

Department of  
Economic Development  
and Tourism

Annual Performance Plan  
2013/14



## 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 2013/14.

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## FORWORD

I am pleased to present the Western Cape Department of Economic Development and Tourism's Annual Performance Plan for 2013/14.

This plan presents the Department's goals for the financial year ahead.

This Department's key agenda is to deliver against the Western Cape Government's number one strategic objective: Creating opportunities for growth and jobs.

The Department, in partnership with the private sector, aims to boost economic growth to 4.2 per cent and grow employment by 2 per cent by 2015. Government's role is to provide demand-led, private sector driven support for growth sectors, industries and business in the Western Cape.

Last year we launched the Western Cape Economic Development Partnership (EDP) to lead, co-ordinate and drive the economic growth, development and inclusion agenda for Cape Town and the Western Cape.

The EDP seeks to empower local and regional government, the private and non-profit sectors, and communities with the opportunity to work together to improve the local and regional economy.

The EDP has already started working on achieving its goals and I look forward to collaborating with the organisation to build a Western Cape that is a better place to invest, to do business, get a job and earn a living, for everyone.

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

Infrastructure plays an important role in promoting sustainable economic growth. A lack of adequate and appropriate infrastructure hinders growth, weakens international competitiveness and adversely affects poverty reduction rates. While there are an array of government departments dedicated to the provision of infrastructure, the Department of Economic Development and Tourism has focused on special projects designed specifically to boost the economic potential of our region. We call this these the Cape Catalyst Projects. They include:

Widespread Provincial Telecoms Infrastructure

Redevelopment of the Cape Town Port Precinct

Development of a Cape Health Technology Park

The Fringe Design Precinct

Saldanha Bay IDZ

Expansion of the Cape Town International Convention Centre

An economy that cannot meet its demand for skilled workers is destined for failure. The Provincial Skills Development Forum will in the year ahead focus on building partnerships with business, labour, civil society and skills supply institutions to develop a long term vision for skills in the Western Cape.



## Foreword

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

At the heart of this Department is a team of highly motivated individuals who are dedicated to growing the economy and creating jobs for all the people of our Province.

Above all, the Department of Economic Development and Tourism's plan for 2013/14 recognises that together, we can and will make our economy better.



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**Alan Winde**

**Minister of Finance,  
Economic Development and Tourism**



## 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 Departments' understanding of the economy, its ability to identify economic opportunities and potential, and its contribution to government economic priorities.

The Department will also act as a catalyst for the transformation of the economy and respond in a qualitative manner to the challenges and opportunities of its economic citizens, in order to support the Governments' goal of creating 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

In achieving the vision set by the Department through its' mission, the Department will espouse the following core values:

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

### 4. LEGISLATIVE AND OTHER MANDATES

#### 4.1 Constitutional Mandate

There have been no significant changes to the Departments' constitutional mandate

#### 4.2 Legislative Mandate

There have been no significant changes to the Departments' legislative mandate

#### 4.3 Policy Mandates

The policy mandate determining the Departments' programmes and projects is Provincial Strategic Objective 1: Creating opportunities for growth and jobs. The Department will continue to focus on its core areas namely:

- an economic strategic plan and accompanying policies developed to support the achievement of economic growth and job opportunities;
- an enabling business environment that limits hurdles to business growth, increasing economic investment and subsequently contributes to job creation;
- government support that is demand-led and private sector driven;
- infrastructure-led economic growth that enhances the competitiveness of the region; and
- the required skill set is matched with the work opportunities that bring about shared economic growth.

Provincial Strategic Objective 1 is operationalised through the provincial transversal management system of 5 working groups, namely Red Tape Working Group, Infrastructure and Asset Development Working Group, Skills Development Working Group, Local Economic Development Working Group and the Green Economy Working Group.

#### 4.4 Planned Policy Initiatives

##### The Western Cape Economic Development Partnership Legislation

The Department has established the Western Cape Economic Development Partnership (WCEDP), to lead, co-ordinate and drive economic development in the Province. The WCEDP is a cross-sector partnership that focuses mobilising a wide-range of socio-economic stakeholders towards a more inclusive and resilient regional economy. The WCEDP was constituted as an independent, membership-based non-profit organisation, to lead, co-ordinate and drive the Western Cape economic delivery system to achieve greater levels of inclusive growth. It has been registered as a legal entity, and it was formally launched by the Premier on 26 April 2012. The board was appointed in August 2012 to steer the WCEDP.

Legislation has been drafted to provide for the Provincial Government's membership of the WCEDP.

##### Towards 2040 – Unlocking our Potential

The Towards 2040 – Unlocking our Potential initiative, led by the WCEDP, is tasked with creating a resilient, inclusive and competitive Western Cape, with higher rates of employment producing growing incomes, greater equality and an improved quality of life. It is intended to:

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

In order to achieve this, Towards 2040 has identified 5 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.

##### Green Economy Policy Framework

The Province has instituted a Green Economy Policy Framework in order to:

- address and recommend a strategy pathway to escalate economic related activities that pursue a green growth path that will establish the Western Cape as the country's green economic hub integrated with the overall economic strategy;
- identify priority focus areas and sectors for green growth and investment opportunities and align with sector strategy formulation;
- identify capacity to realizing green economy strategy and assess how these may be addressed.

## 5. UPDATED SITUATIONAL ANALYSIS

The global economic recovery, which at the start of 2010 seemed to be gaining traction, has not been smooth. In what now seems a familiar pattern, global economic prospects have seen swings in line with fluctuating activity indicators. Financial markets in particular have been sensitive to the decisions of policy makers in mainly Europe and the U.S.

Activity indicators and employment are pointing to a slowing down of economic performance and the International Monetary Fund October 2012 forecasts for global economic growth in 2012 stand at 3.3 per cent having been downwardly revised from the 4.0 per cent forecast in April 2012<sup>1</sup>. In 2013, no significant improvement is anticipated with growth in output expected to reach 3.6 per cent<sup>2</sup>. As in 2011, growth is expected to remain

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<sup>1</sup>International Monetary Fund World Economic Outlook, October 2012  
<sup>2</sup>Ibid.

two tiered with advanced economies predicted to grow at 1.3 per cent in 2012 and 1.5 per cent in 2013 compared to emerging market economic growth rates of 5.3 per cent in 2012 and 5.6 per cent in 2013<sup>3</sup>. While differences exist in terms of performance between advanced and emerging economies, changes in output nevertheless remain closely correlated.

It is important to note that central IMF forecasts rest crucially upon the twin assumptions that firstly European policy makers will adopt policies which are able to ease financial conditions in euro area periphery countries. The second assumption is that U.S. policy makers have prevented the automatic spending cuts and tax increases which were set to come into effect on 1 January 2013, raise the federal debt ceiling, and make progress towards fiscal sustainability. The tax increases have been avoided, but the other issues have not been fully addressed. The key is that important issues determining the trajectory of the global economy relate to whether or not U.S. and European policy makers are able to deal with their short-term economic challenges. In the medium term, challenges relate to how the global economy will operate with high levels of government debt and whether or not emerging economies will be able to remain growing while shifting further away from external sources of demand to domestic sources.

The assumption that policy makers will rise to the challenges faced by global growth may not however prove accurate and indeed, the main reason for these continued revisions is that the euro area crisis has not abated as previous forecasts had assumed they would. Further disappointment should not be unexpected; in the U.S. for instance Congress only reached a compromise agreement on 1 January 2013 thus technically going over the "fiscal cliff". Not only was a complete solution not reached, which according to the IMF would include "a ... plan that ensures both higher revenues and containment of entitlement spending ... [and] ... [raising] the debt ceiling expeditiously and [removing] remaining uncertainties about the spending sequester and expiring appropriation bills", but the political brinkmanship displayed has eroded confidence in policy makers<sup>4</sup>.

### Sub-Saharan Africa

Investments in previous and forthcoming years in productive capacity, mineral discovery, still high resource prices, as well as policy loosening in some countries, should prove supportive of growth in the region<sup>5</sup>. With data on 2012 growth not yet available, growth is forecast to be 5.0 per cent and 5.3 per cent in 2013<sup>6</sup>.

However, with the global economy still fragile and weaker growth in China, risks remain to the downside for resource dependent Sub-Saharan Africa. In terms of broad short run policy options, the World Bank recommends that where possible countries build up fiscal buffers and increasing social safety nets to protect the most vulnerable<sup>7</sup>. Long run policy options should focus on competitiveness of the region by addressing human capital and infrastructure deficits, and also reducing regulatory constraints to private sector investment<sup>8</sup>.

### South African Economy

Domestic economic output in 2012 was constrained by a sluggish global economy and labour unrest affecting output in the primary sector. The real GDP growth rate in 2012 is forecast to be 2.5 per cent, down from the 3.1 per cent achieved in 2011<sup>9</sup>. It is expected to improve to 3.0 per cent in 2013 and thereafter steadily increase to reach 5.0 per cent in 2016<sup>10,11</sup>. It is anticipated that this growth will be driven by infrastructure investment and a recovery in global demand. Potential GDP is estimated to be between 3.5 per cent and 4.0 per cent and forecasts are that the current negative output gap will close by 2014<sup>12</sup>.

Economic growth is being underpinned by household spending, which in turn is being driven by real salary and wage increases and increases in household debt<sup>13</sup>. While increases in household debt have not translated into a higher household debt to disposable income ratio (76% Q1 and Q2 2012), an age analysis of the debtors book for unsecured credit shows deterioration in the ability to pay<sup>14</sup>. The current pace of unsecured credit expansion is not sustainable (49,3% y/y) and the Reserve Bank is aware of the threat of a credit bubble<sup>15,16</sup>.

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<sup>3</sup>Ibid  
<sup>4</sup><http://www.imf.org/external/np/sec/pr/2013/pr1301.htm>  
<sup>5</sup>World Bank Global Economic Prospects, June 2012  
<sup>6</sup>Ibid.  
<sup>7</sup><http://web.worldbank.org/WBSITE/EXTERNAL/EXTDEC/EXTDECPROSPECTS/EXTGBLPROSPECTSAPRIL/0,,contentMDK:23213084~menuPK:8688132~pagePK:2470434~piPK:4977459~theSitePK:659149,00.html>  
<sup>8</sup>Ibid.  
<sup>9</sup>Investec: SA's Macro Economic Outlook 2013-2017  
<sup>10</sup>Ibid.  
<sup>11</sup>IMF Survey Magazine: Countries & Regions. Distress in Europe Slows South Africa's Economic Recovery  
<sup>12</sup>Investec: SA's Macro Economic Outlook 2013-2017  
<sup>13</sup>Ibid.  
<sup>14</sup>Ibid.  
<sup>15</sup>South African Reserve Bank  
<sup>16</sup>Investec: SA's Macro Economic Outlook 2013-2017

The New Growth Path, has set a target of creating 5 million jobs between 2011 and 2020. Given an employment intensity of 0.5, which is based on census data from 2001 and the Quarterly Labour Force Survey Q2 2010, GDP would have to grow by 7 per cent per year for the period<sup>17</sup>. Thus, even with the expected expansion in output, growth will not be sufficient to reach the target number of jobs.

Therefore, given relatively weak GDP growth rates compared to the NGP target it is unsurprising that labour market conditions have not been favourable. From Q3 2010, employment, as measured by the Quarterly Labour Force Survey, has broadly increased every quarter, up until Q3 2012 adding a total of 670 000 jobs. However, over the same period, the labour force has grown by a 942 000, meaning that the unemployment rate has remained practically unchanged at 25.5 per cent in Q3 2012 compared to 25.3 in Q3 2010. Using the expanded definition of unemployment, the picture is more bleak with the unemployment rate in Q3 2012 standing at 36.3 per cent.

Ratings agency Fitch, which had South Africa on a ratings outlook of negative, on 10 January 2013 downgraded it from BBB+ to BBB, the second last investment grade notch. Key rating drivers downgrade rationale were the deterioration in GDP growth prospects, a widening in the current account deficit, delayed fiscal consolidation as well as heightened political uncertainty associated with high unemployment<sup>18</sup>. The downgrade was accompanied by an improvement of the ratings outlook to stable. This downgrade according to analysts is justified<sup>19</sup>. The three major ratings agencies (viz. Fitch, Moody's, and Standard and Poor's) see South Africa's social tensions as putting increased pressure on government to increase spending and hence reducing fiscal flexibility<sup>20,21</sup>. These pressures will most likely increase as the time to the national elections in 2014 draws nearer. Both Moody's and S&P's have South Africa on a negative ratings watch which mean that it is in line for downgrades from its current level.

The repurchase rate was last eased in July 2012 to 5,0 per cent and at the last two policy meetings, the Reserve Bank has opted to keep it unchanged at what is a 30 year low, citing considerations relating to a weakening growth outlook and the inflation outlook which is influenced by international food prices and exchange rate depreciation<sup>22</sup>. While the fiscal and monetary policy stance has been loose and hence been an appropriate response to the slowdown, the policy space to deal with adverse shocks is reduced.

South Africa's ranking according to the World Economic Forum's Global Competiveness report in 2011/12 improved to 50<sup>th</sup> place from 54<sup>th</sup> place in 2010/11. This improvement in ranking is not due to a change in underlying factors, but rather a deterioration of other countries. As in previous years, South Africa's private sector is ranked highly, but according to the report, Government continues to fail in terms of service delivery, notwithstanding the significant inroads which have already been made<sup>23</sup>. Government has to find balance between focusing on creating an enabling environment for the private sector to lead employment creation and other functions such as providing social welfare, creating employment while at the same being aware of the risk that in attempting to do too much it runs the risk that it may become financially unsustainable.

### Western Cape Economy

In terms of economic output, the Western Cape is the third largest province in South Africa, after Gauteng and KwaZulu-Natal. Between 2002 and 2011 the economy grew at an average annual rate of 4.0 per cent<sup>24</sup>. This growth rate, together with Gauteng, make them the fastest growing provinces in South Africa. Notwithstanding this growth in output, the Western Cape's contribution to the national economy has remained virtually unchanged; in 2002 it contributed 14.1 per cent compared to 14.2 per cent in 2011.

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• <sup>17</sup>New Growth Path

• <sup>18</sup>Fitch

• <sup>19</sup><http://www.bloomberg.com/news/2013-01-10/fitch-cuts-south-africa-rating-on-widening-budget-deficit.html>

• <sup>20</sup><http://www.reuters.com/article/2013/01/10/southafrica-fitch-downgrade-idUSL1E9CA8JJ20130110>,

• <sup>21</sup>Investec: SA's Macro Economic Outlook 2013-2017

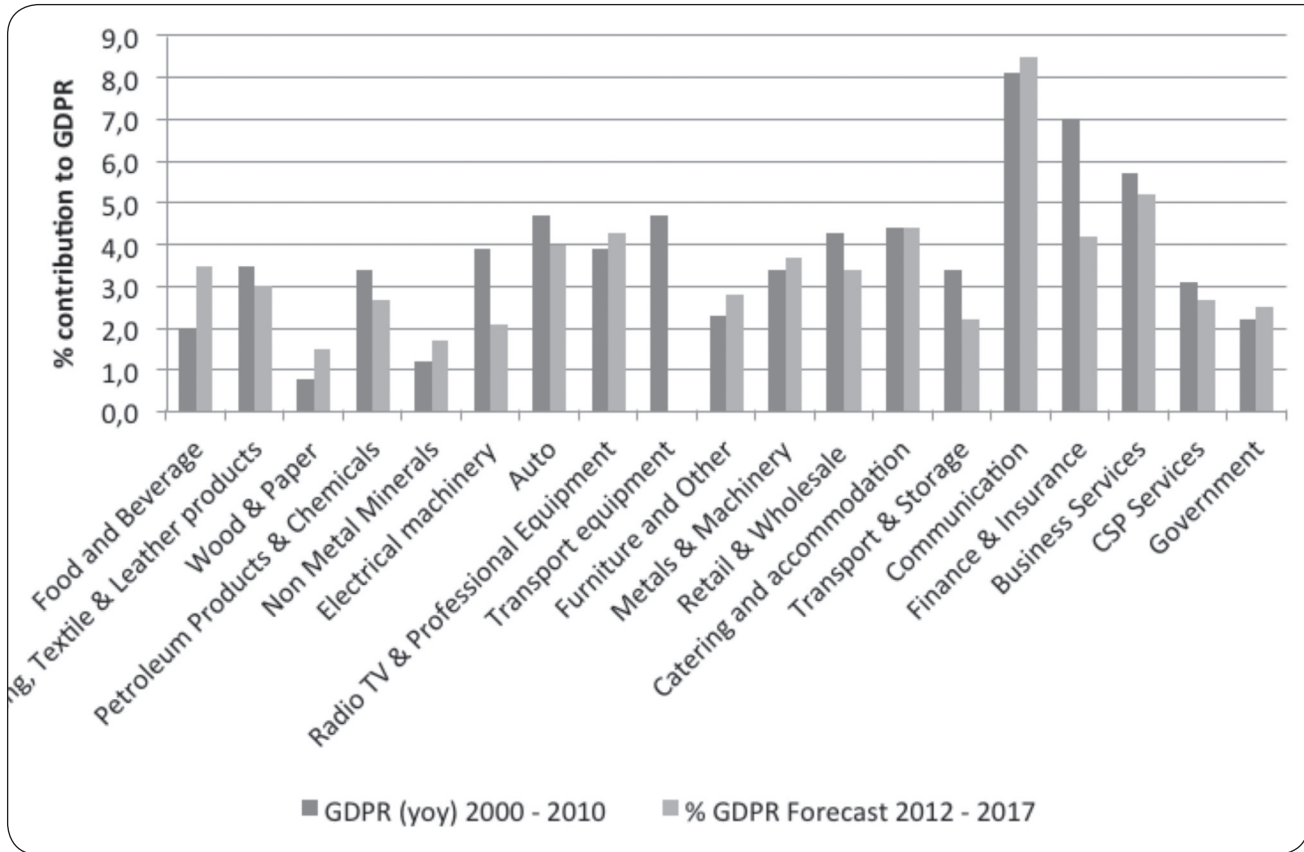
• <sup>22</sup>South African Reserve Bank Quarterly Bulletin, Number 266, December 2012

• <sup>23</sup>Investec: SA's Macro Economic Outlook 2013-2017

• <sup>24</sup>Own calculations, Stats SA (constant 2005 prices)

Figure 1 below shows the Western Cape economic sectors' performance and outlook. In the last decade the services sector dominated in terms of its overall sectoral contribution to GDP. The sector recorded a 4.7% growth between year 2000 and 2010, driven mainly by high growth in Communication (8.1%), Finance (7.0%) and Business services (5.7%) sectors. The manufacturing sector between 2000 and 2010 grew by 2.6% mainly driven by growth in Transport Equipment (4.7%), Radio, TV & professional Equipment (3.9%), and Electrical Machinery (3.9%). Agriculture recorded the lowest growth rate of 2.2% during the same period explaining the sluggish growth in downstream related sub sectors such as Food and Beverage (2.0%), and Wood and Paper (0.8%).

