14 330	15 068
	Goods and services	4 486	4 821	4 513	4 689	4 109	4 109	1 958	1 911	1 690
	Interest and rent on land									
	Transfers and subsidies	46 900	33 040	30 413	27 600	27 600	27 600	28 300	29 000	29 000
	Provinces and Municipalities	1 000								
	Departmental agencies and accounts	36 439	27 000	25 100	23 500	23 500	23 500	28 300	29 000	29 000
	Universities and technikons									
	Foreign governments and international organisations									
	Public corporations and private enterprises									
	Non-profit institutions	8 595	4 920	4 000	3 500	3 500	3 500			
	Households	866	1 120	1 313	600	600	600			
	Payments for capital assets	258	133	128	189	189	189	95	142	163
	Buildings and other fixed structures									
	Machinery and equipment	258	133	128	189	189	189	95	142	163
	Software and other intangible assets									
	Payments for financial assets		15							
Total economic classification		62 823	50 345	47 554	45 002	45 002	45 002	42 471	45 383	45 921

Programme 7: Skills Development And Innovation



DEPARTMENT OF ECONOMIC DEVELOPMENT AND TOURISM

13. PROGRAMME 7: SKILLS DEVELOPMENT AND INNOVATION

13.1.1 Purpose

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

The Programme 7 purpose feeds into the version 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)

13.1.2 Programme structure

- **Sub-programme 7.1: Provincial Skills Co-ordination**

To develop a provincial mechanism for management of skills information and data

To promote partnerships and collaboration for increased access to occupationally directed programmes.

- **Sub-programme 7.2: Workforce Development**

To facilitate / support unemployed youth to access jobs

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

- **Sub-programme 7.3: Innovation**

To enhance cohesion between provincial and national stakeholders in order to foster an environment conducive to Innovation

- **Sub-programme 7.4: Management**

To conduct the overall management and administrative support to the Programme

Context

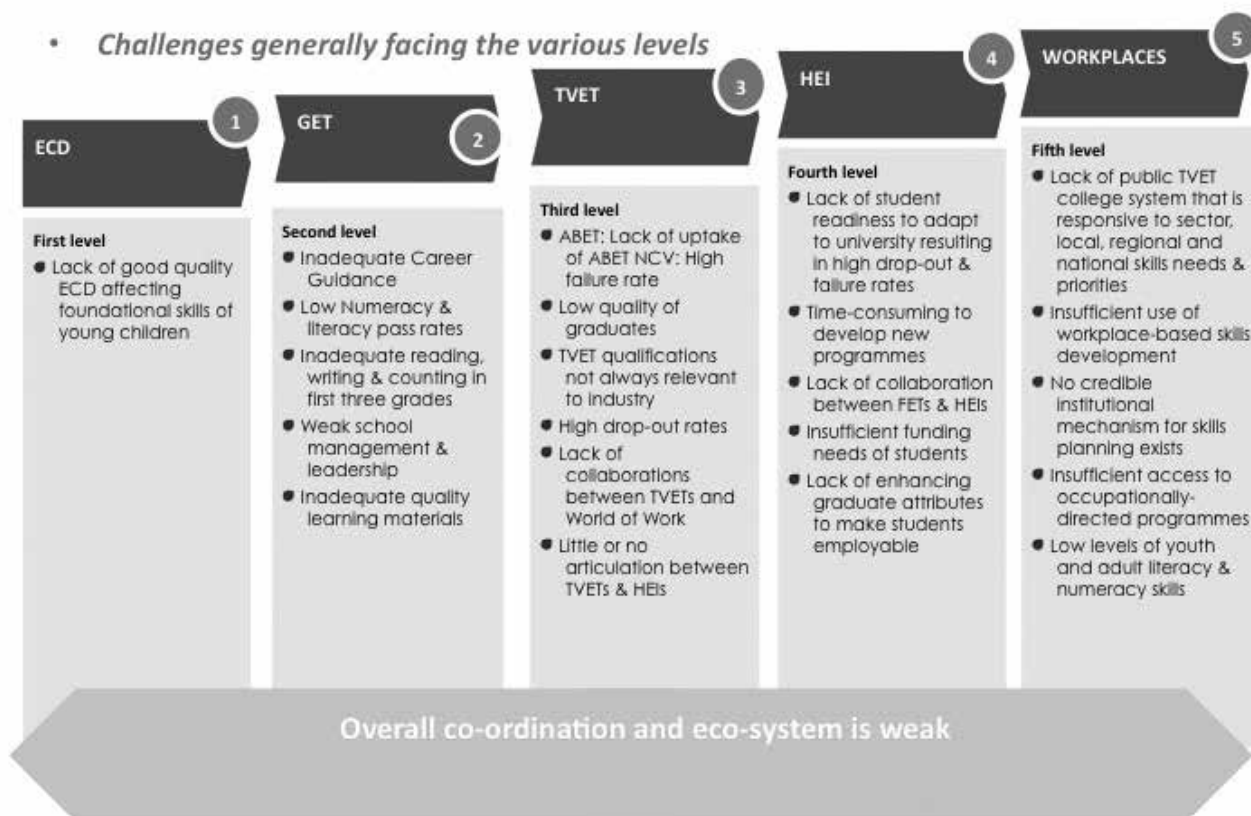
The situational analysis of the South African population compiled for the National Development Plan, highlights that a significant proportion of our economically active population can be classified as youth. This fact holds profound possibilities for putting our economy on a higher growth trajectory with distinct possibilities for higher levels of employment in growing and labour absorbing sectors.

As a relatively open economy, labour demand in South Africa is impacted by the ability of firms to compete with international producers, whether in foreign markets or our own. As a coastal Province with significant international trade links, this is certainly true of the Western Cape too. Edwards (2006), for example, finds that the impact of trade on labour varies across regions, noting that "[open] trade with developed economies is likely to benefit less-skilled labour, while trade with low-income countries should benefit skilled labour".

Despite the fact that the economy is unable to absorb all new entrants into the work environment at the rate that they become available, it has been found that increasing employment in general are constrained by: low levels of education attainment in foundational literacy and numeracy; low levels of career awareness, student, life and job readiness skills; and often ineffective methods of finding employment and accessing training and up-skilling opportunities.

Figure 1 highlights the challenges that need to be addressed to ensure a smoother transition from Education to Employment.

General Challenges along Skills Supply Value Chain



The attainment of higher levels of employment in the main by first time and entry level employment seekers, should be supported by programmes that aim to address systemic challenges, which among others include to: improve education attainment levels; improve school and higher education retention rates; increase career awareness levels; improve life and job readiness skills; improve the appropriateness and effective delivery of education and training curricula to address industry needs; and to improve coordination across a number of stakeholders as it relates to the development of policy, planning implementation and funding of skills development programmes and project to achieve the desired.