**Figure 1: Economic sector performance**



Source: PERO 2012

The general outlook for Western Cape economic sectors between 2012 and 2017 remains positive with a projected growth rate of 3.9% underpinned by a growth rate of 4.1% for the services sector<sup>25</sup>. Growth in agriculture and manufacturing will remain subdued at 2.3% and 3.0% respectively during the same period. Notable drivers of growth in the services sector are Communication (8.5%) and Business services (5.2%) are among the region's priority sectors which are expected to continue performing well. This growth trajectory is expected to stimulate employment growth through creation of 205 000 jobs between 2012 and 2017 (1.9% p.a.).

• <sup>25</sup>PERO 2012

**Table 1: Western Cape labour market aggregates**

		3Q2008	3Q2009	3Q2010	3Q2011	3Q2012
thousands	population of working age (15-64)	3 462	3 335	3 390	3 444	3 497
	labour force	2 322	2 302	2 281	2 356	2 421
	Employed	1 865	1 790	1 754	1 806	1 806
	unemployed	457	512	527	550	615
	not economically active	1 140	1 033	1 109	1 087	1 076
	discouraged work seekers	26	37	38	30	29
	Other	1 114	997	1 071	1 057	1 047
per cent	unemployment rate	19.7	22.2	23.1	23.3	25.4
	employed/population ratio	53.9	53.7	51.7	52.4	51.6
	labour force participation rate	67.1	69	67.3	68.4	69.2
thousands	formal sector	1 457	1 360	1 318	1 387	1 400
	informal sector	174	180	190	188	163
	Agriculture	119	123	136	113	123
	private households	115	128	110	119	119

Source: Statistics South Africa

The Western Cape labour force has grown by 99 000 between 3Q 2008 and 3Q 2012. The number of people employed has, over the same period, shrunk by 59 000 representing an average annual decline of 0.8 per cent. Given that the labour force has expanded and that the number of employed has declined, it follows that the number of unemployed must have increased. Indeed, the number of unemployed has increased by 158 000 and the unemployment rate has increased from 19.7 per cent in 3Q 2008 to 25.4 per cent in 3Q 2012.

Whilst all economic sectors recorded positive growth on average between 2000 and 2010, employment intensity was not constant amongst these sectors. Despite the agriculture and manufacturing sectors expanding, they have shed jobs with agriculture losing 176 775 jobs whilst the manufacturing sector lost 63 590 jobs over the same period. Thus, while the agricultural and manufacturing sectors are put forward as sectors which are able to absorb low skilled workers, it is not necessarily the case that an expansion of output of these sectors will lead to an increase in the number of people employed in them. Employment prospects in the agricultural sector are further challenged by strikes in the sector which are said to have cost farmers R300m rand since November 2012. In the services sectors 252 746 jobs were created, compensating for the losses in agriculture and manufacturing.

Between 2000 and 2009 the employment intensity of growth was 0.28<sup>27</sup> and while this figure is low, it is also lower than the national average suggesting higher capital intensity in the Western Cape. The fact that in the Western Cape output has grown, but with such poor labour absorption, highlights the structural nature of unemployment which remains a key challenge for the Western Cape. This, together with the current moderated GDP outlook and its risk to the downside, suggest the Western Cape labour market situation is not likely to improve in the near term.

<sup>26</sup><http://www.guardian.co.uk/world/2013/jan/24/truckloads-south-african-farmworkers-sacked>

<sup>27</sup>A macro-economic assessment of the Western Cape economy's sectoral and industrial growth prospects: 2010 to 2015, including an assessment of inter-industry linkages



The subdued global outlook previously mentioned continues to suppress export growth in the traditional export destination (the EU market). Whilst the region remains optimistic that the crisis induced recession will be reversed in future creating scope for normalisation of exports to this market, evidence of improved export performance to Africa, which accounted for 20% of the province's total exports in 2011 suggest that the continent could become increasingly important as a hedge against poorly performing traditional export markets.

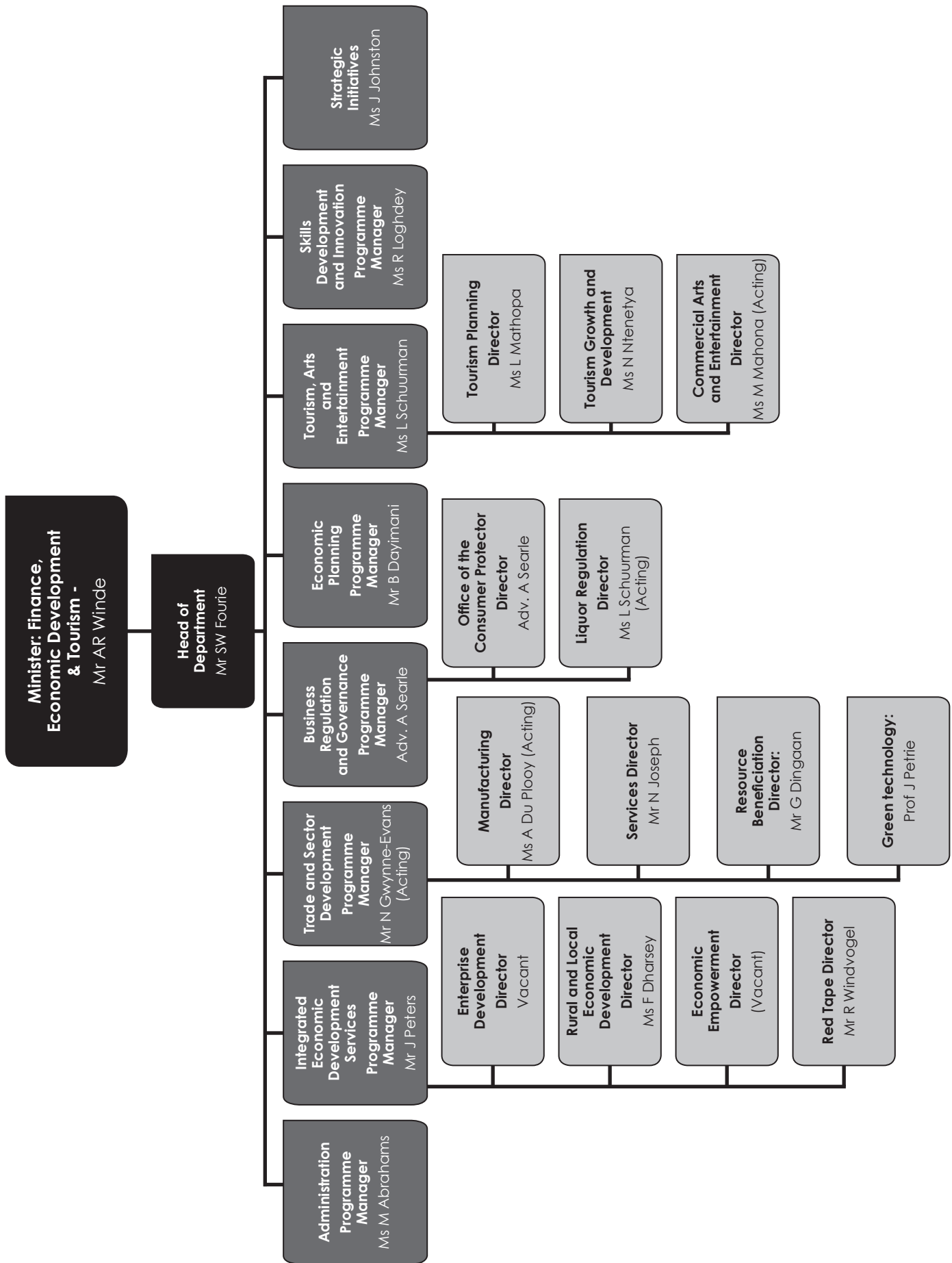
Given the Western Cape economic environment and its place within the larger South African and global environments, the Department aims to mitigate challenges within the province by intensifying efforts to improve the competitiveness of SMMEs and industries through partnerships with business and labour,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

### **5.1 Organisational Environment**

The Western Cape economy has not escaped the challenges of the global economic downturn and is, like the rest of the world, slowly recovering from recessionary impacts. However, the region is still faced with a major unemployment challenge which can only, in the main, be addressed positively when significant economic growth rates are achieved. Economic growth is expected to be sluggish in the short term and may not lead to a significant decrease in unemployment, and there is a greater need to promote a more favourable business climate which could lead to the creation of job opportunities.

In light of major shifts in delivery mechanisms envisaged in Strategic Objective 1, the Department's structure is being reviewed to ensure focused delivery. In this regard, the organisational development unit housed within the Department of the Premier will be conducting a comprehensive review on the Departments structure to ensure that we are best placed to meet the growing demands of the economy. In addition, a new sub-programme, namely, Economic Development Partnership, has been established within Programme 5. The current structure of the Department will therefore be as follows:

**STRUCTURE OF DEPARTMENT**



**5.1.1 Information and Communications Technology (Ict) Plan**

The ICT Implementation Plan provides the DEDAT with a 3-year operational plan to breach the gap between the strategic ICT plan and departmental operations. It also provides a baseline against which to measure future progress with regards to the management of ICT.

The following transversal priorities - from a technology perspective - as determined from the various departmental ICT plans are:

Transversal Priority	Departmental Ranking
Business process optimisation and process automation	1
Customer relationship management and customer initiated assistance	6
Electronic document and record management	3
Integrated performance management	5
Integrated financial management	7
ICT infrastructure consolidation and refresh	2
ICT organisation	8
Business Intelligence	4

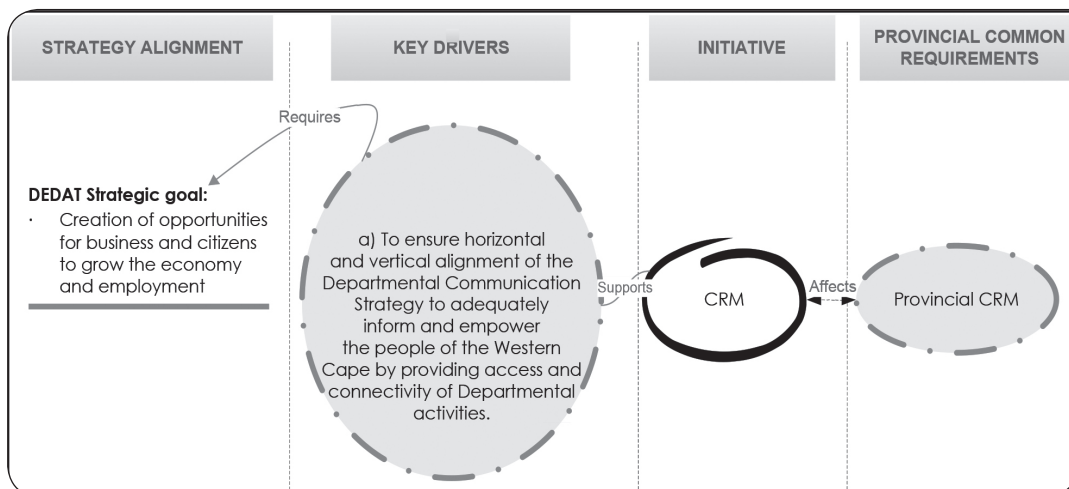
**Business Process optimisation**

Business process management is a management approach focused on enabling an organisation to be more efficient, more effective and more capable of change. It goes beyond just focusing on the automation of business processes. It also includes the management and optimisation of human-driven processes that can take place either in series or parallel with the automated processes.



**Customer relationship management and customer initiated assistance**

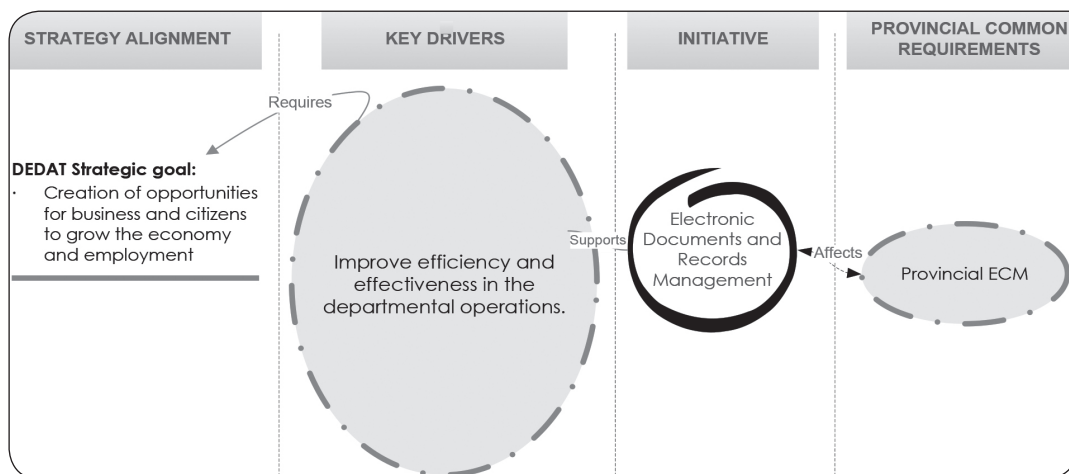
An integrated CRM solution that can be used across the department to record interaction with citizens for request for information, the lodging of complaints /compliments or service-related queries. This initiative focuses on the management and updating of content on both the internet portal (Cape Gateway) and WCG intranet.



**Electronic document and record management**

An Enterprise Content management (e-filing) solution will consolidate all forms of electronic information via a common conduit for all. It will also allow management with quick and easy access to vital information to inform prompt decision-making and electronic access to departmental information. This initiative includes amongst others, the requirement for electronic document and records management, imaging, workflow collaboration, document and email archiving and retrieval.

This initiative will support Knowledge management in respect of managing the department's knowledge assets in a central repository and make knowledge management strategy developed/updated, including Strategic ICT Plan (and data warehousing), library, file tracking system and information disposal/archiving).

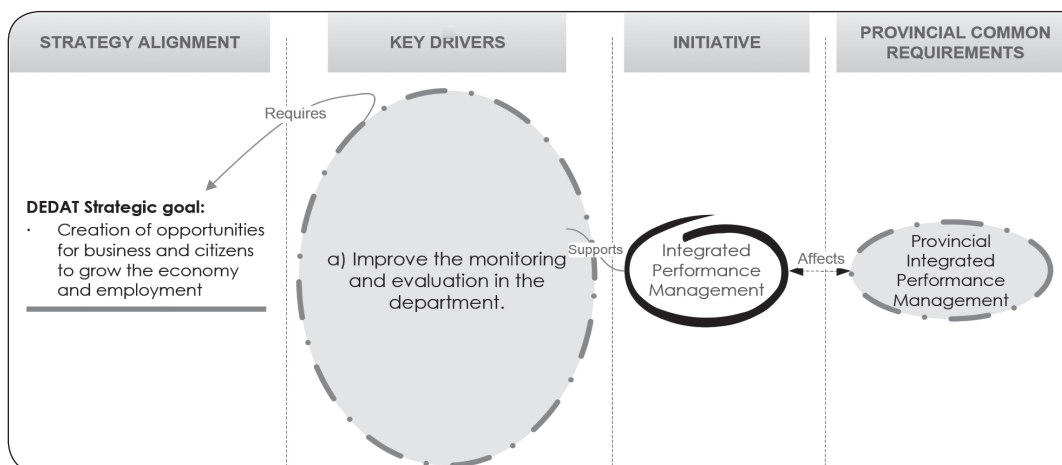


**Integrated performance management**

Integrated Performance management is required for measuring individual (employee) performance, programme/project performance, as well as the overall performance of the organisation.

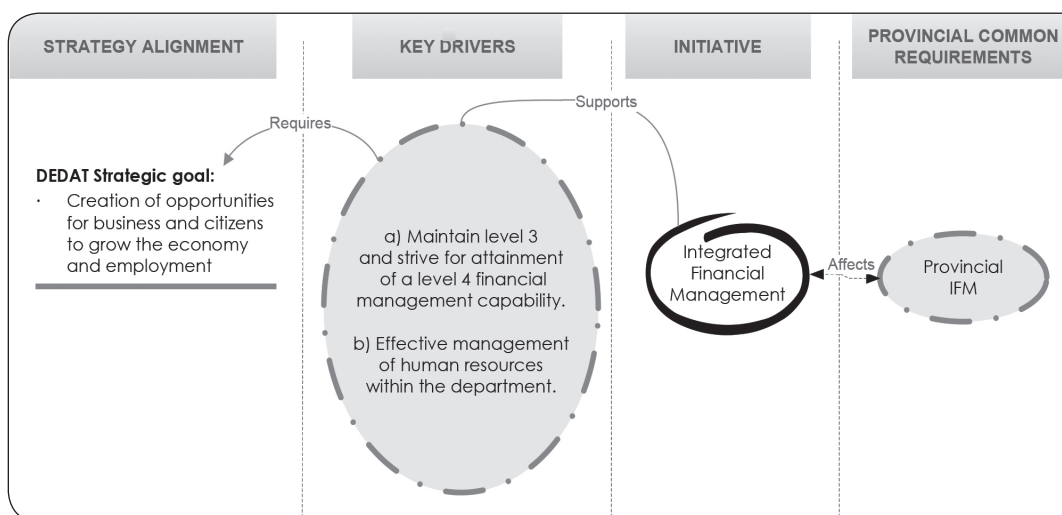
The province of the Western Cape is in the process of defining and developing guidelines for Performance Management and Monitoring and Evaluation management processes. A review was conducted, titled 'Current Reality of Monitoring and Evaluation in the Western Cape, which reflects on the will and capacity of provincial government departments to monitor and evaluate their own performance.

Part A: Strategic Overview



**Integrated financial management solution (IFMS)**

This solution includes the requirement to implement an integrated procurement system, asset management and human resource management solution which facilitate improved accountability and governance.



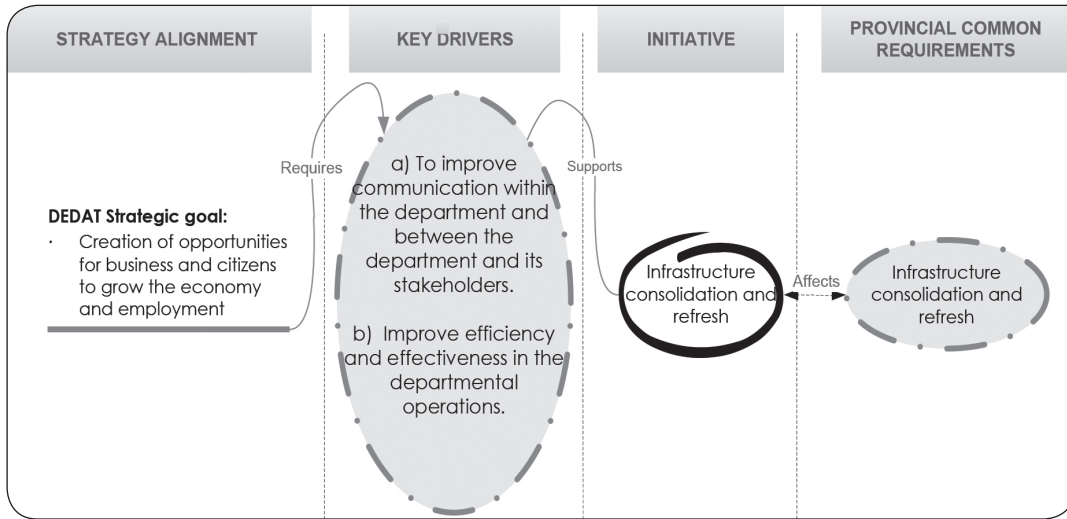
**ICT Infrastructure consolidation and refresh**

This initiative will incorporate the following:

- Replacement of out-dated departmental operational equipment.
- Replacement of desktop and laptop computers in alignment with accepted provincial standards.
- Improvement/upgrade of the wireless connectivity.
- Departmental network improvement as part of the Provincial WAN upgrade
- Improvement of Data backup, archiving and storage
- Infrastructure to support the convergence of communication technologies

In addition to addressing the requirement for sound management of the WCG technology infrastructure, this initiative also specifically addresses the business requirements for improved communication and collaboration tools, improved network performance and stability as well as the addition for the requirement of **e-mobility** within WCG.

Part A: Strategic Overview



**ICT Organisation**

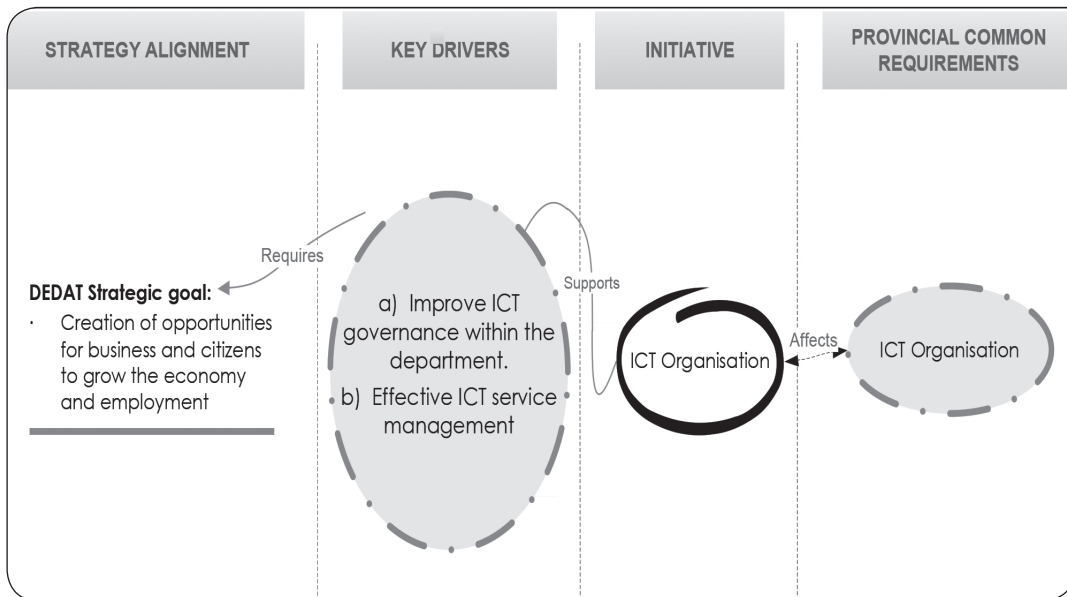
This initiative includes the requirements to implement a service management, ICT governance framework and the up-skilling of ICT staff within the departmental ICT organisation.

The primary goals for information technology governance are to:

- (1) assure that the investments in IT generate business value , and
- (2) mitigate the risks that are associated with IT.

This can be done by implementing an organisational structure with well-defined roles for the responsibility of information, business processes, applications, infrastructure, etc.

Good governance practices results in improved IT performance, an enhanced perception of IT within the business, and improvement in departmental performance and service delivery.



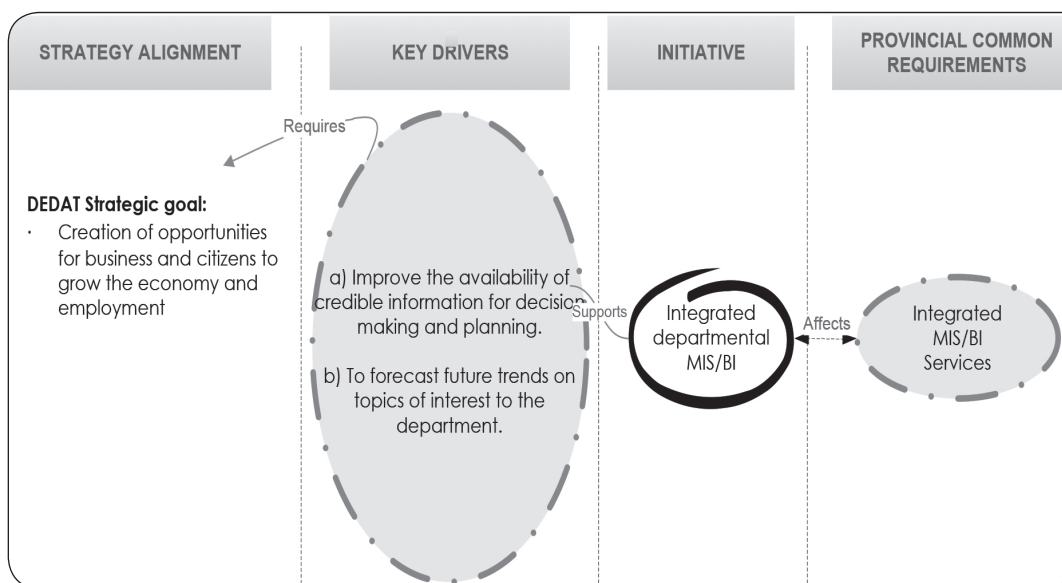
**Business Intelligence**

An Integrated information and Reporting Tool for the management of Economic Development and Tourism information that will support the organisation by setting up and maintaining Information systems to help map and monitor progress. This coupled with a Business Intelligence capability contributes towards strategic planning and development and an overall understanding of service delivery and demand within the province. This solution will provide a centralised reporting tool for all datasets and systems which carry Economic Development and Tourism data hosted by the various programmes within the department.

The expansion of the GIS capability to support cross departmental needs and that will provide a centralised reporting tool for all departmental datasets in conformance to Provincial and National GIS forum requirements. Integration of data spatially between the various systems and GIS databases and placing a focus on developing access to GIS data for non-expert GIS users via web services. Geographical information to be used as a basis for decision support, which includes;

- Spatial development

The integrated GIS system will provide a standardised functionality technology solution to spatial information across the department and WCG.



## **5.2 Description of the strategic planning process**

The Department's strategic planning process can be separated in two distinct but interlinked phases.

The first phase of the strategic planning process can best be described as the "setting the scene" phase, where the Provincial cabinet along with the MEC, set broad strategic goals for the Province. These goals were then communicated to the Department, via the MEC.

With the second phase of the process the Department entered into a strategic planning process in order to translate Strategic Objective 1 into programmes and projects. In this phase, specific plans and measurable objectives were discussed and agreed upon by the full compliment of the Top Management. These goals were aligned to the Provincial Strategic Objective 1: Creating opportunities for growth and jobs.

## **6 STRATEGIC OUTCOME ORIENTATED GOALS**

The Department interpreted its new mandate as articulated in PSO 1, through the following policy and strategy shifts:

### **Establishment of the Western Cape Economic Development Partnership (WCEDP)**

In order to achieve demand-led, private sector driven government support for growth sectors, industries and businesses Cabinet approved the establishment of a Western Cape Economic Development Agency to lead, co-ordinate and drive the economic growth, development and inclusion agenda for Cape Town and the Western Cape Province.

The WCEDP model is influenced by types of intermediary organisations and cross-sector partnerships that have emerging around the world in response to the scale and complexity of socio-ecological problems. The role of the WCEDP is to build effective partnerships for inclusive growth at grassroots, local and regional level and with national government.

The WCEDP seeks to empower local and regional government (with clear roles for national government and clear links to macro-economic policies and frameworks), the private and non-profit sectors, and communities with the opportunity to work together to improve the local and regional (and hence, the national) economy. Future Cape 2040, the goal of which is to facilitate a single shared vision and joint action plan for the regional economy, is an official Western Cape Government process that has been delegated to the WCEDP to facilitate.

### **Sector Development**

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

### **Strategic Initiatives**

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

Cabinet has approved the following catalytic infrastructure projects in line with the infrastructure growth policy framework as outlined in PSO 1:

- Provincial Telecoms Infrastructure
- The Cape Town Port Precinct
- Health Technology Park



- The Fringe (East City Design Precinct)
- Saldanha IDZ
- Expansion of the Cape Town International Convention Centre

In putting PSO 1 into effect, the Department moved from an interventionist to a more facilitative function, reflecting the beliefs stated in PSO 1 that Growth is driven primarily by private sector business operating in a market environment, and that the role of the state is (a) to create and maintain an enabling environment for business and (b) to provide demand-led, private sector-driven support for growth sectors, industries and businesses.

### **Provincial Skills Development Forum**

The major focus in skills has moved to partnership with business, labour, civil society and skills supply institutions to develop a long term vision and strategy for skills in the Western Cape. The intention was also to jointly identify where the demand for skills exists and the development of short term interventions to assist with reducing the gap between skills demand and supply.

### **Red Tape Reduction**

A key policy introduction has been the enhanced focus on red tape reduction as this significantly influences the cost of doing business in the Province. To this end a Red Tape unit was established in the Department to champion and co-ordinate all red tape related government initiatives and to improve the business regulatory environment.

### **Regional and Local Economic Development**

The Department has moved away from identifying and developing local economic projects with limited resources towards RLED facilitation and supporting of local economic role-players and stakeholders to accelerate meaningful delivery based on credible economic plans.

### **Enterprise Development**

The policy in PSO 1 puts the emphasis on supporting existing businesses rather than creating new businesses, premised on the belief that jobs are more likely to be immediately created by existing businesses than through the establishment of new ones. This has resulted in moves towards improved and enhanced relations with business, demand-led interventions with private sector buy-in, and programmes and projects that support the facilitation of job opportunities and economic growth.

### **Business Regulation**

Previously, consumer advice and protection had focused its service delivery mainly in the Cape Metro. However, the need for support to consumers in all regions has now been implemented through a regional co-ordinator programme, which operates in conjunction with the existing advice office programme to ensure services are maximised. The new Consumer Act has focused the Department's consumer education programmes to ensure the Act can be effective.

As noted in Strategic Objective 1: Creation of opportunities for businesses and citizens to grow the economy and employment, the Departments aims to facilitate economic growth by 4.2 per cent and grow employment by 2 per cent by 2015.

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

- Objective 1: To develop and implement the economic strategic plan and policies in support of achieving opportunities for jobs and growth.
- Objective 2: To create an enabling environment (minimal hurdles, sustainable business growth, investment and job creation) through improvement in the regional business confidence index and growth in the employment rate
- Objective 3: To facilitate demand led, private sector-driven government support for growth sectors, industries and business by increasing the value of exports
- Objective 4: To improve the competitiveness of the region through infrastructure-led economic growth
- Objective 5: To facilitate through EPWP 204 770 "100-day work opportunities" and 111 859 "full-time equivalents" between 2009 and 2014

The five objectives will be measured as follows:

- Approved economic strategic plan
- % increase in business confidence index
- % growth in employment
- % increase in value of exports
- Value of infrastructure investment
- Number of work opportunities facilitated
- Number of full time equivalent work opportunities facilitated

## 7 Overview of 2013/14 Budget and MTEF Estimates

### 7.1 Expenditure Estimates

Sub-programme	Audited			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimate		
	R' 000	2009/10	2010/11				2011/12	2012/13	2012/13
1. Administration	26 329	24 437	20 765	27 738	27 286	27 286	<b>31 972</b>	33 839	35 616
2. Integrated Economic Development Services	54 830	51 461	51 782	45 228	48 297	48 297	<b>48 634</b>	55 882	60 760
3. Trade and Sector Development	50 821	54 437	68 537	95 658	103 269	103 269	<b>145 306</b>	130 040	133 387
4. Business Regulation and Governance	19 843	16 033	19 021	24 404	34 532	34 532	<b>42 220</b>	44 568	48 220
5. Economic Planning	10 061	11 799	14 794	19 929	23 679	23 679	<b>34 151</b>	36 190	37 765
6. Tourism, Arts and Entertainment	70 813	63 988	62 823	53 040	51 517	51 517	<b>49 181</b>	50 259	51 273
7. Skills Development and innovation	30 520	13 596	18 367	25 120	27 005	27 005	<b>37 987</b>	46 890	55 308
<b>Total payments</b>	<b>263 217</b>	<b>235 751</b>	<b>256 089</b>	<b>291 117</b>	<b>315 585</b>	<b>315 585</b>	<b>389 451</b>	397 668	422 329
Economic classification									
<b>Current payments</b>	101 046	95 082	119 700	165 459	157 522	155 257	<b>237 958</b>	240 027	257 134
Compensation of employees	61 090	67 742	74 970	91 823	83 865	83 865	<b>89 688</b>	93 956	98 967
Goods and services	39 956	27 334	44 727	73 636	73 656	71 391	<b>148 270</b>	146 071	158 167
Interest and rent on land		6	3		1	1			
<b>Transfers and subsidies</b>	161 251	138 605	134 201	124 129	155 413	157 662	<b>148 926</b>	155 296	162 946

Part A: Strategic Overview

Sub-programme	Audited			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimate			
	R' 000	2009/10	2010/11				2011/12	2012/13	2012/13	2012/13
Provinces and municipalities			1 000							
Departmental agencies and accounts	67 576	54 605	52 395	59 200	78 261	78 261	<b>82 580</b>	85 736	90 877	
Universities and technicians	818	144	1 400	10 980	10 980					
Foreign governments and international organisations										
Public corporations and private enterprises	48 900	45 750	27 300	3 000	4 000	4 000	<b>5 500</b>	6 500	8 000	
Non-profit institutions	43 538	37 055	51 196	49 849	61 032	74 249	<b>59 546</b>	61 760	62 769	
Households	419	1 051	910	1 100	1 140	1 152	<b>1 300</b>	1 300	1 300	
<b>Payments for capital assets</b>	<b>907</b>	<b>2 040</b>	<b>2 146</b>	<b>1 529</b>	<b>2 635</b>	<b>2 650</b>	<b>2 567</b>	<b>2 345</b>	<b>2 249</b>	
Buildings and other fixed structures										
Machinery and equipment	907	1 420	1 879	1 529	2 635	2 633	<b>2 567</b>	2 345	2 249	
Heritage assets										
Specialised military assets										
Biological assets										
Land and subsoil assets										
Software and other intangible assets		620	267			17				
<b>Payment for financial assets</b>	<b>13</b>	<b>24</b>	<b>42</b>		<b>15</b>	<b>16</b>				
<b>Total economic classification</b>	<b>263 217</b>	<b>235 751</b>	<b>256 089</b>	<b>291 117</b>	<b>315 585</b>	<b>315 585</b>	<b>389 451</b>	<b>397 668</b>	<b>422 329</b>	

## 7.2 Performance and Expenditure Trends

The Department is fully aware of the challenge it faces to ensure an effective influence within the regional economy. The sheer scale of the fight to influence a better economic environment and thereby meet the expectations of the general public, cannot be accurately determined as much depends on the role and actions of the private sector and its appetite for economic investment into the region.

However it is clear that in order to achieve a greater influence over the regional economy, the WCG must increase its spend in terms of economic programs, projects and contribution to infrastructure investment. We do however understand the considerable financial constraints faced by the Province and recognise the need to deliver far more with much-much less, an approach which this Department has embraced.

The Departments' 2013/14 budget has seen an increase in excess of R 73 million when compared to the revised budget of 2012/13, statistically, representing an increase of approximately 23.41 per cent.

The Department has also received additional earmarked allocations for Skills Development, the Green economy and Economic Infrastructure investment.

### Skills Development

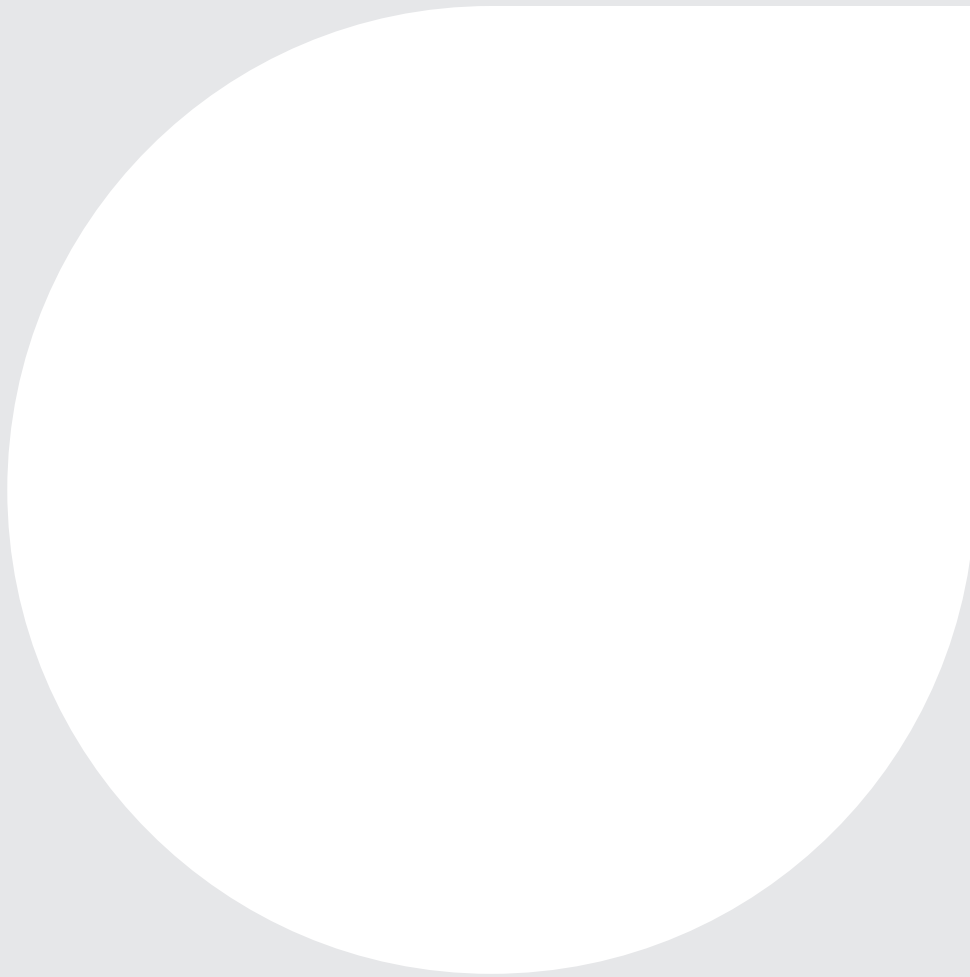
Interventions for Skills has received a major boost to an amount of R 10 million for the 2013/14 financial year. These funds will be utilised to strengthen the Provincial Skills Forum (PSF) to enhance cohesion between all stakeholders thereby ensuring a defragmentation of the skills eco-system and contribute towards the alignment of the skills supply and demand.