Added to this cocktail of challenges has been the growing complexity of the work place, accelerated through the dynamic impact of globalisation on national economies, production and trade, etc. This has brought about a need for economic competitiveness, measured not only by the aggregate skills of a country's workforce, but – perhaps more importantly – by the flexibility and capacity of the workforce to adjust speedily to the rapid changes in technology, production, trade and work organisation.

The National Skills Development Strategy (NSDS III), which is a subcomponent of the Human Resource Development Strategy for South Africa (HRDSSA II), places great emphasis on relevance, quality and sustainability of skills training programmes. It focuses on the following goals:

- Establishing a credible institutional mechanism for skills planning
- Increasing access to occupationally-directed programmes
- Promoting the growth of a public TVET college system that is responsive to sector, local, regional and national skills needs and priorities
- Addressing the low level of youth and adult language and numeracy skills to enable additional training

- Encouraging better use of workplace-based skills development
- Encouraging and supporting cooperatives, small enterprises, worker- initiated, NGO and community training initiatives
- Increasing public sector capacity for improved service delivery and supporting the building of a developmental state
- Building career and vocational guidance

Western Cape Context

Accelerating economic growth and job-creation is the WCG's number one priority. While the Western Cape's unemployment rate (23%) is substantially below that of South Africa as a whole (34%), it is nonetheless unacceptably high, and contributes to multiple social ills in the Province.

Recent Research by McKinsey conducted on behalf of the Western Cape Government to accurately identify a small number of high-potential opportunities that can deliver meaningful jobs and economic growth over the next 3-5 years made recommendations that the Province focus its development efforts mainly to three sectors:

Agri-processing:

Agriculture and agribusiness is one of the most important sectors in the Western Cape, and involves all the different activities that link the entire value chain from the farm/forest/fishery to the consumer. This includes inputs, production, processing, marketing and distribution of agricultural, forestry and fishing products (Wesgro, 2014). The water sector as an enabler is experiencing a critical scarce skills shortage, owing to an insufficient skills base and fierce competition in the labour market for skilled workers (Adcorp, 2014).

The sector faces a scarcity of skilled labour at all levels, which drives up labour costs. There is also inadequate skill and investment in R&D (e.g., testing labelling, new product development, and disease prevention);

Rig and Ship Repair:

"The rapid growth in the oil and gas industry around the world and particularly in Southern Africa has far outstripped the growth in skilled employees. As the industry continues to grow the gap will only increase. Additionally, as the shortage is being felt all over the world, many South African professionals are being drawn away from the continent with lucrative salaries in other parts of the world leading to a 'brain drain'

The Oil and Gas industry in particular is expecting major expansion in the next few years in the areas of gas finds (both onshore and offshore) and rig repair and maintenance. Training however would be critical to adequately address this growth (Institute, 2013).

Tourism:

The Western Cape is the main leisure tourism destination in South Africa and is home to the majority of the top tourist attractions in South Africa. These tourist attractions range from natural attractions such as Table Mountain and Cape Point to historical and cultural attractions such as Robben Island. In 2012, Table Mountain was confirmed as the 5th Natural Wonder of the World. The Western Cape has good institutional and physical infrastructure along with a range of hotels and accommodation in the City and surrounds. The Province boasts a strong international and domestic brand as a tourism destination (Wesgro, 2014).

Economic priorities and workforce development

It is also fortuitous that a number of economic projects already conceptualised and in the process of being implemented, will provide further support to the prioritised sectors. It is expected that these projects will change the economic landscape for the Western Cape. The projects aim to create opportunities to change the lot of many first time employees and to upskill some already employed persons within targeted industries.

Key amongst them is the Saldanha Industrial Development Zone (IDZ); the declaration of a Special Economic Zone; the Strategic Infrastructure Projects (SIP's); the emerging Oil and Gas Industry, maintaining and repairing oil rigs and ships destined for the West Coast of Africa and other destinations; the development of a pipeline aimed

at bringing Compressed Liquid Gas on land to reduce the high cost of electricity, which will have implications for improved competitiveness of South African industries.

It is expected that these developments will have profound implications for employment, and given the nature of the industries, it is envisaged that employment will mainly be in the Rig and Ship repair and maintenance; manufacturing; construction; agriculture, aquaculture and agri processing; and Hospitality and Tourism sectors of the economy.

A skilled work force is therefore required to adequately service the current industries and to prepare for the industries that would be located in the Western Cape.

The planned skills development initiatives will have to be carefully coordinated amongst a number of stakeholders and will have to prioritise interventions aimed at giving access to the unemployed and underemployed people that meet the academic and or experiential requirements.

The Skills Development Programme, to give effect to coordinating and facilitating an environment for improved skills development and takes an approach that aims to play a leadership role in: influencing systemic change in the education and training arena so as to ensure appropriate training is provided in line with industry needs; the basic education system is responsive to promote effective career guidance and improved educational outcomes as it relates to literacy and numeracy skills – a must for an effective and competitive labour force; effective transition from education to employment through the integration life skills and job-readiness training; the relevant theoretical and practical training at educational and training institutional levels; and appropriate work place experiential learning. These functions will be shared across the two sub-programmes; Provincial Skills Co-ordination and Work Force Development.

13.2 Sub-programme 7.1: Provincial Skills Co-ordination

Performance Delivery Environment

The Western Cape Government, through the now established the Provincial Human Resource Development Council, will drive the objectives that:

- Support the improved alignment between the demand for and supply of skilled labour;
- Ensure strong partnerships in support of improved coordination, planning, implementation and funding of skills development intervention strategies and to increase access to occupationally directed programmes;
- Skills planning support and enable major initiatives for economic growth, which have been identified by Government;
- Adopt a local skills ecology approach to ensure that local resources are well utilised through coordination across businesses within the Rig and Ship maintenance and repair; Tourism and hospitality and agri processing sectors; and
- Ensure that individuals in the province have the requisite foundational education and skills required to actively participate in, and contribute to, the economy.

The Provincial Skills Coordination sub-programme will provide leadership in maintaining the Provincial Human Resource Development Council as an appropriate mechanism to improve the alignment between the supply and the demand for skills.

The continued functioning of the Provincial Human Resource Council together with its technical workgroups will address the coordination and many transversal skills development challenges experienced across stakeholders of whom each has its own mandate and interaction on the skills interventions.

The focus on co-ordination of stakeholders within the skills eco-system will reduce the levels of inertia, fragmentation, duplication of effort, which has contributed towards the misalignment of the skills supply and demand and attract greater synergy in skills development interventions.

Greater co-ordination amongst skills development stakeholders allows for improved planning and co-ordinated implementation of skills programmes, funding, enabling enhanced impact and sustainable success.

13.2.1 Strategic Objective

Strategic Objective 1.3	To improve the coordination, planning, implementation and funding of skills development interventions / strategies across stakeholders.
Objective Statement	Improved coordination will result in achieving greater synergies in the planning, coordination and implementation of skills development initiatives across education and training as well as employer stakeholders. This will reduce duplication of efforts, strengthen alignment between supply and demand of skills development, share information and intelligence to better inform current skills needs and forecast future demand for and provide an offering of specific skills and ensure sufficient funding is leveraged to support skills plans that are developed collaboratively.
Baseline	In 2014/15, five collaborative agreements have been signed resulting in an estimated R20m being leveraged

13.2.2 Strategic Objective annual targets for 2015/16

Strategic Objective (Outcome Indicator)	Audited / Actual Performance			Estimated performance	Medium-term Targets		
	2011/12	2012/13	2013/14		2014/15	2015/16	2016/17
Number of Col-laborative Skills Interventions supported	-	-	4	5	8	8	8
Value of Funds Leveraged	R565	R4.3m	-	-	R20m	R30m	R30m

13.2.3 Implementation Plan

The Provincial Skills Coordination unit will facilitate partnerships between skill supply and demand stakeholders to ensure that the immediate skills challenges are addressed. The maintenance of stakeholder relationships is critical to achieve this as the public skills service providers and skills funders are within the national Department of Higher Education and Training. Partnerships will be maintained with the Cape Higher Education Consortium (CHEC); Technical and Vocational Education and Training (TVET) Colleges; Sectoral Education and Training Authorities (SETA's) Local Government; and Organised Business; and Labourtowards initiating and implementing collaborative skills interventions.

The Provincial Human Resource Development Council Skills Forum will align the planning of skills development processes with national imperatives such as Strategic Infrastructure Programmes (SIP's), provincial developments such as what has emanated from Project Khulisa and local ecologies so as to ensure that the relevant skills are available and that the necessary conditions for economic strategies are both addressed and stimulated. This will be achieved through coordination of the SETA cluster.

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

- improve education attainment levels;
- improve school and higher education retention rates;
- increase career awareness levels;
- improve life and job readiness skills;
- improve the information and understanding of the Rig and ship repair; tourism and hospitality; and agri processing sector skills needs;

- improve the appropriateness and effective delivery of education and training curricula to address industry needs;
- improve communication, understanding and access to the many incentives available to industry in support of the development of improved skill levels of the unemployed and underemployed;
- Influence education and skills development policy, planning, programme and project implementation and funding arrangements across stakeholders to achieve the desired impact; and
- Develop and facilitate the implementation of regional skills plans that optimise resource usage across stakeholders aimed at achieving the desired impact.

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

e-skills Platform

The commissioning of the construction of the e-skills platform holds much promise of an integrated technology tool that would promote communication on skills development initiatives and interventions; provide much needed career awareness and the introduction of e-learning content and learner management initiatives to drive self-empowerment to achieve academic progress and excellence.

The e-Skills Project, which requires the development of an e-skills ecosystem, will increase the reach, capacity and accessibility of skills development interventions across stakeholders. The ecosystem will consist of four elements: Skills Intelligence platform; Learning Management System; Career Awareness; and create a Learning Market.

The Career Awareness Platform will address the need of the citizens of the Province to find fulfilling work, aligned to their skills and ability. To achieve this goal, this platform will assist in graphing social and skill ability for each user; assist in the creation of career wizard to match users to skills development programs, online learning content and mentors. Further, this platform will provide coaching and guidance regarding career awareness and match users to job opportunities. This will be developed during the next phase of the e-Skills project.

The Learning Market is an online marketplace for online learning content generated by private businesses to create a skills development economy. This system will be interoperable with the Learning Awareness System and will be developed during the next phase of the e-Skills project.

Seta cluster coordination

Sector Education and Training Authority (SETA) bodies report directly to the Department of Higher Education and Training (DHET) who is a pivotal partner that DEDAT will collaborate with to achieve the HRDSSA and NSDS III objectives.

Greater coordination amongst development stakeholders allows for improved planning and co-ordinated implementation of skills interventions, enabling impact and sustainable long-term success. The implementation of these skills interventions requires establishing collaborations with stakeholders across the skills eco-system which includes business, training providers, civil society, organised labour and government. The Western Cape SETA Co-ordination will bring together these key role-players to facilitate the alignment of skills development with the demand for skills in the province. This plays an integral part in ensuring the success of the skills supply meeting the skills demand for the infrastructural projects including SIPs and other sector specific skills required for the province.

This project drives the match-making and collaborations between the SETA cluster (consisting of 21 regional SETA representatives) and stakeholders within the provincial skills landscape. This coordination aims to facilitate collaborative agreements and maintain the momentum of SETA representatives working together in the Western Cape.

13.2.4 Performance indicators and annual targets for 2015/16

Programme performance indicator (Output Indicator)	Audited/Actual performance			Estimated performance	Medium-term targets			
	2011/12	2012/13	2013/14		2014/15	2015/16	2016/17	2017/18
Sub-programme: Provincial Skills Co-ordination								
1.1	Number of Strategic Skills Plans developed for priority sectors/enablers	-	-	-	3	2	2	2
1.2	Number of structured and scheduled engagements, forums and events	-	-	-	15	20	24	24
1.3	The development of a Career Awareness Platform	-	-	-	-	1	-	-

13.2.5 Quarterly targets for 2015/16

Programme performance indicator	Reporting period	Annual target 2015/16	Quarterly targets				
			1st	2nd	3rd	4th	
Sub-programme: Provincial Skills Co-ordination							
1.1	Number of Strategic Skills Plans developed for priority sectors/enablers	Quarterly	2	-	-	1	1
1.2	Number of structured and scheduled engagements, forums and events	Quarterly	20	6	6	5	3
1.3	The development of a Career Awareness Platform	Annual	1	-	-	1	-

13.2.6 Risk Management

Strategic Objective: To drive partnerships to improve the coordination, planning, implementation and funding of skills development intervention strategies across stakeholders.	
Risk Statement	Risk Mitigation Strategy/ies
Lack of participation / buy-in of key local and national stakeholders and social partners could result in uncoordinated intervention	Formalise establishment of skills forums that allow for collaborative planning and monitoring of skills interventions Enhancement of communication mechanism for sharing of good practice / models

13.3 Sub-programme 7.2: Workforce Development

The Work and Skills sub-programme is well placed to, in collaboration with sector specialists in agribusiness, tourism and rig and ship repairs within DEDAT and Agriculture develop tailored interventions that are sector specific. It is with the understanding of the development areas of the sector that the sub-programme can be responsive to the sector skills strategies.