### Green Economy

A new element has been added to Policy and Planning Sub-programme which will accommodate new economic themes. This element will be Economic Development Integration which will house primarily all interventions related to the green economy. An allocation amounting to R 8.325 million has been earmarked for these interventions

### Economic Infrastructure

Economic Infrastructure has been enhanced with an allocation amounting to R 78.826 million for the 2013/14 financial year. This will include earmarked allocations for the Broadband Strategy of R 52.746 million and the establishment of the Saldanha IDZ of R 5.280 million.



# **PROGRAMME 1:**

Administration

## 8 PROGRAMME 1: ADMINISTRATION

### 8.1 Purpose

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

### 8.2 Programme structure

The Programme is structured as follows:

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

### 8.3 Performance Environment

As noted in the Five Year Strategic Plan, it is incumbent upon the Administration Programme to offer a world class corporate services function - including Financial Management and Communication services to the entire Department. This corporate services function is to be delivered in a manner that espouses the principles as enshrined in chapters 10 and 13 of the Constitution of the Republic of South Africa (Act 108 of 1996). This compels all spheres of Government to ensure that the principles of a high standard of ethics are promoted and maintained and that efficient economic use of resources is promoted. According to the Act, the state should also be encouraged to be development-orientated, ensure transparency, and accountability.

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

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

To enable the Programme to deliver an effective service to the Department, it was divided into two main components excluding the office of the Head of Department. These components are Financial Management which is responsible for all financial issues within the department and Corporate Services which is responsible for the communications functions to the Department as well as the liaison with the Human Resource Management component housed in the Department of the Premier.

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

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

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

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

#### Financial Management

As noted above, the goal of Financial Management for the current financial year is to improve on its level 3 Financial Capability Model Rating while setting the groundwork for its migration to a Level 4 Capability Model

Organisation. While a level 3 organisation's focus is on compliance, a level 4 organisation needs to upscale governance standards dramatically to focus on the provision of quality information and measuring how resources are used to achieve outputs and outcomes. In this regard, the unit has focussed on three strategies namely:

**Strategy 1:** To promote excellent client support services

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

In promoting this objective of excellent client support, Financial Management will need to play an active role in better understanding projects and programmes implemented by the department to effectively assist project managers with planning and costing practices, reducing red tape issues which may delay or negatively impact on the delivery of projects, indicator development and reporting against financial and performance information. In a nutshell, the directorate seeks to achieve optimal financial management intelligence in order to render an excellent client service.

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

The need to comply with financial norms and standards is of critical importance to the migration to a level 4-organisation as well as ensuring the overall governance standards required of a public organisation. In this regard the Department has developed a Financial Manual where all prescripts have been integrated and condensed. In this regard, much work needs to be placed on the reduction of duplication and or contradiction within the manual to ensure a user friendly, easy to read document that is used as widely as possible within the Department. This strategy embraces the notion of 'making policy work for you', it's the application of rules in the most effective and efficient manner in the delivery of services.

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

Ensuring that staff is suitably capacitated will always remain central to any achievement of a strategy or goal. Similarly, ensuring that the Departmental staff is au fait with prescripts, changes in requirements and other regulations governing financial management is of utmost importance. In this regard, the Financial Management unit will need to ensure that a proper training and up-skilling programme is in place. This said, training programmes implemented must capacitate staff in a holistic or two-fold manner, that is, in terms of financial management and programmatic skills and competencies for the strategy to be successful. Up-skilling will not and can never be one way (financial management to the rest of the Department) rather, training will need to be two way, in that Financial management will need to be familiarised with the projects and programmes run by the Department.

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

### **Corporate Services**

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.

**8.4 SUB-PROGRAMME 1.2: FINANCIAL MANAGEMENT**

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

**8.4.1 Strategic objective annual targets for 2013/14**

Strategic Objective (Outcome Indicator)	Audited / Actual Performance			Estimated performance	Medium-term Targets		
	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Financial Capability Model Rating	3+	3+	3+	3+	3+	3+	3+

**8.4.2 Risk Management**

<b>STRATEGIC OBJECTIVE:</b> Maintain level 3 and strive for attainment of a level 4 financial management capability	
<b>RISK STATEMENT</b>	<b>RISK MITIGATION STRATEGY/IES</b>
The inability to conform to level 3+ of the financial management capability model criteria with regard to financial, performance management and human resource management due to an ineffective control environment being maintained which will negatively impact on service delivery and ultimately decrease public confidence in the ability of government to deliver services to the citizenry.	The programme supports an effective control environment by facilitating and implementing structures for good governance which includes but is not limited to, financial management, performance management, human resource and risk management and overall strategic management. Also, formalised processes are in place to monitor and evaluate the performance of these structures in relation to the criteria set by the financial management capability maturity model.



## 8.4.3 Performance indicators and annual targets for 2013/14

Programme performance indicator (Output Indicator)		Audited/Actual performance			Estimated performance	Medium-term targets		
		2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Sub-programme: Financial Management								
Provincial specific indicators								
1.1	Internal Control assessment rating on Supply Chain Management	-	-	-	-	Unqualified Internal Control rating	Unqualified Internal Control rating	Unqualified Internal Control rating
1.2	Unqualified Audit Report	Unqualified Audit Report with no other matters	Unqualified Audit Report with no other matters	Unqualified Audit Report	Unqualified Audit Report	Unqualified Audit Report	Unqualified Audit Report	Unqualified Audit Report
1.3	Average number of days for the processing of payments to creditors	Payment to creditors within 15 days	Payment to creditors within 15 days	Payment to creditors within 20 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
1.4	Unqualified Audit Report: Part Three - Financial Statements	-	-	-	-	Presenting financial statement with no material misstatements	Presenting financial statement with no material misstatements	Presenting financial statement with no material misstatements
1.5	Number of internal control reports developed	-	-	-	-	8	8	8
1.6	Cumulative expenditure as a percentage of the budget	-	-	-	-	98%	98%	98%
1.7	Percentage of departmental predetermined objectives achieved	-	-	-	-	80%	85%	85%
1.8	Percentage compliance to the implementation framework	70%	70%	80%	70%	70%	70%	70%
1.9	Number of financial efficiency interventions implemented	4	4	4	4	4	4	4
1.10	Number of financial manual training sessions conducted	-	-	-	-	12	12	12

## 8.4.4 Quarterly targets for 2013/14

Performance indicator	Reporting period	Annual target 2013/14	Quarterly targets				
			1st	2nd	3rd	4th	
Sub-programme: Financial Management							
Provincial specific indicators							
1.1	Internal Control assessment rating on Supply Chain Management	Quarterly	Unqualified Internal Control rating	Unqualified Internal Control rating	Unqualified Internal Control rating	Unqualified Internal Control rating	Unqualified Internal Control rating
1.2	Unqualified Audit Report	Annually	Unqualified Audit Report	-	Unqualified Audit Report	-	-
1.3	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
1.4	Unqualified Audit Report: Part Three - Financial Statements	Annually	Presenting financial statement with no material misstatements	-	Presenting financial statement with no material misstatements	-	-
1.5	Number of internal control reports developed	Quarterly	8	2	2	2	2
1.6	Cumulative expenditure as a percentage of the budget	Quarterly	98%	20%	45%	70%	98%
1.7	Percentage of departmental predetermined objectives achieved	Quarterly	80%	80%	80%	80%	80%
1.8	Percentage compliance to the implementation framework	Annually	70%	-	-	-	70%
1.9	Number of financial efficiency interventions implemented	Annually	4	-	-	-	4
1.10	Number of financial manual training sessions conducted	Quarterly	12	3	3	3	3

**8.5 SUB-PROGRAMME 1.3: CORPORATE SERVICES**

<b>Strategic Objective</b>	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
<b>Objective Statement</b>	To achieve awareness rating by potential beneficiaries of the Department by 70% or higher
<b>Baseline</b>	No current baseline
<b>Justification</b>	The process of communication is a two way process that involves consultation with the recipients of information and providing adequate answers to their queries
<b>Links</b>	Link to national/ provincial and departmental policies and strategies

**8.5.1 Strategic objective annual targets for 2013/14**

Strategic Objective (Outcome Indicator)	Audited / Actual Performance			Estimated performance	Medium-term Targets		
	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Awareness rating	60%	-	-	70%	70%	70%	70%

**8.5.2 Performance indicators and annual targets for 2013/14**

Programme performance indicator (Output Indicator)	Audited/Actual performance			Estimated performance	Medium-term targets		
	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Sub-programme: Corporate Services							
Provincial specific indicators							
<b>1.1</b>	Number of Departmental events coordinated and supported	20	15	20	20	20	20
<b>1.2</b>	Number of Annual Report copies copied in English	300	300	300	300	300	300
<b>1.3</b>	Number of official Document Translated	20	37	20	20	20	20
<b>1.4</b>	Number of Departmental Newsletter	20	2	4	4	4	4
<b>1.5</b>	Maintenance and update of the Cape Gateway Website	12	12	12	12	12	12

## 8.5.3 Quarterly targets for 2013/14

Performance indicator	Reporting period	Annual target 2013/14	Quarterly targets				
			1st	2nd	3rd	4th	
Sub-programme: Corporate Services							
Provincial specific indicators							
1.1	Number of Departmental events coordinated and supported	Quarterly	20	5	5	5	5
1.2	Number of Annual Report copies copied in English	Annually	300	-	300	-	-
1.3	Number of official Document Translated	Quarterly	20	5	5	5	5
1.4	Number of Departmental Newsletter	Quarterly	4	1	1	1	1
1.5	Maintenance of and update of the Cape Gateway Website	Quarterly	12	3	3	3	3

## 8.6 RECONCILING PERFORMANCE TARGETS WITH THE BUDGET AND MTEF

## 8.6.1 Expenditure estimates

Sub-programme	Audited			Main appropriation	Adjusted appropriation	Revised estimate	Medium term expenditure		
	R'000	2009/10	2010/11				2011/12	2012/13	2013/14
1. Office of the HOD	1 520	1 892	2 259	5 158	3 790	3 790	<b>2 733</b>	2 885	3 037
2. Financial Management	14 441	16 431	17 097	20 114	21 030	21 030	<b>21 190</b>	22 265	23 238
3. Corporate Services	10 368	6 114	1 409	2 466	2 466	2 466	<b>8 049</b>	8 689	9 341
<b>Total payments and estimates</b>	<b>26 329</b>	<b>24 437</b>	<b>20 765</b>	<b>27 738</b>	<b>27 286</b>	<b>27 286</b>	<b>31 972</b>	33 839	35 616
<b>Economic classification R'000</b>									
<b>Current payments</b>	25 641	23 550	19 952	27 438	25 824	25 807	<b>31 672</b>	33 509	35 284
Compensation of employees	18 466	16 835	14 209	17 565	16 901	16 901	<b>17 146</b>	17 950	18 903
Goods and services	7 175	6 714	5 742	9 873	8 923	8 906	<b>14 526</b>	15 559	16 381
Interest on rent and land		1	1						

Part B: Programme and Subprogramme Plans

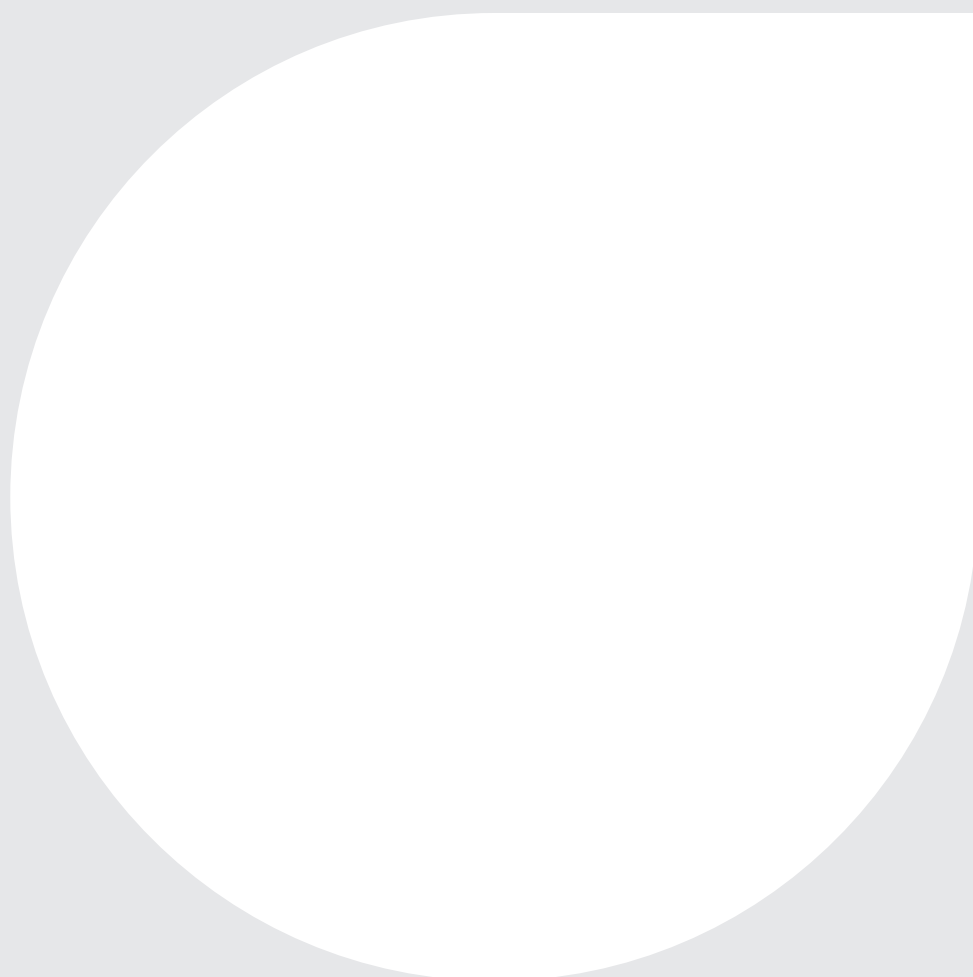
<b>Transfers and subsidies</b>	250	216	44	14	14				
Provinces and municipalities									
Departmental agencies and accounts	250								
Universities and technikons									
Foreign governments and international organisations									
Public corporations and private enterprises									
Non-profit institutions									
Households		216	44	14	14				
<b>Payments for capital assets</b>	438	657	737	300	1 448	1 465	<b>300</b>	330	332
Buildings and other fixed structures									
Machinery and equipment	438	578	496	300	1 448	1 448	<b>300</b>	330	332
Heritage assets									
Specialised military assets									
Biological assets									
Land and subsoil assets									
Software and other intangible assets		79	241						
<b>Payments for financial assets</b>		14	32			17			
<b>Total economic classification</b>	26 329	24 437	20 765	27 738	27 286	27 286	<b>31 972</b>	33 839	35 616

### **8.6.2 Performance and expenditure trends**

The programmes budget increased by R4, 686 million from R 27, 286 million in the 2012/13 financial year to R 31, 972 million in the 2013/14 financial year. This represents an increase of 17.17%. In terms of the sub-programmes, the key contributor to this increase in budgeted expenditure is corporate services (increasing by 226.40%) due to the centralization of all marketing and communication expenditure.

In terms of economic classification expenditure, the primary increase in budgeted expenditure is due to higher projections on the goods and services budget in the 2013/14 financial year related to communication costs, as well as increased operational expenditure due to the centralisation of GG vehicle tariffs. This represents an increase in expenditure of 62.79%.

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



## **PROGRAMME 2:**

Integrated Economic Development Services

## 9 PROGRAMME 2: INTEGRATED ECONOMIC DEVELOPMENT SERVICES

### 9.1 Purpose

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

### 9.2 Programme structure

The Programme is structured as follows:

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

### 9.3 Performance Environment

#### Enterprise Development

The promotion of entrepreneurship and small business remains an important priority of the South African Government. In March 1995, the Government released a White Paper on National Strategy for the Development and Promotion of Small business in South Africa, in which an elaborate policy and strategy framework on small business development was delineated. The White Paper articulated the Government's rationale for small business promotion as follows:

The Strategy emphasises that with millions of South Africans unemployed and underemployed, the Government has no option but to give its full attention to the fundamental task of job creation, and to generating sustainable and equitable growth. Small, medium and micro-enterprises (SMMEs) represent an important vehicle to address the challenges of job creation, economic growth and equity in our country. Throughout the world, one finds that small businesses are playing a critical role in absorbing labour, penetrating new markets and generally expanding economies in creative and innovative ways. We are of the view that – with the appropriate enabling environment – small businesses in this country can follow these examples and make an indelible mark on this economy. The stimulation of SMMEs must be seen as part of an integrated strategy to take this economy onto a higher road – one in which our economy is diversified, productivity is enhanced, investment is stimulated and entrepreneurship flourishes.

Similarly, Strategic Objective One (SO1) is primarily about the growth of the economy and the creation and sustainability of jobs. Thus, enterprise and entrepreneurship development is critical to the achievement of the outcomes of SO1. The key to development and promotion of small business and entrepreneurship according to SO1 lies in the creation of an enabling environment. The Global Entrepreneurship (GEM) Report of 2002 concluded that, " ... the national level of entrepreneurial activity has a statistical significant association with subsequent levels of economic growth".

Data on the extent of the small business sector vary, but the FinScope Study done in 2010 reveals some interesting findings. According to the survey there were close to 5 600 000 small business owners owning about 6 000 000 small businesses in SA in 2010. This was significantly up on a 2006 figure of 2 200 000. Furthermore, the following is of note:

- Only 8% of small business owners resided in the Western Cape compared to 11% of adults 16 years and older residing in the province;
- The majority of small businesses, about 79%, offered retail services whilst only 21.3% provided services to clients;
- The bulk of small business owners (one in two) bought products and sold the product in the same form – adding no extra value. Less than two in five retailers added some value to the product before it was sold;
- Only one in five small business owners provided services to their clients – 62% of service providers rendered a skilled service such as plumbing or hairdressing; 6% rendered a professional service such as medical or legal services; 5% rendered building and or construction services; 3% rendered tourism related services and the rest (24%) rendered other kinds of services such as car wash, gardening, etc.;
- Small business owners from Gauteng (34%), the Western Cape (33%) and Mpumalanga (26%) were significantly more likely to render services than their counterparts in other provinces, as well as most likely to render professional services;



- Small business owners from the Western Cape, Eastern Cape and Mpumalanga were most likely to provide building/construction services whilst business owners from the Western Cape, Northern Cape and North West were most likely to render tourism-related services.

In 2011 the GEM project investigated the extent of entrepreneurial activity in 54 participating economies. South Africa remains one of the more poorly-performing countries with regards to entrepreneurial activity – despite the fact that the country exhibits the factors which are conducive to entrepreneurial ventures, including government policies and programmes aimed at stimulating entrepreneurship.

According to GEM (2011), start-ups or nascent entrepreneurship increased from 3.6% (per 100 of the adult population aged between 18 and 64 years) in 2009 to 5.1% in 2010, while the rate of new businesses increased from 2.5% to 3.9% – a fact that the authors say could be credited to South Africa's hosting of the 2010 FIFA World Cup. The Total Entrepreneurship Activity (TEA) rate therefore increased from 5.9% in 2009 (during the global recession) to 8.9% in 2010 (just before the World Cup started). South Africa's TEA rate increased by 62% to 8.9% from 2009 to 2010, and remained fairly constant in 2011. South Africa's absolute rate of 9.1% in 2011 is not a significant increase over 2010 if one takes into account the spread in standard deviation.

South Africa's start-up business rate of 5.2% is notably higher than its new business rate of 4.0%, indicating that start-up firms dominate the country's total early-stage entrepreneurial activity. However, South Africa scores lower than the average for participating efficiency-driven economies on both of these measures. Similarly, South Africa's established business ownership rate of 2.3% is substantially lower than the average of 7.2% for all participating efficiency-driven countries. This finding, which does not represent a statistically significant improvement on the 2.1% recorded in 2010, remains particularly disconcerting. In terms of established business activity South Africa ranked 52nd out of 54 countries, faring only slightly better than Hungary (at 2.0%) and Venezuela (at 1.6%).

GEM (2011) also confirmed many of the challenges faced in developing and promoting small businesses and entrepreneurship. These include:

- **Lack of awareness of business support**

Awareness of government business support services has remained limited in the country. A 2007 report by the Centre for Entrepreneurship at UCT Graduate School of Business revealed that in Gauteng just 13.5% of entrepreneurs had heard of SEDA and 1.3% had accessed the agency. In the Western Cape awareness of SEDA stood at just 10%, with 0.5% having visited a SEDA branch. Added to this in the FinScope 2010 Report only 3% of entrepreneurs reported that they heard of Khula, while 10% said they heard of the National Youth Development Agency (NYDA) and 4% said they had heard of SEDA. Only 1% of small businesses reported that they had visited SEDA or NYDA branches.

Stephen Timm's comparative study of SA, Brazil and India argues much of this (lack of awareness and take up) could be ascribed to the government's lack of co-ordinated strategies aimed at small business and a government support architecture which is both clumsy and confusing – both to business and to government officials themselves (TIPS, 2011). In addition, Timm asserts that there are too many agencies trying to assist business owners, which in turn spread across two departments, i.e. the DTI and Department of Economic Development – in turn confusing government officials

- **Inadequate entrepreneurial culture**

In South Africa there is a strong need for us to create role models which will inspire others to take the risky path of becoming entrepreneurs. According to TIPS (2011) there is little respect for and recognition of the contribution entrepreneurs make to society, despite the existence of various government and private sector initiatives. According to the GEM Report (2009), entrepreneurship was not sufficiently reported on and celebrated by the media, this while sporting heroes received more coverage and adoration by the press. However, the report noted that GEM studies over the years have conclusively shown that the low rate of early stage entrepreneurial activity in SA is influenced by, e.g. a low level of overall education and social and entrepreneurial factors that do not encourage entrepreneurship as a career path of choice.

- **Lack of financial support**

Over the years access to finance remains one of the top three constraints to entrepreneurship. In 2011, it appeared that that remains unchanged as financial support is again cited as a key constraint to entrepreneurship in South Africa. Much has been said about the level of difficulty associated with accessing government funding for SMEs through government agencies. In addition to this, a significant number of GEM respondents identified access to financial support as a key factor that limits entrepreneurial activity in South Africa. Specifically, respondents have highlighted the lack of venture capital funding and angel investors, as well as limited availability of 'affordable money' as issues that require dedicated attention.

Access to finance continues to be one of the main issues raised by entrepreneurs and is a major constraint to new venture creation and early stage business sustainability, with most small businesses severely hampered by lack of working capital, which in turn undermines market traction. Business owners' lack of understanding of funding criteria, principles and processes is a major obstacle. Development finance institutions are reactive, bureaucratized and still largely collateral-focused. Insufficient attention is paid to educating business owners on funding alternatives, on how to make a coherent funding/risk case, and on identifying whether in fact operating efficiencies and improved management processes can remove the need for funding and enable more self-funding solutions.

- **Limited access to markets**

In SA, government departments, statutory bodies and state-owned enterprises enjoy considerable purchasing power. Procurement provides business and employment opportunities and depending on how it is structured can be used as an instrument of government policy to facilitate social and economic development. In the OECD member countries, public procurement accounts for 9% to 25% of the region's GDP. Hence, public procurement has a substantial role to play in providing markets for small businesses.

A significant number of start-up small businesses, especially PDI-owned businesses, rely on public procurement to provide them with a much-needed initial boost to gain a foothold in mainstream business. However, there are many issues that mitigate these businesses to fully utilise public procurement opportunities. These include:

- lack of awareness of the sources of procurement opportunities;
- lack of awareness of how to access such opportunities;
- scattered sources of opportunities with resultant high search costs
- lack of supporting measures and instruments for accessing and successfully executing awarded jobs, e.g. tender advice and relevant financial instruments (e.g. bridging finance).

- **Lack of small business data**

Policy makers in SA need to focus on improving the collection and collation of statistics on small business in order to target more innovative, high-growth and knowledge-intensive businesses, which have shown to create more sustainable jobs in the long run. A lack of clear and accurate statistics is a major stumbling to the development of more effective policies and support schemes for small enterprises. In 2009, the Small Business Project (SBP), a well-respected small business support NGO, noted that the need to improve data on the small business sector: "We don't know how many small businesses there are, how many people they employ, or what the sector contributes to GDP. Because of the paucity of data, its hard to say what works. You can't have evidence-based policy in the absence of evidence.

The aggravating issue is that of the disaggregation of small business-related data into provinces and regions. E.g. the GEM only covers SA as a whole. Given the uniqueness of each of the provinces (and regions within each province), the absence of such disaggregated data means that pin-point policies are hard to develop and the measurement of policy interventions even more difficult.

In attempting to address the challenges faced by small business and the effective promotion of entrepreneurship, our strategy is based on four key pillars:

a. *Increasing entrepreneurship awareness and the development of an entrepreneurial culture*

This will be more than just creating awareness. It is about unleashing innovative ideas and doing what it takes to bring these ideas to fruition – spotting opportunities of offering different products and or different business models, taking risks, solving problems, being creative, building connections and learning from both failure and success.

This component of the strategy will be driven by the following projects for 2013/14:

- (1) Innovate Western Cape which will comprise the Premier's Awards for recognition of innovative provincial entrepreneurs, on-going platforms for entrepreneurs to pitch and access support for innovative business ideas linked to potential funding, and graduate student entrepreneurship development attempting to bring fresh business ideas to market. The objective will be two-fold – create a hype around entrepreneurship through extensive media coverage and provide opportunities for the identification and exploitation of innovative business ideas that will potentially spawn sustainable job-creating businesses.

(2) Cape Town Activa

This virtual and actual one-stop-shop centre, in partnership with the City of Cape Town will provide easily accessible support to nascent and established businesses through focussing on skills development and access to a wide range support services offered by both private and public sector organisations.

(3) Entrepreneurship Learning Networks

Entrepreneurs thrive on engaging with each other. Its an opportunity to learn and more importantly, build business relationships for improved sustainability. Through this initiative on going platforms will be provided for entrepreneurs to interact and engage. The Western Cape, through the DEDAT, has secured the hosting of the annual International Co-operative Alliance Conference that will attract close to 1 000 co-operatives and co-operative practitioners.

b. *Development and growth of a partnership network supportive of small business establishment and growth*

The availability and convenient access to one-stop-shop type of support is paramount in any small business support strategy. Through a partnership with three major small business support organisations, SEDA, the Business Place and the West Coast Business Development Centre, entrepreneurs will have access to twenty access points across the province. The SEDA-affiliated access points will provide the full host of products and services offered by the DTI and other national small business support agencies.

c. *Public procurement promotion*

The on-going consolidation of public procurement information will continue through the e-Procurement portal. Currently this one-stop-shop procurement portal hosts al provincial and local authority (municipal) procurement opportunities and extensive referrals to support organisations that provide tender advice and access to finance. Furthermore, supplier development will be rolled out in the form of supplier open days, compliance and technical workshops and on-going assistance with registration on the Western Cape Supplier Database.

d. *Development of platforms to increase the interaction between funders and businesses seeking funding*

The programme's big push to increase access to funding for Western Cape-based small businesses will be driven by the following initiatives:

- (1) The Enterprise Development Fund (ED Fund) and the Provincial Growth Fund. The partnership with the National Empowerment Fund (NEF) will allow small businesses to access support for competitiveness interventions and loan finance through the ED Fund. The PGF will offer grant funding to groups businesses or sector clusters wanting to improve competitiveness and or access to markets.
- (2) Cape Town Activa Finance Portal. This portal will allow online interaction between small business seeking funding and investors willing to invest in either innovative start-up or growth-oriented existing businesses. Investors will not be limited to commercial banks, but also include angel investors and venture capitalists;
- (3) National incentives. National government small business support agencies, e.g. the DTI and the IDC, have expanded their incentive's offerings significantly. The programme's big push will be to facilitate increased take-up of these incentives by Western Cape small businesses.

e. *Western Cape & regional entrepreneurship annual survey*

In partnership with the UCT Graduate School of Business an annual Western Cape GEM survey will be conducted. The survey, a SA first, will measure and compare the province's entrepreneurial activity to the rest of SA, and importantly, disaggregate the total entrepreneurial activity and established business activity into the provinces six regions. In this way, not only will districts be compared regarding entrepreneurial activity, but gaps in enterprise and entrepreneurial support will be identified. In doing so, more effective policy measures could be introduced.

### **Regional and Local Economic Development (RLED)**

The enhanced importance of place and locally driven development processes has become a vital dimension of global contemporary development thinking. With central governments having a reduced role in the control over development processes there is trend towards more decentralised, bottom-up approach to economic

development building on the strengths of each locality and supporting the foundations for economic growth, such as productive investment and enterprise upgrading. Slow economic growth and poverty, combined with the changes in the national and international economic environment, and the effective inability of many central states to intervene at the local level have provided an impetus for locally based initiatives.

The South African experience of policy development for LED and applied practice places emphasis on local-authority-driven processes. LED was elevated by the Constitution and the 1998 White Paper on Local Government. Under the 2000 Local Government Municipal Systems Act, several LED functions and responsibilities were legislated and the activity of Integrated Planning was made a compulsory activity for local governments. Until 2006 no national government guidelines existed to assist local authorities to undertake LED – despite this being the latter's mandate. 2005-2006 marked a watershed for LED policy in South Africa. The then Department of Provincial and Local Government (DPLG) released a comprehensive statement of interpretation of, and goals for LED. The National Framework for Local Economic Development provides a vision for creating "robust and inclusive local economies, exploiting local needs and contributing to national development objectives.

In the same year the presidency released the National Spatial Development Perspective NSDP (2006) that raised the importance of the space economy and intergovernmental collaboration. It utilised the principles of need and potential as a common backdrop against which investment and spending decisions should be considered. It started the debate and was a point of departure for national, provincial and local governments to analyse and engage around the comparative development potentials of local areas. It suggested that economic investment should focus on areas of high economic potential, whilst social investment should be prioritized for areas of low economic potential in order to enable people to engage in economic activity and to use the opportunities available to them, wherever those opportunities may present. This stirred heated debate that still stimulates thinking in new policy developments, today.

With 10% of the national population and a GDP share of 14%, the Western Cape is one of South Africa's most developed provinces. The province has one metro, five district level municipalities and 24 local level municipalities. With approximately 4-million (70%) of the population living in the City of Cape Town, the Cape Town Metropolitan area dominates the Province both in terms of population and in economic activity. To put it in perspective, two-thirds of the Western Cape population reside in the local authority area of the City of Cape Town, while even more people are within close proximity to the metropole and may commute into the City, daily. The City of Cape Town has by far the most skilled portion of the province's workforce, as well as the most sophisticated support infrastructure. Moreover, its mix of industry options contributed to just over 77% of the province's GDP in 2007 (Source: Statistics South Africa, Regional Gross Domestic Product: Annual Estimates per region 1995-2007). It is therefore not surprising that the Cape Town Metro attracts significantly higher levels of attention from all role-players. The other side of this argument is that roughly 1.67-million (30%) of the province's population live outside the City (based on Calculations from StatsSA, 2009).

The Western Cape Government believes that economic growth is the foundation of all successful development and that growth is driven primarily by private sector business operating in a market environment. The role of the state is therefore to create and maintain an enabling environment for business and to provide demand-led, private sector-driven support for growth sectors, industries and businesses. To this end, Strategic Objective 1: Increasing opportunities for growth and jobs was developed as the primary provincial government driver of the regional economy and has the Department of Economic Development and Tourism appointed as its custodian department (PSO 1 Strategic Directive).

One of the main underpinnings of the province's growth strategy is its comparative advantages. To that end, the provincial economy has a number of distinctive characteristics that point to its comparative advantages. This include a significantly higher degree of knowledge intensity (reflected in adult literacy rates, for example) and access to computers, telecommunications hardware and internet capabilities far above the national norm; a significantly better-educated population than any other province in South Africa: 21% of the population are matriculants compared to 14% in Gauteng and KwaZulu-Natal; a well-developed infrastructure and a very strong concentration of knowledge institutions, which offset the relative absence of mineral resources in the province creating opportunities for growth and jobs; a significantly larger and faster-growing services sector than the country as a whole, concentrated especially in business and financial services, with other strong growth sectors including information and communication technologies (ICT) and oil and gas; a thriving international tourism industry with strong links to the creative and cultural sectors; a well-developed export-oriented agricultural sector, especially strong in viticulture, deciduous fruit, table grapes, citrus, grains and ostriches; few large companies and a much higher proportion of established small and medium enterprises; and, an excellent international location as a region with two ports located between major international trade routes.

LED presents an opportunity to being a common economic thread that can be woven into development efforts in localities. It can facilitate a level of coordination that allows sector-specific strategies to show how it intends contributing to making local opportunities visible, and build competitiveness in regions where these opportunities can be acted on. Specific government and partner-sector plans, strategies and outputs would need to contribute to outcome target set.

Cognisance therefore has to be taken of a number of key challenges that exist. At the root of the challenges that have emerged from across the country and is faced by all three spheres of government and LED practitioners alike, is the contested meanings of LED. Undeniably, a consensus or agreed upon definition of LED and what the concept encompasses is critical as a first step in laying the foundation for an LED strategy.

In the Strategic review of Local Economic Development in South Africa commissioned by the then DPLG and AHI (May 2009), Christian Rogerson (2010) identified important strategic challenges facing LED in South Africa. Selected challenges as identified by Rogerson are explored hereunder. These challenges are interlinked and co-dependent and should be considered within a systemic competitiveness framework.

#### *Appropriate scaling for LED*

There is a lack of awareness and understanding of the most appropriate scale for accomplishing LED in SA. As economic potential cuts across municipal and provincial boundaries, there is insufficient capitalisation of non-local relationships and understanding the role that national, continental and global processes play in shaping local economies. Existing LED guidelines deal scantily with the scale issue leading to the belief that each local area is an insular economy and that the role of LED is to develop this unit. So, one finds that LED officials take a literal view of LED and fail to recognise that their local economy is organically and irrevocably linked to the district (region), the province, the national economy and indeed the global economy. This thinking reinforces the tendency to introduce small project-based interventions rather than wider spatial interventions.

#### **Reinvigorating the role of provinces**

An important contribution can be made by provinces in aligning and integrating policies. In terms of the National Spatial Development Perspective (of the Presidency and COGTA) provincial governments are expected to play a leading role in ensuring that economic planning, infrastructure investment and development spending takes place in accordance with set principles. The main tool for this is the Provincial Growth and Development Strategy (PGDS), the cornerstone of which is a deep and thorough understanding of provincial endowments and assets, development potential and constraints, along with the forces shaping spatial development potential, which should be spatially referenced. The PGDS, or in the case of our province, the PSP can then assume a vital role in ensuring effective and co-ordinated delivery and act as an alignment mechanism for LED

In terms of influencing LED provinces have an important role to play by guiding local governments in the evolution of LED programmes through the IDP processes and contextualising national and provincial imperatives and grounding them within the realities and specificities of each region. The PSP will provide an essential link between provincial and local development and can ensure that development within regions are undertaken in an integrated manner. This can ensure that, for example, development and infrastructure decisions are not limited to the perspective of a single district but instead woven together to create a regional development perspective that reflects and addresses local concerns and yet links with provincial economic planning.

#### **Involving the private sector**

Local government-driven LED has had only limited involvement with non-state actors. Throughout much of South Africa, the private sector has either been left out or has chosen not to be involved as a result of mutual suspicion between public and private sectors that makes dialogue difficult between the two groups. Essentially, the public sector believes business is anti-poor and business believes that Government is welfarist and anti-profit in its outlook. Private sector apathy towards local government led LED is seemingly then enhanced by its experience of local government bureaucracy, red tape and unproductive "talk shops" where much is promised but little actually delivered.

#### **Taking LED seriously**

Many observers consider that LED is not taken seriously by many South African local governments and instead relegated to a "backroom function" or minor issue on the agenda with no political importance. Certainly, the limited success of LECD projects with a welfare focus has undermined the credibility and significance attached to LED by many local authorities. The limited perceived success of LED in South Africa has meant that career path lacks credibility, with the consequence that it is associated with low-level staffing and high turnover, especially

outside the larger metros and cities. In many municipalities the practice of LED becomes either a “dumping ground” for ineffective officials or only a stepping stone for competent local government personnel because of LED’s constrained career prospects.

Overall, there is an absence of professionalism in LED because of its poor career prospects, with the result that LED does not attract or retain the sort of officials who might be able to combine business skills with public sector skills. The function of LED in many cases is subsumed in other functions such as community services and planning with the consequent limited funding and resource allocation.