In deciding on the level of skills development initiatives, a differentiated skills development system, of low, intermediate and high-level skills should be considered. Work and Skills aims to increase alignment to the requirements of the scarce and critical skills of the Western Cape, through a programme where learners are placed with host companies and provided with a stipend, while gaining valuable work place experience.

The projects listed below are interlinked and will be rolled out over the 2015/16 financial year. Before interns/learners can be placed they will first have to complete the relevant institutional phases. Parallel to this will be the recruitment of workplace approved Host companies and the training of their selected artisans to support the coaching and mentoring during the placement phase. Learners placed will be paid stipends for the duration of the placement. Other areas such as the Multi Skilling and Post Artisan Programmes act as multipliers to increase job creation on the lower skills levels.

All interventions are interlinked and are required in the broader Skills Development Programme which covers Trades and the occupations within Trades or the occupations that support further job creation. Occupational Readiness Programmes delivered by TVET Colleges aims to create a recruitment environment, where Trades and Occupations are supported by programmes that provide a value add to Industry.

These programmes are on the skills supply side (TVET) and linked to Education and Training which is further supported by workplace experiential learning on the demand side (Industry). The overall objective is to increase the amount of skilled and semi-skilled workers in the Western Cape to take up work opportunities and therefore the projects listed below will assist in increasing the number and quality of artisanal and occupational skills, to link supply and demand.

The increase in the number of employable persons is necessary to meet the demand of all potential growth sectors as set out by Project Khulisa and aims to support the Provincial skills strategy for the next 5 years. It must be noted that to increase the development of Occupations and Trades in a more holistic manner funding must be secured for at least a 36 month period as the higher level skills require more development time.

To further increase the quality and quantity of artisanal development within the Western Cape and to meet project Khulisa mandate, two key focus areas for skills will be addressed:

- Occupational Readiness; and
- Workplace experiential learning

These focus areas will allow for a multi entry and multi exit approach along the pipeline of skills from entry , intermediate to advanced skills level as well as include on-the-job up-skilling , to assist with enhancing productivity of the workforce.

13.3.1 Strategic objective annual targets for 2015/16

Strategic Objective	To increase the number of appropriately skilled persons, by providing them access to work experience and or training opportunities
Objective Statement	Recognition that industry needs will typically be articulated as short-term demand for specific skills, which can only be met by tailored interventions that include skills programmes, workplace experience programmes as well as the importation of skills. The focus is on ensuring that workplaces are able to indicate their current shortages, as well as where possible to suggest any anticipated shortages, as well as indicate any obstacles that they are experiencing in recruiting, and retaining, individuals with the relevant skills as well as in implementing occupational readiness programmes that are intended to meet these skills requirements. . The scarce and critical skills required by rig repair, agri processing and tourism will used as a guide for business to determine the required training and or placement opportunities to allow access practical experience. Since the scare and critical skills are demand led, the success in the three identified sector for training and placement is increased.
Baseline	People trained through Skills Development Programmes implemented by the Department in propulsive economic or labour absorbing sectors;

13.3.2 Strategic Objective annual targets for 2015/16

Strategic Objective (Outcome Indicator)	Audited / Actual Performance			Estimated performance	Medium-term Targets		
	2011/12	2012/13	2013/14		2014/15	2015/16	2016/17
Number of Artisans Trade Tested	-	-	-	-	150	300	500
Value of funds leveraged	R5.635m	R1.175m	R76.7m	R24.695m	R45m	R37m	R50m
Number of learners who has increased skills for employ-ability	-	-	-	700	450	500	500

13.3.3 Implementation Plan

Artisan Development

The three key sectors that will be focussed on in Artisan Development are Ship Repair (in oil and gas), Agr-processing and Tourism, based on growth and labour absorption requirements in the Western Cape.

The average age of artisans in South Africa has increased to over 55 years of age. One of the reasons for this trend has been that many State Owned Enterprises, and private sector renowned for having delivered successful artisan development programmes have either stopped or dramatically scaled down their training and throughput of artisans. This has resulted in an estimated 15 year backlog in producing artisans with the requisite technical skills and competence. This technical skills gap is developing at a rapid pace and could only be contained through accelerated learning in a high-technological and methodical training environment.

The development of existing trainers and artisans to train a new generation of artisans to first world standards, will serve to develop the workplace experiential demand side and at the same time, supply industries with more artisans and improve the skills and technology base of the Western Cape.

One of the major causes of poor Artisanal Development is the fact that Training Providers have not produced adequately skilled candidates for industry, shortage of suitably qualified trainers, and workplace opportunities.

The change in curriculum at TVET Colleges and the lack of funding for artisanal programmes has created a disjuncture between the supply and demand.

The National target of scarce skills training per annum for artisans is 50,000. Subsequently a shortfall of 15,000 – 20,000 in the National target is expected unless extensive action is taken. The remedy for the supply of artisans would be to train more persons.

A phased approach for this project has been envisaged to increase artisan training in the Western Cape in collaboration with, DEDAT, Private Sector, SETAs, TVETs and other relevant stakeholders.

The key sectors focussed on in the various skill offerings in artisan development will be in agribusiness, rig repair, ship repair and tourism. The trades will include, amongst others: bakers, chefs, Welders, Boilermakers, Fitters, Diesel fitters, Electricians, Riggers, Pipefitters, Painters/Coating and Scaffolders are in demand.

The Artisan experiential learning programme will be guided by the priorities as set out by Project Khulisa to address the mismatch between skills demand and supply across the economic spectrum and increase opportunities for economic and employment growth. DEDAT will strive to coordinate a favourable environment for human resource development aimed at supporting unemployed youth in partnership with institutions of learning, SETAs, sector bodies and industry.

The following projects will be required to support the Khulisa Project in achieving its Job creation targets:

- Occupational Readiness Programme (ORP)
- Recognition of Prior Learning (RPL)
- Competency Based Modular Training (CBMT)
- Work Integrated Learning (WIL)
- Workplacement
- Training the Trainer (Mentor and Work placement)
- Multi-skilling (Technical Occupational)
- Post-Artisan Training (Specialisation)

The following sector specific skills challenges were identified through Project Khulisa that will be addressed through the above projects.