### **Improved local data**

A core challenge for LED in SA is to improve the quality of local data to improve understanding of local economies, identify local competitiveness and assist LED decision-making. To build competitive local economies, LED officials in SA need more effective analytical tools, and to focus on the real economic challenges such as accurate economic data and value chain analysis. In particular, good local-level data is a sine-qua non for LED planning and especially for identifying the competitive advantages of localities. However, for example, in the 2008 IDPs most local authorities included an economic profile of their local area based on the 2001 Census, which is not only out-dated but also does not contain meaningful local-scale economic data since it is largely concerned with the position of individuals and not enterprises (Van Heijden, 2008). In many sectors such as manufacturing, the quality of available spatial data has declined since 1994 because certain regular data series (such as the manufacturing census) were abandoned. In priority economic sectors such as tourism, creative industries, or craft, almost no spatially disaggregated basis exists that can inform the identification of competitive advantage and enhance LED planning for these key sectors.

### **The second economy**

Conceptually, the development of strategies for the second economy which are “separate” from first economy strategies is misguided. The debates about the second economy highlight the fact that the most critical support interventions made in support of the informal economy may often been those made by local government through changing regulations, assistance to urban agriculture or market development rather than national government interventions. Support and strategy development for the second economy raises the issue of how communities can engage more directly with the LED agenda and the LED processes so as to access and influence LED debates. LED policy-makers must ensure that the issues of the second economy do not fall off the policy agenda with a re-balancing of LED towards as central focus on building local competitiveness.

The purpose of local economic development (LED) is to build up the economic capacity of a local area to improve its economic future and the quality of life for all. It is a process by which public, business and nongovernmental sector partners work collectively to create better conditions for economic growth and employment generation (World Bank, 2012). Over the next three years, the LED strategy of the Department will focus on the following two pillars for its delivery programme:

#### *1. Support the creation of an enabling environment for business*

In considering the enabling environment for business to thrive, we need to consider how to create one that minimise hurdles to sustainable business profitability, investment and job creation, and looks at policies, and practices that stimulate and support effective and efficient functioning of organizations and individuals.

For the coming period, the RLED unit has selected to focus on municipalities as the area requiring support to create an enabling environment for business. Local businesses are based and operate in local municipalities. These local municipalities are the local authorities that have the most impact on the creation of an enabling environment for business. We know that municipalities are challenged by policy, institutional, regulatory, infrastructure and cultural conditions that govern formal and informal business activities. This includes the administration and enforcement of government policy, and national and local institutional arrangements that affect the behaviour of relevant actors: regulatory authorities, entrepreneurs, businesses and trade union organisations, banks and non- bank financial institutions, and civil society organisations.

It is therefore important that effort is made to build and support the capabilities and capacities of local government to provide a local business enabling environment.

The RLED unit will therefore develop and implement a Municipal Capacity Support Programme (MCSP) geared at local government. The programme will look at both assessment and measurement of municipal performance, along with developing intervention to address identified areas for improvement. This coupled with business climate surveys that would be both demand driven and government initiated will aim to contribute to an improved business confidence over time.

## 2. Improve the competitiveness of regions

To address priorities of government (as identified in provincial policy programmes) and to address potential competitiveness of the regions (as opportunities unfold), will require substantial coordination efforts. No single unit in a department or a single department by itself is able to deliver to a spatial location a comprehensive intervention that will bring about change in a region.

The RLED unit is therefore proposing intervention that address improving regional coordination as it focus.

In terms of the National Spatial Development Perspective (of the Presidency and COGTA) provincial governments are expected to play a leading role in ensuring that economic planning, infrastructure investment and development spending takes place in accordance with set principles. This means that there needs to be a thorough understanding of provincial endowments and assets, development potential and constraints, along with the forces shaping spatial development potential. Improved regional coordination can provide an essential link between provincial and local development and can ensure that development within regions are undertaken in an integrated manner. This can ensure that, for example, development and infrastructure decisions are not limited to the perspective of a single district but instead woven together to create a regional development perspective that reflects and addresses local concerns and yet links with provincial economic planning.

If we accept that competitiveness in regions looks at the competitiveness of firms and their access and utilisation of opportunities, then we need to recognise that competitive regions however do not neatly fit within municipal boundaries. Seeking and acting on opportunities ignore spatial boundaries and in fact, in the pursuit of opportunity, creates the opportunity for cross border or boundary collaboration. This will require improved regional coordination.

Comprehensive LED initiatives need multiple dimensions that show, by way of example - the creation and retention of new jobs by stimulating entrepreneurs and local firms; an investment in human capital; the devising of strategic skills to upgrade programmes that will service the needs of communities; the development of physical and financial infrastructure for expanding local markets; and the incorporation of environmental, economic and social sustainable factors. To this end, the Western Cape Government having assessed departmental performance found a tendency for departments to work in 'silos' – with little coordination between them. This was compounded by a lack of policy coherence across government. Very often, departments were not on the 'same page'. This resulted in duplication and inefficiencies. The new administration therefore decided to change the entire approach to government – moving from a 'silo' approach to a 'transversal approach'. This means policy-making and implementation that cut across the traditional line functions of established Departments.

The Western Cape Government believes that the key to growth and development lies in identifying which roles will best be fulfilled by the state, and which should be left to the private sector and civil society in its myriad manifestations, from universities to NGOs. The government's job is to create the synergies. This means promoting a level of integration that had not occurred before. As challenging as this undertaking may be, it needs to be tackled. To note, both the NDP and the Western Cape Government acknowledges that strong leadership plays a critical role if there is to be delivery around growth and development in the economy. Integration translates to all LED stakeholders needing to pursue a set of coordinated interventions to address growth of the regional economy. For the provincial government this requires that our efforts through the transversal management framework are integrated for maximum spatial impact. Again, this will require improved regional coordination.

The RLED unit is proposing to tackle improving regional coordination through a Regional Competitiveness Programme (RCP) that will.

- Focus on area-based government priorities where stimulation of economic activity is an absolute necessity. This will be done through specific projects and programmes require assistance through a whole of government approach. In the Metro these may include urban regeneration initiatives in locations like Atlantis, Nyanga, Hout Bay, etc.; and beyond the metro it may include programmes like, the Comprehensive Rural Development Programme with its eight nodal priorities, the Built Environment Support Programme (that looks to align spatial development frameworks and LED strategies and plans, the Saldanha bay IDZ development, etc.). In line with PSO 1, the RLED unit can facilitate a level of leadership and coordination that allows sector-specific strategies to show how it intends contributing to making local opportunities visible, and build competitiveness in regions where these opportunities can be acted on.
- Supporting the development of local economic profiles of regions. Noting the poor socio-economic data for LED planning, the DBSA (2008, p. 3) observes that "most localities have yet to adequately map their competitive and comparative advantage. In the absence of good data municipalities are forced to use qualitative rather than quantitative planning instruments. The RCP will support the development of local economic profiles of regions so that we may better understand the economic landscape of localities and ensure appropriate and relevant

assistance is provided, but also to inform and ensure that development and infrastructure decisions are not limited to the perspective of a single district but instead woven together to create a regional development perspective that reflects and addresses local concerns and yet links with provincial economic planning.

### **Red Tape Reduction (Red Tape to Red Carpet)**

The reduction of red tape has been adopted by Provincial Government as a critical component in realising Strategic Objective One.

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

For our purposes red tape is defined as:

- non-essential procedures, forms, licences, and regulations that add to the cost of dealing with government, or
- anything obsolete, redundant, wasteful or confusing that diminishes the province's competitiveness, and stands in the way of job creation or wastes taxpayers' time and money.

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

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

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

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

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

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

The work of the Red Tape Reduction unit is primarily driven through the Red Tape Reduction Work Group comprising representatives of all the provincial government economic sector departments, South African Local Government Association (SALGA, the City of Cape Town and Business Western Cape.

For the 2013/14 period the focus of the activities of the unit will be on the areas as listed above. The outcome of these activities must translate to making it cheaper, faster and easier to do business in the Western Cape.:



- **General red tape reduction and business support**

Through the Business Support Helpline (call centre) businesses will continue to be able to access support in addressing red tape-related blockages and receiving guidance on available business support programmes. The project will be underpinned by a protracted radio campaign

- **Approval of Regulatory Impact Assessment (RIA) for the Western Cape province**

Work on this project has already commenced, but the institutionalisation of RIA will be completed during this financial year. The result of the adoption of RIA will be that no new legislation or regulations will be passed unless their impact on business has been assessed.

- **Reducing the cost of accessing procurement opportunities**

Through our partnership with Provincial Treasury, work will continue toward achieving the outcome of zero direct cost to small businesses wanting to access provincial procurement opportunities. The implementation of the Integrated Procurement Solution should, for example, enable the electronic submission of both RFQs and tenders by December 2013. Business owners wanting to access procurement opportunities from provincial government will then no longer have to physically deposit any documentation – saving travel and other costs (e.g. printing).

- **Environment and Land Management**

Through our partnership with the Department of Environmental Development and Planning the work on reducing the cost of compliance regarding environmental impact assessments will continue with six key interventions – adoption of environmental frameworks, identification of areas excluded from EIAs, development standards resulting no EIAs being required for selected farming activities, defining and adopting urban areas and defining development set back lines.

- **Municipal Support Programme**

The creation and maintenance of an enabling environment for business in local areas is a prerequisite for economic growth and development. Two municipal districts will be targeted whereby all business-facing services (e.g. licencing, planning and land use) will be targeted for improvement in terms of service level standards (e.g. turnaround times, cost, etc.)

- **Planning and Land Use**

Planning and land used processes are arguably considered by many as inhibiting growth and development. However, despite the statutory requirements and regulations, the activities of the unit will target these processes with the ultimate objective of having all Western Cape municipalities subscribing to service level standards regarding these processes, e.g. 80% of planning applications being finalised within the 30 day statutory timeline.

- **Ease of Doing Business Survey / Annual competitiveness survey**

The World Bank releases an annual survey of 183 countries whereby each participating country is measured in terms of the ease of doing business. This is measured in terms of procedures and times it takes for e.g., business registration and electricity connection. This survey is recognised worldwide as a measure of how countries have progressed in terms of reducing the cost of doing business.

Based on similar principles, a Western Cape survey will be undertaken to measure the ease of doing business (as it relates to institutional competitiveness) in the Western Cape as well as the competitiveness of the region. Not only will this stimulate efforts to reduce the cost of doing business, but also identify issues that mitigate against decreasing the cost of doing business. This project will be done in collaboration with the Economic Development Partnership.

**9.4 SUB-PROGRAMME 2.1: ENTERPRISE DEVELOPMENT**

<b>Strategic Objective</b>	To increase economic growth and opportunities through the stimulation and development of entrepreneurship and entrepreneurial activity.
<b>Objective statement</b>	To contribute to the achievement by 2020 of a provincial Total Entrepreneurial Activity (TEA) Index and Established Business Activity (EBA) rate of 5%, above the national rates as reported by the GEM Report.
<b>Baseline</b>	In 2011 South Africa ranked 29 out of 54 countries regarding TEA. Sustainability of existing businesses remains a challenge. In 2011 SA's TEA rate was 9.1% and EBA rate was 2.3%.
<b>Justification</b>	The prevalence of small businesses is vital to the growth and development of the economy. The stimulation and development of entrepreneurship is critical to the establishment of new businesses and the growth and sustainability of existing businesses.
<b>Links</b>	Entrepreneurship and small business growth is linked to SO1, IPAP and the New Growth Path.

**9.4.1 Strategic objective annual targets for 2013/14**

<b>Strategic Objective (Outcome Indicator)</b>	<b>Audited / Actual Performance</b>			<b>Estimated performance</b>	<b>Medium-term Targets</b>		
	<b>2009/10</b>	<b>2010/11</b>	<b>2011/12</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>
Number of new businesses established	-	720	498	300	600	700	800
Number of businesses expanded	-	294	723	600	200	300	400
Number of businesses sustained					500	600	700
Number of jobs facilitated	-	2893	4806	2000	500	600	700
Number of jobs sustained					700	800	900
Total Entrepreneurial Activity (TEA) rate	-	-	-	-	-	-	-

**9.4.2 Risk Management**

<b>STRATEGIC OBJECTIVE:</b> To increase economic growth and opportunities through the stimulation and development of entrepreneurship and entrepreneurial activity	
<b>RISK STATEMENT</b>	<b>RISK MITIGATION STRATEGY/IES</b>
<p>Lack of new business establishment and business expansion especially in the rural areas. This is due to the lack of awareness of opportunities and small business support programmes, products and service offerings. As a result of the above, job creation and economic growth is affected. .</p>	<p>In order to create entrepreneurship awareness and to support and develop SMMEs, the component will establish partnerships with various actors in the industry. The service offering of these partner organisations will be marketed through local councillors and municipalities across the province and keep them constantly updated.</p> <p>'The unit will further make intense use of local media to create awareness around the offering of the partners and entrepreneurship in general.</p> <p>The contribution entrepreneurship makes to the economy will be increased if participation by different groups is encouraged, and the environment is conducive to developing high growth enterprises.</p>
<p>Lack of a coherent and integrated approach between partners both within government and outside government due to insufficient engagement and follow through. This results in individual organisations operating in a fragmented manner by duplicating services.</p>	<p>The component has already established and maintained relevant stakeholder relations with various actors in the industry. In order to address the fragmentation in the market the department will be building the entrepreneurial ecosystem by engaging with the various actors in the industry. These engagements will ensure the alignment and coherent packaging of business development support, service offering programmes and, products and services and that they are communicated to entrepreneurs</p>

## 9.4.3 Performance indicators and annual targets for 2013/14

Programme performance indicator (Output Indicator)		Audited/Actual performance			Estimated performance	Medium-term targets		
		2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Sub-programme: Enterprise Development								
Sector Specific indicators								
1.1	Number of existing SMME's supported	-	2879	5201	1560	2100	2300	2500
1.2	Number of new SMME's developed	-	5263	2097	1000	1350	1400	1500
1.3	Number of existing cooperatives supported	-	152	112	5	10	15	17
1.4	Number of new cooperatives developed	-	130	171	10	10	15	20
Provincial Specific Indicators								
1.5	Number of awareness interventions	-	n/a	n/a	n/a	45	50	55

## 9.4.4 Quarterly targets for 2013/14

Performance indicator		Reporting period	Annual target 2013/14	Quarterly targets			
				1st	2nd	3rd	4th
Sub-programme: Enterprise Development							
Sector Specific indicators							
1.1	Number of existing SMME's supported	Quarterly	2100	250	490	825	535
1.2	Number of new SMME's developed	Quarterly	1350	300	400	400	250
1.3	Number of existing cooperatives supported	Quarterly	10	-	4	4	2
1.4	Number of new cooperatives developed	Quarterly	10	2	3	3	2
Provincial specific indicators							
1.5	Number of awareness interventions	Quarterly	45	-	15	17	13

**9.5 SUB-PROGRAMME 2.2 REGIONAL AND LOCAL ECONOMIC DEVELOPMENT**

<b>Strategic Objective</b>	To improve business confidence in regions, the unit will support the creation of an enabling environment for business by improving the capacity of municipalities to deliver an enabling environment for local private sector and improve competitiveness in regions
<b>Objective statement</b>	To improve the business confidence in regions, the perception of businesses will be measured. With no baseline information from which to start, business climate surveys will first be done. These surveys will be used to, not only establish baseline information, but to also advise if targeted intervention geared at building the capacity and competency levels of the municipalities is able to provide an enabling environment for business that minimises hurdles to sustainable business activity, increases investment and job creation, and looks at policies, and practices that stimulate and support effective and efficient functioning. Municipalities will be measured through a LED Maturity index, and along with intervention support should show an improved maturity (in their capabilities or competencies) in being able to support their local private sector with a more enabling environment for business. With an improved maturity index that shows improved capabilities, a subsequent business climate survey will be done to determine if there is an increase in business confidence by local private sector in their local municipalities. Six (6) municipal areas will be targeted in the first phase after baseline data on business confidence has been established.
<b>Baseline</b>	No verified baseline data is available at this time. Measurement and benchmarking exercises are to be undertaken to put determine baseline information in the year to come. By way of example, LED Maturity Assessment will look at competencies and capabilities of local government to deliver on a supportive enabling environment for business, and business climate surveys to be undertaken will look at the private sector's perception if government intervention in areas has improved their ability to become more competitive or that the region they operate in is a more competitive environment for their business to reside in.
<b>Justification</b>	<p>The Western Cape Government advocates that the role of government is to create and maintain an enabling environment for business and to provide demand-led, private sector-driven support for growth sectors, industries and businesses. With a target of achieving 4.2% economic growth and 2% growth in employment per annum by 2015, this will take a holistic effort by the whole of government along with strategic partnerships to achieve.</p> <p>The department has high level areas for action to tackle the above targets and this sub-programme will look to specifically focus on achieving impact on two of these areas - the creation of an enabling environment by improving business confidence index over next 4 years, and improving the competitiveness of the region.</p> <p>Improved business confidence will become evident when the private sector indicates a more positive response on the improved capacity and capabilities of their local municipality to provide an enabling environment for business.</p>
<b>Links</b>	To build up the economic capacity of local areas by supporting economic role-players: like municipalities (to improve their capacity to contribute to providing an enabling environment for business within the context of existing, new or revised IDPs) and, local businesses (who can act on economic opportunities highlighted in regions and improve the competitiveness of their businesses or more holistically competitiveness in regions). This will done through support directed at: focused resource allocation, provision of in-house expertise for assessments and analysis to inform capacity building and training, along with planning and implementation alignment with partners on interventions to tackle prioritised localities, and regional interventions to uncover opportunities for improved regional competitiveness and inclusive economic growth across the province.

## 9.5.1 Strategic objective annual targets for 2013/14

Strategic Objective (Outcome Indicator)	Audited / Actual Performance			Estimated performance	Medium-term Targets		
	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Number of municipal areas with improved business confidence	-	-	-	-	-	6	6

## 9.5.2 Risk Management

<b>STRATEGIC OBJECTIVE:</b> To improve business confidence in regions, the unit will support the creation of an enabling environment for business by improving the capacity of municipalities to deliver an enabling environment for local private sector and improve competitiveness in regions	
<b>RISK STATEMENT</b>	<b>RISK MITIGATION STRATEGY/IES</b>
Given capacity and competency challenges, there is inadequate LED planning and execution by municipalities. This threatens the success of RLED intervention and may result in no change or improvement to business perception as well as forfeiture of the positive change afforded to them through support by the department	Assessment of municipal stakeholders and roles to ensure competency and capacity issues are identified and sound partnerships are formed to support intervention. Specific capacity building intervention developed and implemented to assist in creating or improving an enabling environment for business to operate in.
Inadequate participation by partners and other stakeholders in LED due to the lack of awareness, a common vision and different approaches and priorities. This undermines the creation and maintenance of an enabling environment and ultimately impacts negatively on economic growth and development.	Build awareness with partners through communication initiatives to ensure consistent and clear understanding and achievement of LED intervention. Effective utilisation of all relevant existing intergovernmental platforms to ensure partners (like local government) are kept informed and aware of provincial support available (e.g. IDP Indabas 1 and 2, District and Provincial LED forums). Also identify additional platforms to partners and encourage participation as required. Utilise the Economic Development Partnership's (EDP) mechanisms and strategies to address a common vision being achieved and alignment of approaches and priorities. Three Reports on Joint Initiatives undertaken will illustrate alignment of vision, approaches and priority delivery. Minutes of meetings of platform utilised, and/or, submission of departmental support to relevant Inter Governmental Relations (IGR) structures/platforms. Minutes of meetings related to the EDP and LED initiatives.