Rig and Ship Repair:

According to the private and public sector the following scarce and critical skills currently exist in the Western Cape:

- Boiler Maker
- Drillers
- Engineers
- Fitting
- Geologists
- Managerial staff
- Pipe Fitting
- Rigging
- Robotic skills
- Semi-skilled workers for maintenance work
- Technical staff

- Welders (including underwater welders and X-Ray coded welders)

(Skills Portal, 2012), (Institute, 2013) & (Freer, 2014)

Mega Projects in this sector include:

- Saldanha Bay IDZ (oil and gas, ship repair, and renewable energy; and potential to created 15 000 jobs over the next decade);
- Upgrade of Saldanha Bay Port – Saldanha Bay (R8.69 billion to be spent over next 7 years, with rig refurbishment needing 6,000 skilled artisans for 3 months per rig);
- Cape Town Harbour Container Terminal Expansion – Cape Town Port (Transnet Port Terminals Education, Training and Development department continually upskills employees); and
- Used Oil Recycling Initiative – Eden District Municipality.

The list of skills required for the Saldanha Bay IDZ is extensive, but the skills that in the highest demand include:

- Bricklayers
- Carpenters
- Crane Operators
- Electricians
- Painters
- Plasterers
- Plumbers
- Steel Erectors
- Technical Assistants
- Transport Related Labourers
- General Labourers
- Semi-Skilled Labourers

Only a few highly skilled individuals are currently available to take advantage of the opportunities that the developments within the Oil and Gas industry offer. To provide a remedy to addressing the unemployment as well as the lack of skilled workers, it is anticipated that training will need to be undertaken at a massive scale and that such training would have to be directly linked to key private sector needs.

Talent acquisition in the Oil and Gas sector (which is a global player) has become increasingly competitive given the shortage of supply and the difficulty of obtaining work visas for skilled foreign labour. Further options would be to import skills and have arrangements across industry to share expertise and use staff collectively in a more flexible manner.

Tourism

Tourism offers great opportunities for entry level jobs, but skills development is critical to ensure an excellent service culture. For Tourism Human Resources Development, one of the key challenges faced by the industry is inadequate skill levels and poor work readiness on completion of the qualifications obtained from tertiary institutions. This is further compounded by inadequate linkages between institutional and workplace learning which then impacts on the employability of graduates.

According to the private and public sector the following scarce and critical skills are needed in the Western Cape:

- Accountants
- Assistant Chefs

- Chefs
- Computer Skills
- English Literacy and Numeracy Skills
- Managers
- Professional Cooks
- Professional Waiters
- Reservations
- Waiters

Tourism Human Resource Development will address the scarce and critical skills in the tourism industry in order to increase the learners' chances of employability. By effectively addressing these skills shortages, the potential to increase both the volume of foreign tourists and direct spend by these tourists can be realised. The critical and scarce skills identified for the Western Cape are assistant chefs and professional cooks (confirmed by the private sector and aligned to the National CATHSSETA's Sector Skills Plan). In the 2015/16 financial year, 100 unemployed youth will be trained. These youth will also receive job-readiness training.

Furthermore, the hospitality industry has identified a need for food safety assurers. These Food safety assurers would be responsible for securing the food chain within the hospitality businesses. The focus will be on TVET graduates who have studied hospitality.

This project will be in partnership between the Western Cape Government, the Private Sector, FEDHASA and the National Department of tourism. In 2015/16, 75 youth will be trained as food safety assurers which will lead to the creation of "green jobs". The Food Safety Assurers will play an important role in the Wine and Cuisine niche market which has been identified in the Tourism Strategy.

Finalisation of the Western Cape Tourism Sector Skills Plan, in partnership with CATHSSETA, will further identify the scarce and critical skills for the Province.

South Africa has inconsistencies in service levels and this needs to be addressed to ensure that we are competitive with the rest of the world. When tourists come and visit Cape Town and the Western Cape they should experience world-class service. We need to promote a culture of Service Excellence. Specific actions could include developing a public campaign on friendliness towards tourists and visitors; and providing recognition for companies that score highly on service excellence, to be used as accreditation and provide quality assurance to customers. DEDAT will implement the 7-day CATHSSETA accredited Customer Care Programme to the current workforce and also possibly partner with the National Department of Tourism's Journey to Service Excellence programme in the Western Cape as part of a friendliness tourist campaign. This will result in customer service training, 100 current employees in the tourism industry.

Agri-processing:

Agriculture and agribusiness is one of the most important sectors in the Western Cape, and involves all the different activities that link the entire value chain from the farm/forest/fishery to the consumer. This includes inputs, production, processing, marketing and distribution of agricultural, forestry and fishing products (Wesgro, 2014). The water sector is experiencing a critical scarce skills shortage, owing to an insufficient skills base and fierce competition in the labour market for skilled workers (Adcorp, 2014). The AgriSETA has an extensive list of scarce and critical skills needed for the sector, but the main critical skills for the Western Cape include:

- Administration related skills
- Agricultural Economics
- Agricultural Engineers
- Aquatic Vets
- Artisans

- Broiler Operations
- Bookkeeping
- Cold chain management in processing
- Computer Skills
- Disease Issues / Health Maintenance
- Enterprise Management
- Farm Planning
- Farm Management
- Financial Budgeting
- Food Safety and Standards
- Food technologists
- Funding Applications
- Hatchery Managers
- Machine Operators
- Marketing
- New business venture creation
- Nutrition
- Staff Management
- Veterinarians

(SA Poultry, 2012), (AgriSETA, 2010), and (SAPA, 2013)

Mega Projects in this sector include:

Aquaculture SEZ – Hermanus (abalone farmers receive special tariffs and incentives in order to increase their production, grow real jobs and reduce poaching)

13.3.4 Strategic objective annual targets for 2015/16

Strategic Objective (Outcome Indicator)	Audited / Actual Performance			Estimated performance	Medium-term Targets		
	2011/12	2012/13	2013/14		2014/15	2015/16	2016/17
Number of Artisanal candidates trained	-	-	-	-	150	150	150
Number of semi-skilled people trained	-	-	-	-	1920	2200	2500
Number of artisanal candidates placed in host companies	-	-	-	-	150	200	200
Number of semi skilled workers placed in host companies	-	-	-	-	1100	1400	1400

13.3.5 Quarterly targets for 2015/16

Programme performance indicator		Reporting period	Annual target 2015/16	Quarterly targets			
				1st	2nd	3rd	4th
???							
1.1	Number of artisanal candidates trained	Quarterly	150	-	90	60	-
1.2	Number of semi-skilled people trained	Quarterly	1920	300	700	720	200
1.3	Number of artisanal candidates placed in host companies	Quarterly	150	-	90	60	-
1.4	Number of semi skilled workers placed in host companies	Quarterly	1 100	-	300	350	450

13.3.6 Risk Management

Strategic Objective: To increase the number of appropriately skilled people to meet the needs of the economy.	
Risk Statement	Risk Mitigation Strategy/ies
Lack of support & uptake from employers to absorb first time work seekers due to negative perceptions on the quality of training and associated costs which will impact on the employability of the youth.	<p>Increase stipends to below industry wage rates</p> <p>Incentivise skills training initiatives for employability</p> <p>Facilitate engagements in mainly labour absorbing clusters and local Municipalities to increase awareness of quality, relevance and demand for youth exiting skills and work experience projects.</p> <p>Intensify Strategic engagements are held with the Sector Development Agencies Tourism HRD forums, business chambers, Wesgro, SETA Cluster and FET CEO Forum participation, Transversal Technical Working Group for Skills.</p> <p>The aim is to gather market intelligence on the present and future labour demands with the view to facilitate job opportunities for the appropriate labour.</p>
Drop-out rate of learners on the programme increases due to stipend rate below minimum wage and mismatch of learner to company which could lead to targets not being met and learners possibly migrating to other more lucrative work experience programmes.	<p>Ensure good recruitment & selection processes, life skills training in place (specific entry requirements)</p> <p>Monthly consultation with host employers and conduct regular site visits</p> <p>Ensure a demand-led process is followed (database containing job specifications)</p> <p>Host company co-funds stipends</p> <p>Increase the stipend slightly</p> <p>Lobby with business (host companies) and relevant stakeholders, who are currently not co-funding stipends to do so.</p> <p>Continuous lobbying with businesses to maintain mentorship and inform learners of career development to retain learners during the 6 months</p>

13.4 Reconciling performance targets with the Budget and MTEF

13.4.1 Expenditure estimates

Sub-programme		Audited			Main appropriation Ad-justed appropriation	Ad-justed appropriation	Revised estimate	Medium term expenditure		
		R'000	2011/12	2012/13				2013/14	2014/15	2014/15
1.	Provincial Skills Co-ordination	2 335	3 805	12 350	9 477	5 376	5 376	8 074	11 981	11 874
2.	Workforce Development	12 964	20 870	20 429	27 077	36 423	36 423	39 799	39 855	40 108
3.	Innovation	2 054	873	1 239	966	1 051	1 051	1 032	1 086	1 138
4.	Management: Skills Development	1 014	1 082	2 140	1 770	2 240	2 240	2 385	2 455	2 472
Total payments		18 367	26 630	36 158	39 290	45 090	45 090	51 290	55 377	55 592
Economic classification										
	Current payments	3 769	13 937	20 991	37 646	30 749	30 749	33 414	37 987	38 202
	Compensation of employees	3 022	4 242	7 386	7 830	8 000	8 000	10 355	14 188	14 814
	Goods and services	747	9 695	13 605	29 816	22 749	22 749	23 059	23 799	23 388
	Interest and rent on land									
	Transfers and subsidies to	14 300	12 665	14 939	1 460	14 234	14 234	17 800	17 800	17 800
	Provinces and Municipalities									
	Departmental agencies and accounts			2 813						
	Universities and technikons	1 400				1 460	1 460			
	Foreign governments and international organisations									
	Public corporations and private enterprises	6 200	300	626						
	Non-profit institutions	6 700	12 365	11 483	1 460	4 621	4 621	7 000	7 000	7 000
	Households			17		8 153	8 153	10 800	10 800	10 800
	Payments for capital assets	298	28	228	184	107	107	76	190	190
	Buildings and other fixed structures									
	Machinery and equipment	298	28	228	184	107	107	76	190	190
	Software and other intangible assets									
	Payments for financial assets									
Total economic classification		18 367	26 630	36 158	39 290	45 090	45 090	51 290	55 377	55 592

PART C: LINKS TO OTHER PLANS

14. LINKS TO THE LONG-TERM INFRASTRUCTURE AND OTHER CAPITAL PLANS

Not applicable

15. CONDITIONAL GRANTS

Not applicable

16. PUBLIC ENTITIES

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

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

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

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

Tourism Destination Marketing is implemented in Wesgro as it relates to its Provincial legislative mandate. Implementation for the 2015/16 financial year will be focused on prioritised Lifestyle marketing, Business Tourism and Events. Partnership arrangements will be in place in order to leverage financial, non-financial and co-delivery support from South Africa Tourism, Local Government and the private sector.

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

16.2. Western Cape Liquor Authority (WCLA)

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

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

17. PUBLIC-PRIVATE PARTNERSHIPS

Not applicable

18. TRANSVERSAL PROJECTS

Programme	Project	Project Description	Stakeholder	Role of Stakeholder	Budget Contribution R'000	Expected Outcome
IEDS	LED Professionalization Programme	Capacity Building support provided to local government	University of Western Cape [UWC]	To provide the accredited training	825	Ensure that the LED Maturity Index Average increases by 6% annually (contribute to the ease of doing business)
IEDS	LED Maturity Assessments	Assessment of LED proficiency at local government level	Municipalities		275	Ensure that the LED Maturity Index Average increases by 6% annually (contribute to the ease of doing business)
IEDS	Supplier Development	The Enterprise Development unit will facilitate the process of hosting of one supplier development workshop per quarter in partnership with relevant stakeholders. The objective of these sessions is to create a platform for suppliers, vendors and service providers to access credible and reliable information on Provincial Government procurement processes and practices.	Provincial Treasury Ariba SARS	To participate in the assessment processes Addressing the governance issues Creating a platform for attendees to register or update their details on the Western Cape Supplier Database Creating a platform for attendees to register, update or resolve outstanding SARS issues	-	Increased number of service providers registered on the Western Cape Supplier Database