## 9.5.3 Performance indicators and annual targets for 2013/14

Programme performance indicator (Output Indicator)		Audited/Actual performance			Estimated performance	Medium-term targets		
		2009/2010	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Sub-programme: Regional and Local Economic Development								
Sector Specific indicators								
1.1	Number of economic development projects supported at local and regional level	-	1	9	15	3	3	3
1.2	Number of capacity building interventions to municipalities	2	2	3	4	4	5	5
1.3	Number of LED strategies aligned to PGDS and other spatial development plans	-	-	-	-	-	-	-
Provincial specific indicators								
1.4	Number of LED Assessments	-	-	-	30	30	30	30
1.5	Number of Regional Growth Initiative supported	-	-	-	-	1	1	1

## 9.5.4 Quarterly targets for 2013/14

Performance indicator	Reporting period	Annual target 2013/14	Quarterly targets				
			1st	2nd	3rd	4th	
Sub-programme: Regional and Local Economic Development							
Sector Specific indicators							
1.1	Number of economic development projects supported at local and regional level	Quarterly	3	1	1	1	-
1.2	Number of capacity building interventions to municipalities	Quarterly	4	1	1	1	1
1.3	Number of LED strategies aligned to PGDS and other spatial development plans	-	-	-	-	-	-

Performance indicator	Reporting period	Annual target 2013/14	Quarterly targets				
			1st	2nd	3rd	4th	
Sub-programme: Regional and Local Economic Development							
Provincial Specific indicators							
1.4	Number of LED Assessments	Annual	30	-	-	-	30
1.5	Number of Regional Growth Initiative supported	Annual	1	-	-	-	1

## 9.6 SUB-PROGRAMME 2.3 ECONOMIC EMPOWERMENT

<b>Strategic Objective</b>	To increase economic growth and opportunities through the stimulation and development of entrepreneurship and entrepreneurial activity.
<b>Objective statement</b>	To contribute to the achievement by 2017 of a provincial Total Entrepreneurial Activity (TEA) Index and Established Business Activity (EBA) rate of 5%, above the national rates as reported by the GEM Report.
<b>Baseline</b>	In 2011 South Africa ranked 29 out of 54 countries regarding TEA. Sustainability of existing businesses remains a challenge. In 2011 SA's TEA rate was 9.1% and EBA rate was 2.3%.
<b>Justification</b>	The prevalence of small businesses is vital to the growth and development of the economy. The stimulation and development of entrepreneurship is critical to the establishment of new businesses and the growth and sustainability of existing businesses.
<b>Links</b>	Entrepreneurship and small business growth is linked to SO1, IPAP and the New Growth Path.

### 9.6.1 Strategic objective annual targets for 2013/14

Programme performance indicator (Outcome Indicator)	Audited/Actual performance			Estimated performance	Medium-term targets		
	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Sub-programme: Economic Empowerment							
1.1	Number of businesses expanded	-	-	20	200		
1.2	Number of jobs facilitated	-	-	-	200		
1.3	Value of funding leveraged	-	-	-	R2m		



## 9.6.2 Risk Management

<b>STRATEGIC OBJECTIVE:</b> To increase economic growth and opportunities through the stimulation and development of entrepreneurship and entrepreneurial activity.	
<b>RISK STATEMENT</b>	<b>RISK MITIGATION STRATEGY/IES</b>
Due to the lack of awareness and issues related to SCM compliance, small businesses are not able to take up public procurement opportunities which then impacts on job creation and growth	Implementing of Compliance and Procurement Promotion workshops in partnership with ARIBA, SARS, CIPC, various BEE Verification agencies, Provincial Treasury, CIDB etc. which covered the amended WCG procurement process, BEE regulations, and registration of suppliers on the WCSDB and BEE verification for SMMEs.  Online compliance workshops which will enable SMMEs to initiate the registration process on the WCSDB. Implementation of Regional Procurement workshops to heightened awareness.
Due to the low awareness by small businesses of available and suitable financial products successful access (uptake) is limited which impacts negatively on job creation and economic growth	The programme has or will embark on the following: <ul style="list-style-type: none"> <li>• On-going partnership building with financial and non-financial organisations that support the establishment and growth of small businesses</li> <li>• on-going awareness campaigns among small businesses and entrepreneurs</li> <li>• the piloting of offering financial products appropriate to the specific needs of small businesses</li> </ul>

## 9.6.3 Performance indicators and annual targets for 2013/14

<b>Programme performance indicator (Output Indicator)</b>		<b>Audited/Actual performance</b>			<b>Estimated performance</b>	<b>Medium-term targets</b>		
		<b>2009/10</b>	<b>2010/11</b>	<b>2011/12</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>
Sub-programme: Economic Empowerment								
Sector Specific indicators								
<b>1.1</b>	Number of target group specific opportunities identified	-	1104	612	1000	500	800	1000
<b>1.2</b>	Number of target group specific interventions	-	116	115	20	15	20	25

**9.6.4 Quarterly targets for 2013/14**

Performance indicator	Reporting period	Annual target 2013/14	Quarterly targets				
			1st	2nd	3rd	4th	
Sub-programme: Economic Empowerment							
Sector Specific indicators							
1.1	Number of target group specific opportunities identified	Quarterly	500	50	175	175	100
1.2	Number of target group specific interventions	Quarterly	15	2	5	5	3

**9.7 SUB-PROGRAMME 2.4: RED TAPE REDUCTION**

Strategic Objective	To create and maintain an enabling regulatory environment through the reduction of Red Tape and other unnecessary burdensome bureaucratic processes and procedures.
Objective statement	To increase the institutional competitiveness sub-index of the Western Cape Regional Competitiveness Index by 25% by 2020.
Baseline	No baseline exists. Baseline will be developed in 2013/2014.
Justification	Regulatory environment is the single most important element of an economic growth strategy & remains high on agenda of most OECD countries. Unnecessary red tape stemming from legislation and regulations to systems and procedures hamper the establishment and growth of businesses.es
Links	To all government legislation, regulations and policies that influence the regulatory environment within which business and citizens must operate.

**9.7.1 Strategic objective annual targets for 2013/14**

Strategic Objective (Outcome Indicator)	Audited / Actual Performance			Estimated performance	Medium-term Targets		
	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
% resolution rate on cases	-	-	-	85%	85% (baseline: 750)	85% (baseline: 1000)	90% (baseline: 1250)
Number of municipalities with improved business services	-	-	-	-	5	6	7
Establishment of the Western Cape Regional Competitiveness Index	-	-	-	-	1	1	1

### 9.7.2 Risk Management

<b>STRATEGIC OBJECTIVE:</b> To create and maintain an enabling regulatory environment through the reduction of Red Tape and other unnecessary burdensome bureaucratic processes and procedures.	
RISK STATEMENT	RISK MITIGATION STRATEGY/IES
Lack of control over the business regulatory environment due to the issue of constitutional mandate which results in the inability to resolve red tape issues impacting on service standards & reputation.	<p>The building of strategic and operational partnerships with key stakeholders through on-going engagements, the provincial transversal work group and relevant economic forums and partnerships.</p> <p>High level political lobbying by the MEC at MINMEC and/or by the Premier at the Presidential Co-ordinating Council.</p> <p>The planning and execution of projects in partnership with departments and municipalities.</p>

### 9.7.3 Performance indicators and annual targets for 2013/14

Programme performance indicator (Output Indicator)		Audited/Actual performance			Estimated performance	Medium-term targets		
		2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Sub-programme: Red Tape Reduction								
Provincial specific indicators								
1.1	Number of cases received through the call centre	-	-	468	500	750	1000	1250
1.2	Number of municipal support interventions	-	-	-	-	14	14	14
1.3	Number of advocacy and awareness interventions	-	-	-	-	12	15	20

### 9.7.4 Quarterly targets for 2013/14

Performance indicator		Reporting period	Annual target 2013/14	Quarterly targets			
				1st	2nd	3rd	4th
Sub-programme: Red Tape							
Provincial specific indicators							
1.1	Number of cases received through the call centre	Quarterly	750	200	200	150	200
1.2	Number of municipal support interventions	Quarterly	14	-	-	7	7
1.3	Number of advocacy and awareness interventions	Quarterly	12	3	3	3	3

## 9.8 RECONCILING PERFORMANCE TARGETS WITH THE BUDGET AND MTEF

## 9.8.1 Expenditure estimates

Sub-programme	Audited			Main appropriation	Ad-justed appropriation	Revised estimate	Medium-term estimate		
	R' 000	2009/10	2010/11				2011/12	2012/13	2012/13
1. Enterprise Development	35 552	35 023	28 247	23 632	26 591	26 591	<b>29 322</b>	34 020	37 533
2. Regional & Local Economic Development	11 017	9 040	9 446	9 520	9 520	9 520	<b>7 483</b>	7 791	8 100
3. Economic Empowerment	3 330	5 700	5 989	6 353	5 911	5 911	<b>2 467</b>	2 646	2 787
4. Red Tape Reduction				3 757	4 309	4 309	<b>7 395</b>	9 346	10 150
5. Management: IEDS	4 931	1 698	8 100	1 966	1 966	1 966	<b>1 967</b>	2 079	2 190
<b>Total payments</b>	<b>54 830</b>	<b>51 461</b>	<b>51 782</b>	<b>45 228</b>	<b>48 297</b>	<b>48 297</b>	<b>48 634</b>	<b>55 882</b>	<b>60 760</b>
Economic classification									
<b>Current payments</b>	17 713	15 274	23 502	29 908	28 217	28 206	<b>32 252</b>	36 092	37 870
Compensation of employees	11 067	11 486	12 397	16 113	15 269	15 269	<b>14 835</b>	15 716	16 552
Goods and services	6 646	3 786	11 105	13 795	12 947	12 936	<b>17 417</b>	20 376	21 318
Interest and rent on land		2			1	1			
<b>Transfers and subsidies</b>	37 100	35 950	27 900	15 000	19 760	19 771	<b>16 100</b>	19 500	22 600
Provinces and municipalities									
Departmental agencies and accounts	1 000		1 000	4 500	4 500	4 500	<b>5 000</b>	5 500	6 500
Universities and technicians									
Foreign governments and international organisations									

Part B: Programme and Subprogramme Plans

Sub-programme	Audited			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimate		
	R' 000	2009/10	2010/11				2011/12	2012/13	2012/13
Public corporations and private enterprises	36 100	34 900	21 100	3 000	4 000	4 000	<b>5 500</b>	6 500	8 000
Non-profit institutions		1 050	5 800	7 500	11 255	11 255	<b>5 600</b>	7 500	8 100
Households					5	16			
<b>Payments for capital assets</b>	17	237	370	320	320	320	<b>282</b>	290	290
Buildings and other fixed structures									
Machinery and equipment	17	97	370	320	320	320	<b>282</b>	290	290
Heritage assets									
Specialised military assets									
Biological assets									
Land and subsoil assets									
Software and other intangible assets		140							
<b>Payments for financial assets</b>			10						
<b>Total economic classification</b>	54 830	51 461	51 782	45 228	48 297	48 297	<b>48 634</b>	55 882	60 760

### **9.8.2 Performance and Expenditure Trends**

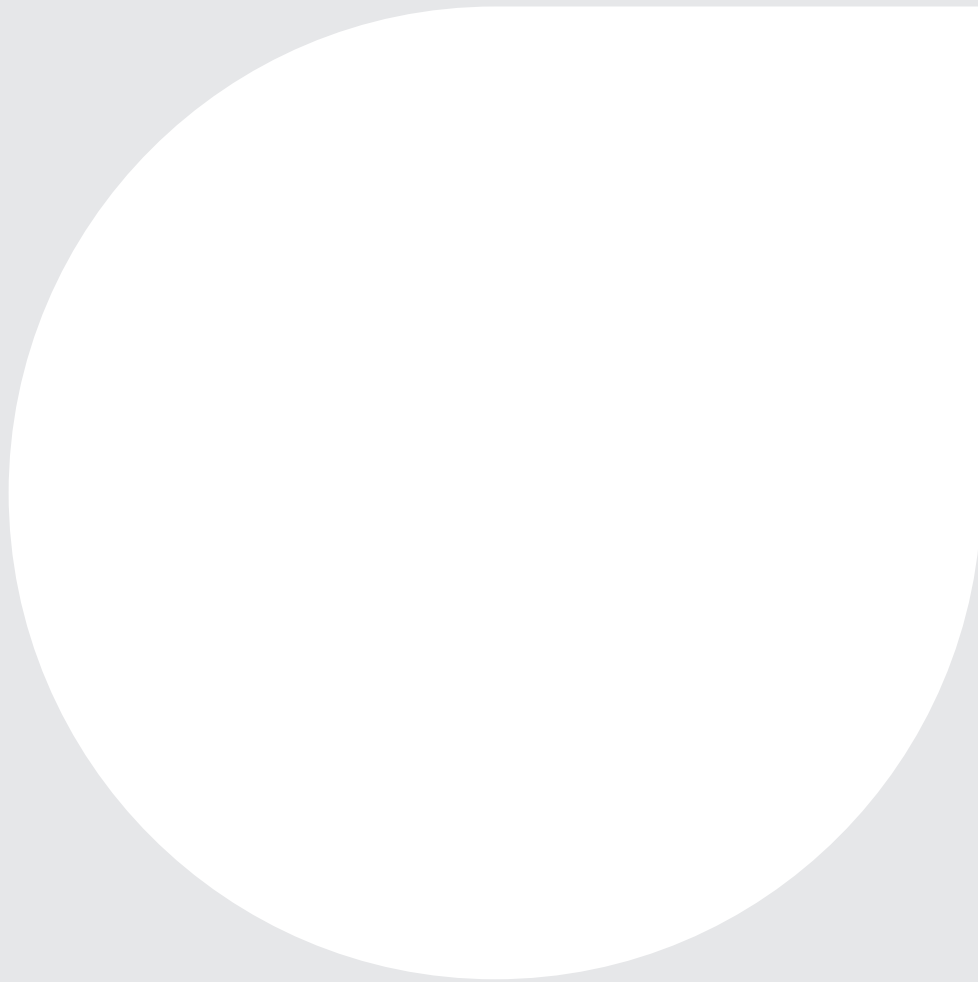
The programme Integrated Economic Development Services has substantially streamlined its focus to address improving the business competitiveness of firms. This will be done by tackling the consolidation of partnerships to strengthen and support regional competitiveness intervention.

This has brought about significant changes to three of the four sub programmes in the following manner:

The enterprise development strategy signals a movement away from being direct interventionist in the enterprise development space, to focusing on partnerships that facilitate the creation of an enabling environment for business. The Partner Network can thus be viewed as an initiative to consolidate the support provided by "centre based" support agencies to ensure geographic spread whilst also reducing the duplication of services. These initiatives with partners place the Department in a position to influence the outcomes of entrepreneurial support within the Province as well as enhance the outreach programmes of these organisations. The change in role sees a significant re-allocation of budget from infrastructure and project management costs to value-adding programmes such as entrepreneurship promotion that focuses on creating a culture of entrepreneurship in the province. The sub programme will utilise a budget allocation of around R11million to do so.

The LED strategy will look at how to improve the competitiveness of local economies. This will be done through the provision of assessment of local government LED performance coupled with suitable capacity programmes to improve local economic development strategies within IDPs, and with the provision of coordination, intervention and partnerships support to new and innovative regional competitiveness initiatives. R2.4million will be allocated in this regard to promote regional economic development.

Finally, to improve the business competitiveness of firms, the Red Tape Reduction sub programme will accelerate efforts by the Western Cape Government to reduce the cost of doing business. Its budget allocation of approximately R7 million signifies the serious intent of this undertaking which will be delivered through partnerships, awareness and initiatives that support the creation and maintenance of an enabling regulatory environment and address unnecessary burdensome bureaucratic processes and procedure.



## **PROGRAMME 3:**

Trade and Sector Development

## 10 PROGRAMME 3: TRADE AND SECTOR DEVELOPMENT

### 10.1 Purpose

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

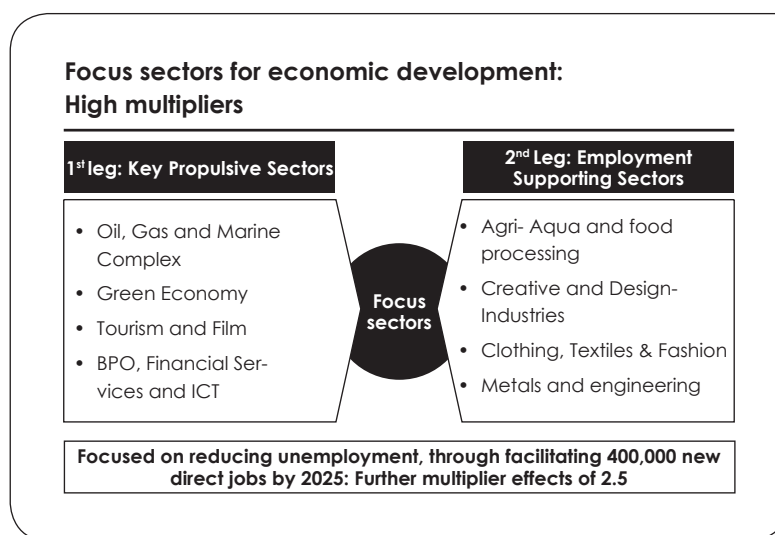
### 10.2 Programme Structure

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

### 10.3 Performance Environment

An intense focus at all levels of government on the need for growth and jobs, has put the spotlight on sectoral programmes as a key mechanism of the country to achieve its economic potential. This is reflected in the New Growth Strategy, the Industrial Policy Action Plan (IPAP), and through SO1. A sectoral approach provides the strategic framework for trade and investment, strategic initiatives, SMME development and for skills, and is the key function in all the national strategies mentioned above.

The MEDS still provides the fundamental basis for the “choice of sector” analysis, although a number of the strategies have been updated, and there have been refinements of the strategy, particularly with the inclusion of the Green Economy, which has emerged subsequent to the MEDS. The Department will continue its focus on building strategic capabilities in its “propulsive” growth sectors of BPO, ICT and Oil and Gas, and on the “employment supporting” sectors of clothing and textiles, agri and food processing, and the creative and design sectors. The Green Economy as a “propulsive” sector has been elevated in line with its status as an SO1 priority, and the earlier declining support for the narrower tooling sector has been refocused on the broader metals and engineering sector, in order to take advantage of the major recapitalisation and procurement drives at a national level.