Programme	Project	Project Description	Stakeholder	Role of Stakeholder	Budget Contribution R'000	Expected Outcome
Trade and Sector Development	Design, Innovation and Creativity Initiative	The support of design as a major competitive driver of the Western Cape economy	CCDI	Driver and implementer of Design Strategy and related projects.	R3 000 000	Contribution of R2.1 billion towards GDP and 1097 jobs by Year 5 Contribution of R13 billion towards GDP and 14 705 jobs in Year 25
			Green Cape	Driver and implementer of Innovation in Green Projects.		
			EDP	Co-ordinator of Western Cape Innovation Systems		
			City of Cape Town	Legacy projects of WDC2014 and driver of CoCT Arts, Culture and Design Policy.		
			Cape Town Partnership: Creative Cape Town.	Strategic inputs, project direction, provision of linkages to related and supporting activities.		
			CPUT	Co-funder and partner in Design and Innovation Projects for CHEC: Design Park		
			University of Cape Town	Co-funder and partner in Design and Innovation Projects for CHEC: Design Park		
			DEDAT: Green Economy Unit	Co-funder and partner in Design and Innovation Project in Green: BLC		
			DEDAT: IEDS and TIA	Co-funder and partner in Design and Innovation Project: Enterprise development (Seed Fund)		

Programme	Project	Project Description	Stakeholder	Role of Stakeholder	Budget Contribution R'000	Expected Outcome
Trade and Sector Development	Design, Innovation and Creativity Initiative	The support of design as a major competitive driver of the Western Cape economy	Department of the Premier	Major stakeholder in Design and innovation Projects	R3 000 000	Contribution of R2.1 billion towards GDP and 1097 jobs by Year 5 Contribution of R13 billion towards GDP and 14 705 jobs in Year 25
			Dept. of Science and Technology	Co-funder and co-manager of project		
			Department of Transport and Public Works	Major stakeholder in specific projects in design implementation		
	Cape Health Technology Hub	A health technology park to collocate related organisations which have bio-tech and health technologies as core focus	Dept. of Science and Technology	Co-funder and co-manager of project	R3 900 000	Contribution of R9.5 billion to GDP and 13 000 jobs by Year 10
			Wesgro	Project management and pre-implementation of phase 1		
			National Department of Science and Technology	Co-funder and partner of the project		
			Technology and Innovation Agency	Project expertise		
			Dept. of Transport and Public Works	Provider of WCG land and overall co-ordinator of TRUP		
			Dept. of Health	Support wrt land provision and beneficiary of products and services arising from Park		
			City of Cape Town	Provider of CCT land for the project		
Cape Town International Convention Centre	Expansion of current CTICC facility	City of Cape Town	Co-funder and shareholder of project.	R656 000 000	Contribution of R531 million towards GDP per annum and 3055 jobs by Year 8	
		Convenco	Co-funder, manager and implementer of project.	R80 000 000		

Programme	Project	Project Description	Stakeholder	Role of Stakeholder	Budget Contribution R'000	Expected Outcome
Trade and Sector Development	Air Access Initiative	Improve air access into Cape Town, and targeting Africa specifically	Wesgro	Project management and implementation.	0 (In kind contribution of space and resources)	Contribution of R392 million towards GDP per annum and 3950 jobs for one specific route by Year 6
			Tourism Sector Chief Directorate	Strategic inputs, project direction, provision of linkages to related and supporting activities	0	
			WC Dept of Agriculture	Strategic inputs, project direction, provision of linkages to related and supporting activities	0	
			ACSA	Strategic inputs, project direction, provision of linkages to related and supporting activities.	R300 000 (In-kind contribution value)	
			CoCT	Co- Funder	R1 000 000	
	Saldanha Industrial Development Zone	An oil and gas and marine repair engineering and logistics services complex in Saldanha Bay	Wesgro	Parent public entity of Licencing Company and FDI promoter	R400 000 000	Contribution of R11 billion per annum to GDP and 7800 jobs by Year 10
			SBIDZ LiCo	Permit holder of the designated IDZ		
			SB Municipality and WC District Municipality	Strategic Input into the project and provider of bulk services		
			IDC	Lessor of part of the IDZ land and potential funder of incoming investors		
			The dti	Licencing authority and funder of capital expenditure for project		
			Dept of Transport and Public Works	Provider of road infrastructure		
			Transnet National Ports Authority	Owner of part of the IDZ and major funder to relevant port infrastructure		

Programme	Project	Project Description	Stakeholder	Role of Stakeholder	Budget Contribution R'000	Expected Outcome
Trade and Sector Development	West Coast Industrial Plan	Planning exercise to look at desired future state of industrial development as well as determining resource demand	Department of Environmental Affairs and Development Planning	Overall Regional Planning processes and spatial planning	TBD	
			Department of Transport and Public Works	Transport planning and provision of roads		
			Department of Local Government	Municipal support, planning support		
			Saldanha Bay Municipality & District Municipality	Spatial planning, land use planning, provision of municipal services		
	Green Economy: Smart Grids	To address the barriers of smart grid uptake and embedded generation for Municipalities	WCG (DEADP, DEDAT, DOLG),	Strategic input and oversight into the implementation of the project.	R 0	Improved municipal electricity service delivery and Stimulation to the local manufacturing and related industries
			Municipalities	Municipalities are "owner" of the technology		
	Green Economy: Importation of natural gas	To address market failures across the gas value chain	City of Cape Town National Government (DoE) DTI Atlantis SEZ	Provide input and guidance in accordance to mandate and expertise	R 0	DoE /Treasury approval of the West Coast importation project. Providing the basis for the Western Cape's secure energy futu
	Green Economy: Green Finance Initiative	Develop the financial mechanism to realise opportunities associated with energy security – i.e. develop suitable models for energy efficiency in government buildings, work with financial institutions to facilitate access for embedded generation on municipal revenue streams.	WCG (DEDAT, DTPW,DOLG)	DTPW is the main implementer from a WCG perspective, with DOLG providing critical co-ordination re Local Government	R 0	Increased investment into the Green Economy

Programme	Project	Project Description	Stakeholder	Role of Stakeholder	Budget Contribution R'000	Expected Outcome
Trade and Sector Development	Green Economy: Green Finance Initiative	Develop the financial mechanism to realise opportunities associated with energy security – i.e. develop suitable models for energy efficiency in government buildings, work with financial institutions to facilitate access for embedded generation on municipal revenue streams.	Municipalities	Input and expertise re municipal revenue space.	R 0	Increased investment into the Green Economy
	Financial institutions		Financier relationships are critical to understanding the green financing space			
	Green Economy: Waste Economy	To create an enabling environment for the beneficial use of a waste economy in the Western Cape.	Provincial government departments (DEDAT, DEA&DP, DoLG),	Strategic input and oversight into the implementation of the project.	R 0	Improved integrated waste management in Municipalities Diversion of a larger portion of municipal waste from landfill extending current landfill lifetimes
			SALGA, SANEDI, academia and several Municipalities.	Municipalities are responsible for waste management and therefore the implementer of proposed technology/ solutions		
Green Economy: WISP	To facilitate synergies between companies in order to identify and realise business opportunities from unused or residual resources.	Western Cape Government Departments (DEDAT, DoA, DoTP, DEA) COCT Business associations NCPC Gauteng, KZN provincial government	Strategic input and oversight into the implementation of the project. Support to roll out of a national and provincial level roll outs across the province (NCPC, KZN and Gauteng)	To be determined	More resource efficient (and therefore profitable) businesses in the Western Cape (energy, water, material savings) Landfill diversion and carbon emission savings	
Green Economy: Biofuels	The exploration of biofuels from agricultural and other wastes as well as crop production.	Farmers, irrigation consultants, scientific researchers and students Western Cape Government Departments (DEADP, DEDAT) GreenCape e-Leaf	Input and expertise in the development of the project	tbc	Operational biofuel supply chains to improve energy security and carbon footprint of WC	

Programme	Project	Project Description	Stakeholder	Role of Stakeholder	Budget Contribution R'000	Expected Outcome
Trade and Sector Development	Green Economy: 110% Green: Brand Building	Build the green brand of the province and catalyse practical action from Western Cape based organisations.	Private sector Academics local entities NGOs	All players in the Green Economy (industry, province, academia) is called upon to expand the footprint of the Green Economy	R 0	Increased awareness and participation of Western Cape as green economic hub of African continent
	Green Economy: Clustering Activities	Green economy clustering activities aim to bridge the gap in information and coordinate the efforts of industry, provincial government and local government in realising economic opportunities in the green economy.	GreenCape DEDAT City of Cape Town	The primary input is the GreenCape brand, Intellectual capacity and resources from DED&T, City, donors etc.	R 0	Programs identified for unlocking and unblocking Jobs, Growth and Skills.
	Green Economy: Atlantis SEZ	The development of a green manufacturing Special Economic Zone in Atlantis, with a view to supporting investment in manufacturing and job growth	GreenCape Legal Services Section, DotP Provincial Treasury City of Cape Town Department of Trade & Industry	Input and expertise in the development of the project	R'4 000 000	Creation of up to 3000 jobs and investment of R2 billion in manufacturing capacity
	Green Economy: Better Living Challenge	To promote the development of incremental home improvement solutions.	Western Cape Gvt (DEDAT, DOHS, DEADP, DOLG)	Strategic input and oversight into the implementation of the project. Linked to Design & Innovation work in DEDAT	R 0	Enhanced uptake of alternative housing solutions by consumers and Municipalities
			Municipalities	Involvement of Municipalities to increase: alternative housing solutions to ultimate benefit municipality		

Programme	Project	Project Description	Stakeholder	Role of Stakeholder	Budget Contribution R'000	Expected Outcome
Trade and Sector Development	Green Economy: Genius of Place	Based on biomimicry principles, a pilot project involving waste prototypes in the Langrug community.	Western Cape Government Departments (DEADP, DEDAT)	Developer, funder Strategic input and oversight into the implementation of the project.	R 0	Business opportunities in area of waste Employment opportunities Skills Development Community ownership of waste and water prototypes
			Stellenbosch Municipality	Input and co-ordination as relevant		
			Langrug Community	Co-implementer of project, maintenance of project and ultimate owner & beneficiary		

Programme	Project	Project Description	Stakeholder	Role of Stakeholder	Budget Contribution R'000	Expected Outcome
	Broadband Stream 2: Connected Leadership WCG's Leadership role in the Broadband environment, with particular emphasis on stakeholder engagement, dialogue and coordination, policy and advocacy, research, M&E	Broadband Foundation: A collaborative organisation to leverage funding and opportunities for synergy between Govt, Private Sector and Civil Society.	Neotel	Founding Partner	R1,000,000	Contribution of R11 billion per annum to GDP and 7800 jobs by Year 10
		Connected Municipalities Development of a comprehensive municipal broadband roadmap and strategy to leverage the Provincial broadband infrastructure	CCDI	Founding Partner	tbc	
			Cel (DotP)	Contributor and Oversight	tbc	
			DLG	Lead Department, Strategic inputs, project direction, provision of linkages to related and supporting activities		
			Cel	Strategic Inputs and alignment with Stream 1		
			Prov Treasury	Strategic Inputs and alignment with SCOA		
			WC Municipalities	Implementation partner, Strategic Inputs and alignment		

Programme	Project	Project Description	Stakeholder	Role of Stakeholder	Budget Contribution R'000	Expected Outcome		
	<p>Connected Citizens</p> <p>The objective of the connecting citizens theme is to drive access, readiness and usage in the province through the implementation of the Western Cape Broadband Initiative, specifically targeted at the general citizen user population.</p>	<p>Interactive Community Access Node (ICAN)</p> <p>A proof-of-concept and expansion model for a physical facility containing various focused interactive zones in Elsies River and the expansion model for further roll-out</p>	National Dept of Communications	Strategic inputs, project direction, provision of linkages to related and supporting activities	tbc	Contribution of R11 billion per annum to GDP and 7800 jobs by Year 10		
City of Cape Town								
Dept of Cultural Affairs and Sport								
Centre of e-Innovation								
Dept of Social Development								
FET								
UWC								
E-Skills Platform			CHEC				Strategic inputs and guidance, future beneficiary and contributor towards content	tbc
An internet based platform to improve access to skills information and provide a medium for improved communication for Western Cape stakeholders			SETA cluster					
			Cel & WCED					
	TVETs & HEIs							

Programme	Project	Project Description	Stakeholder	Role of Stakeholder	Budget Contribution R'000	Expected Outcome
	<p>Connected Citizens</p> <p>The objective of the connecting citizens theme is to drive access, readiness and usage in the province through the implementation of the Western Cape Broadband Initiative, specifically targeted at the general citizen user population.</p>	<p>Public Wi-Fi</p> <p>Public access wi-fi for citizens linked to government buildings</p> <p>Bandwidth Barn</p> <p>Khayelitsha - CITI</p> <p>A community-facility to assist ICT entrepreneurs</p>	Cel	Funding Contributor	R1,500,000	Contribution of R11 billion per annum to GDP and 7800 jobs by Year 10
			WCG Line Departments	Site Owners		
			Municipalities	Awareness and communicator		
	<p>Connected Business</p> <p>It focusses on (1) supporting business uptake and usage as the client/end-user of technology and broadband,</p>	<p>Bandwidth Barn Khayelitsha - CITI</p> <p>A community-facility to assist ICT entrepreneurs</p>	City of Cape Town	Owner of the facility	tbc	
			CITI	Implementor of the project		

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