Interventions will continue to be made in line with the SO1 priorities, with a focus on “tradeable” and export-oriented sectors and firms as the drivers of the economy, and on understanding the value-chains around which its sectors and firms compete. This leads to a strong market orientation that underpins the work of the sectoral teams in terms of understanding future demand patterns. The challenges that each sector face are unpacked, with a particular emphasis on understanding and addressing skills and infra-structural constraints. This has contributed significantly to influencing the agenda of the Premiers Council on Skills, as well as the Cape Catalyst projects initiated by the Department, which are nested within a sectoral logic.

The key propulsive sectors as per the table above, are characterised by a focus on creating new employment opportunities through building new firm capacity to target new markets and through attracting new investment. Across oil and gas, BPO and the green economy especially, tens of billions of new investment is anticipated over the next decade. With the employment supporting sectors however, the focus is more on defending and



potentially capturing back local markets, through an emphasis on productivity improvement, quicker response times, good design and the upgrading of technology and equipment. The value-chain linkages and relationships with the local retailers is particularly important.

The need for co-ordination and the development of funding partnerships across the different stakeholders and across the various clusters and value-chains, point to the critical importance of its use of implementing agencies in the form of the special purpose vehicles (SPVs), without which this joint funding would be largely compromised. Other reasons for the continued use of the SPVs, is to allow the private-sector to have a platform through which to engage in a neutral basis with government, and to provide a capacity for industry to resolve constraints and deliver upgrading programmes, that might otherwise fall on government. The SPVs will always tend to be a more efficient delivery platform for programmatic implementation than government, and by having this capacity allows the Department to focus more on the strategic development and leadership role in the economy as per SO1.

All in all, it is clear that the work of the department in conjunction with the SPVs are 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, the Department 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 SMME inputs. The clustering model outlined above is a powerful one, and is now being adopted as the central economic role accruing to provinces under a national/ provincial treasury task team on economic development.

### **Wesgro: Investment Promotion**

For the 2013/14 financial year the Agency has realigned its priority sectors and markets. The focus will be on a broader approach, rather than being too narrow and product driven and encompass:

- Niche engineering and manufacturing – which can include high-end engineering products, metals beneficiation, consumer products, electronic components, transportation
- Services – including software and IT services, business services and financial services.
- Energy – Coal, oil and natural gas as well as alternative/renewable energy
- Food, tobacco and beverages
- Agro-processing (including Food and Wine, and general agribusiness)
- Creative industries (particularly Design, Advertising, Film and ICT)

### **Trade Promotion**

The international trade environment has been challenging, with a major slow-down across most markets. As defined in the Wesgro Strategic Direction: 2010 and onwards, Wesgro will focus on providing support to emerging exporters, and in orienting existing exporters to new and more dynamic markets. This will include a major strategic focus on Africa, with a highly nuanced approach to the interplay between regional politics and sectoral strengths.

### **Manufacturing**

As with the rest of Trade and Sector Development, Manufacturing has chosen to directly support sectors which specifically address the required deliverables of Provincial Strategic Objective 1 (PSO 1), to grow employment and to grow the economy of the Western Cape, through creating an enabling environment.

Oil & Gas is supported as a Key Propulsive Sector, which has the potential to treble in value from R2bn to R6bn in the next 3 to 5 years. To achieve this, the Department and SAOGA will focus on:

1. Marketing of the capabilities of the Western Cape. For the 2013/14 financial year a key target in the APP is attracting more than R1bn of marine repair work to the Western Cape, and attracting 7 major projects. This will be supported by an enhanced promotion programme targeting Africa, with a number of international expo's being targeted.
2. Resolving the critical constraints to growth, particularly ensuring the co-ordination of skills across the industry, and support for the development of export capabilities.
3. Resolving the infra-structural constraints, particularly with regards to port facilities. 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, and ensuring better operational

efficiencies within the sector. Critical infra-structure will continue to be developed in CT, although Saldanha is seen as the area with the largest potential for growth, with oil and gas being the core driving sector within the Industrial Development Zone.

The metals and engineering sector accounts for 13.4% of Manufacturing's GDP, and has a projected growth of 3.7% over the next 5 years. The sector forms an integral part of the WC economy, and plays a pivotal role in ensuring that economic growth is linked to employment growth. Key interventions moving ahead are:

1. The development of appropriate skills that are critical to the future of the industry. This is particularly in key artisanal skills related to toolmakers and specialised CAD/CAM capabilities.
2. With the National focus on infrastructure development, it is crucial that manufacturing in the WC is prepared for projects such as the Square Kilometre Array, the Transnet recapitalisation, and the renewable energy roll-out. The new PPPFA requirement, being developed specifically to encourage local procurement, offers great opportunities to expand manufacturing capabilities to meet expanding current and future demands.
3. 35 high potential metals and engineering companies are being targeted for linkages through to new growth markets, with the focus being the upgrading of capability to meet the required standard. Interventions will be focused on tying firms up directly into the major projects, and ensuring supplier development programmes are applied. This will be done in collaboration with UNIDO's supplier development programme.

Clothing, Textiles, Fashion & Furniture are supported under Manufacturing within the Western Cape Government, as Employment Supporting Sectors. Together these sub-sectors form more than 16% of the Manufacturing GDP, with 50 000 plus employees, and are expected to grow at an average 3% over the next 5 years.

It is very encouraging to note, that as a direct result of research carried out within the Clothing & Textile Sector in the Western Cape, under the auspices of the Cape Clothing & Textile Cluster (CCTC), and through recommendations made to the Department of Trade & Industry (dti), the Clothing & Textile Competitiveness Improvement Programme (CTCIP), and the Production Incentive (PI), were developed and implemented. These programmes have made nearly R2bn available to the sector nationally for upgrading; of which more than R260m has been transferred into the WC economy. Emanating directly from the success of the CTCIP and PI, the Manufacturing Competitiveness Enhancement Programme (MCEP) has just been launched nationally, to assist with the upgrading all other manufacturing entities. Clothing interventions will be focused on:

1. Supporting 285 firms in upgrading programmes, and drawing down national support for the sector. The focus is on productivity enhancement towards world class manufacturing.
2. Ensuring alignment with retail needs. The Department will be working with 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) to develop models that meet the demanding lead times and quality standards required by the retailers.
3. Continue 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.

A Green Economy is one which is low carbon, resource efficient and socially inclusive. The development of a Green Economy is motivated by the desire to ensure that, as a planet, we live within our natural resource constraints, in order to ensure both intra- and inter-generational equity. The delivery of a green economy is enabled by investment in renewable energies; in water, waste and transport infrastructures; by promoting value chain productivity improvements across all economic sectors; by improving land management practices (including use of carbon sinks); and by improving decision making capacity to ensure equitable returns to all stakeholders. Going forward (2013-2016) DED&T's strategy for development of the Green Economy is focused on four approaches:

1. Strengthening the capacity of Green Cape as an intervention agency to work with industry and government; building on successes around renewable energy and extending this to other critical sectors of the economy, including water and waste. The focus will be on attracting R1bn of new investment into the sector in co-operation with Wesgro, and resolving critical systemic blockages within the sector.
2. Building capacity within DEDAT (and TSD specifically) to develop relevant contextual analyses / baseline research / opportunities assessment to help prioritise interventions. This is pertinent to the issue of

smart-grids, water, the waste economy and impact of gas on the economy. The development of a business case is required to move the City ahead regarding the roll-out of smart electricity grids as a key energy saving initiative, and as a means to facilitate the small scale generation market. Analysing the extent to which water is a constraint to regional economic development will be a new angle to the green economy work. The Development of an integrated intervention energy strategy, with a key focus on gas will be a critical project in the medium term, and is seen as the "handmaiden" of the renewable energy sector (the introduction of natural gas is a critical component of a large scale renewable energy roll-out as it provides a rapid energy source to overcome the variability and intermittency of renewable energy).

3. Developing more effective working relationships with those other WCG departments and programmes which have a bearing on the Green Economy. WESGRO and EDP are particularly important here. This includes establishing expert-led industry support functions across key sectors being wind, solar and waste. The waste interventions will be around building decision support capacity for municipalities (as a key opportunity across municipalities).
4. Developing a resource flow consumption model to improve value chain productivity across critical economic sectors (this will assist in identifying new economic opportunities across industry sectors that feed into the green economy).

The Green Economy is a new sector of economic focus for the Western Cape. It will take some time for the targeted interventions to deliver quantitative outcomes / measures of success. We anticipate new job creation opportunities to exceed 30 000 over a 25 year period; and be able to demonstrate direct contribution to growth in regional GDP of investments in excess of R 25 billion.

### Services

The Services Industries Directorate currently focuses on synergistically capturing opportunities in voice BPO, middle office BPO (financial services) and ICT sectors. The growth of these sectors is dependent on the availability of skilled labour at competitive price points. To that end, the directorate will focus on the development of programs to effect systemic change to the regional skills environment in the relevant sectors. New academic programmes and other systemic program are being developed to reduce the cost of skills production and increase the scalability of new firm expansions.

The Services Industries Directorate had an exceptional year last year by exceeding most of its targets by a significant margin. The strategy, now in its third year has realised jobs or new foreign investment targets been exceeded by up to 400%. The directorate will maintain the fundamentals of the current strategy, that is focused on attracting new investment.

The BPO strategy is focused on promoting the value proposition of the region in its voice capability, where a 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 beginning to place the available talent pool under strain. The Department, along with its partners are focus more on structural interventions for the BPO skills environment.

The Department will pursue three broad programmes to reach its targets for the BPO sector for the 2013/14 year

1. Investment Promotion

There will be continued focus on front office, english speaking work, primarily targeting our biggest market, the UK. Scoping of middle office and back office opportunities in the Financial Services space will be continued. The Department aims to support the creation 2500 new jobs, as well as attract 3 separate investment projects into the region, valued at R300 million.

2. Skills Development

Skills development is becoming ever more important to the growth and sustained success of the BPO sector given its rapid growth. The Department will be working with stakeholders to finalise skills development plans across a range of skills sets. This will include the leveraging of funding as well as addressing systemic issues. This is critical to sustaining the sector's future growth. The budget allocated for BPO skills will be to facilitate and unlock the skills environment, rather than fund learners.

3. Industry support and costs reduction

Cost reduction interventions such as the successful telecoms incentive will be continued. Support will be also be provided to operators for staff after-hours transport, work permits, access to National BPO incentives as well as an improved business environment.

ICT plays a critical role in improving competitiveness across other sectors. Skills cost form the largest portion of ICT cost. Local firms have been outsourcing local jobs to other regions that have greater pools of skills at significant labour cost arbitrage points. The strategy in ICT is to effect cost of skills through effecting change to the systemic skills environment by increasing the pool of ICT resources and by the production of more effective ICT resources. Bringing about alignment between academic products and industry requirements will continue to play a significant role in the Directorate's strategy.

Notwithstanding the saliency on affecting change to the resource pool, the department will focus on the development of ICT SMME environment. It has supported the Bandwidth Barn, the leading ICT incubator on the continent for six years. In this time the incubator has supported and facilitated the creation or sustained business that created 2 500 jobs. A recent impact assessment indicated that businesses supported by the Barn were 2 to 2,5 times more likely to succeed than those without support. During 2013/14, the Department will expand its support for small business development, by assisting 60 ICT enterprises, ranging from pre-revenue to stable, growth companies. Furthermore, our range of SME support will geographically expand into the Eden District region through the 'Garden Route IT Incubator' initiative, which focuses on replicating the best practice model of the metro-based Bandwidth Barn to other ICT nodes in the Province.

In 2013-2014, the core ICT programmatic areas include the following deliverables:

- Addressing the need for critical skills shortages experienced by major IT employers, through supporting the implementation of 5 customised skills projects, in partnership with academia and national skills agencies. For 2013/14 we will realise the training and placement of at least, 100 'new' highly skilled labour resources.
- R1,5 million in funding will be leveraged to co-fund projects and seed the start of new project concepts
- Through bespoke mentoring, coaching and infrastructure-based support, we will assist at least 60 ICT entrepreneurs and small to medium sized enterprises, ranging from firms that are pre-revenue to firms that have been trading for longer than 5 years and have business expansion or internationalisation as part of their core strategies
- The Department will continue to investigate the business needs amongst IT-user companies, extending our support services and incentives to firms in other vertical industries, including the retail, insurance and business services. While these firms are not in the IT sector per se, they do constitute the largest collective IT employer, with the 5 major firms accounting for at least 4000 IT skilled personnel, alone.
- Lobbying for the vertical alignment between the Province's ICT strategy and National's approach; with the view to advocating for ICT sectoral prioritisation in DTI's strategy for sector support, which currently does not include ICT or Software as a supported sector.

### **Agri-business and Food**

The Resource Beneficiation unit provides support services to the agribusiness sector with a view to meeting the Department's SO1 objective of strengthening the international competitiveness and to position the sector as a key contributor to economic growth and development.

The Resource Beneficiation Unit works across the whole industry but retains a focus that supports the industries that have potential to grow and contribute to job creation. As part of the Department's strategic planning process the Resource Beneficiation Unit has thus engaged in identifying criteria for prioritisation with key role-players across industry, including the Department of Agriculture. The sectors chosen for government support and intervention are based on an assessment of the opportunities and challenges influencing the sector's potential. Their selection was based on a number of criteria including the recognition that these sectors were identifiable industries in the Western Cape; are potentially internationally competitive; have the potential to create employment and offer opportunities for job creation. These sectors are:

- The agri and food processing sectors
- Honeybush and rooibos sectors (with an approach to add value to products that are largely exported in bulk), and a drive to establish a natural products initiative that will represent a far wider segment of the industry.
- Aqua-culture will continue to play an important role in the overall agri-strategy of the unit.

**The agri/ food processing sector** is the single largest sector within manufacturing in the Western Cape, accounting for more than 60,000 employees. The Department will continue to focus on improving the competitiveness of its firms through the Western Cape Fine Foods Initiative that now boasts more than 150 members. The key focus is to drive an aggressive upgrading and growth strategy through partnerships with the retailers. 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. These will assist 75 companies with regard to:

- Upgrading, Certification and Standards compliance
- Linkage support to access domestic and international markets
- Training and skills development
- Proving support to access to world class manufacturing facilities
- Access to incentives schemes from national, provincial and other funding agencies

**Aquaculture** is currently the fastest growing primary industry in the world, and Africa while well placed to be major player, has yet to capture its potential share of this booming industry. The Department will continue to pursue the development of the aquaculture sector and will focus on mariculture (sea fish farming), and specifically the development of the abalone, oyster and mussel subsectors in an effort to address unemployment and diversify the economy in the Western Cape. Key strategies will include:

1. The Aquaculture programme will focus on addressing specific issues hampering the growth of the sector and directly intervene in unlocking opportunities for 20 firms in the sector, and facilitate R50m of new investment into the sector. The programme will create a platform that would enable firms to access specific opportunities in the sector. The following broad areas of intervention have provisionally been identified:
  - Access to incentives and other funding (national and provincial)
  - Animal health and food certification Programs
  - Access to market and market intelligence
  - The location of suitable aquaculture sites
  - The facilitation of training and skills development
2. Focus on co-ordinating and aligning provincial and national departments, such as the DTI and DAFF to get recognition of the dynamics of the sector in the province and to ensure that the Western Cape receives its share of its focus and support.

### Strategic Initiatives

There is substantial research evidence pointing to the positive correlation between infrastructure development and long-term economic growth. In recognition of this, Strategic Initiatives has Cape Catalyst Initiative as its core focus. Cape Catalyst is an initiative that houses a set of demand-led infrastructure-orientated projects aimed at (a) significantly stimulating economic growth within the economy and within sectors specifically and (b) radically improving the competitiveness of the region to allow for increased exports, business growth and job opportunities. These infrastructure projects do not occur in isolation or in an economic policy vacuum but are contextualised within the broader sectoral and economic strategies of the Province. This ensures optimal utilisation of resources as the hard infrastructure projects are contextualised within a holistic set of strategies and ensures that the projects are demand-driven and sustainable.

The need for economic infrastructure projects undertaken by the Strategic Initiatives sub-programme arises primarily because of the following reasons:

- Lack of efficient regulatory processes
- Existing infrastructure is inadequate and/or inappropriate resulting in constraints in growth of companies and the monopolisation of limited infrastructure by dominant companies
- Synergic geographic clustering of activities and companies to maximise synergies and reduce costs of business
- To maximise the economic potential of existing infrastructure and assets in spatial locations
- The required infrastructure is considered to be a public good or a loss leader

There are currently seven projects which are in various stages within the project preparation phase, with the eighth still at the tentative stages of initiation. The Sub-Programme intends to move to implementation stage with at least two of these projects in the new financial year, should the investigations reveal that the projects are feasible and depending on budget availability and the necessary approvals.

**Western Cape Broadband Initiative:** The Western Cape Broadband Strategy and Implementation Plan aims at co-ordinating and integrating government action to improve the provision of telecommunication infrastructure, skills and usage within the Province. In 2013/14, the Province will be undertaking a short-term Provincial Wireless Access Network initiative which will provide connectivity to schools and government buildings as well as a National Treasury-guided due diligence and feasibility process for a Public-Private Partnership for the implementation of the holistic Broadband initiative

#### **WESTERN CAPE BROADBAND INITIATIVE (WCBBi):**

The Western Cape Broadband Strategy and Implementation Plan aims at co-ordinating and integrating government action to radically improve the provision of broadband infrastructure, skills and usage within the Province. The primary objectives of the WCBBi are to assist in achieving greater effectiveness and efficiencies in government service delivery in the province as well as foster greater economic growth in the region.

The WCBBi is made up of a suite of inter-dependent projects focusing on improving government connectivity and services; ensuring access for communities; developing last-mile models for connecting households; and supporting targeted industries that are highly dependent on broadband for their competitiveness. The realization of these projects will be achieved through a Public-Private Partnership (PPP) process. Because the Western Cape is likely not to see any immediate benefits for from the PPP which has a gestation period of four to five years, a set of shorter-term measures is being pursued via the development of a Provincial Wide Area Network (PWAN). This PWAN will provide wireless connectivity for schools, rural libraries and various government entities and allow for an incremental build-up of capacity, readiness and skills related to Broadband connectivity.

During the financial year 2012-2013, the WCBBi PPP was registered with National Treasury, the Transaction Advisor was appointed and the detailed feasibility studies and due diligence were initiated. With respect to the PWAN, after the Request for Information process was completed, the tender for the PWAN was issued and the evaluation of the bids conducted over December 2013 and January 2014. The Khayelitsha | Mitchell's Plain wireless project is being implemented by the City of Cape Town, who issued a tender for the feasibility analysis, where the WCG plays a supportive role to the City of Cape Town. Saldanha Municipality wireless mesh project is a joint project by the WCG and the municipality and the initial planning and analysis has been initiated to enable implementation in the municipality's new financial year.

2013/14 will see the completion of Phase 2 of the PPP Procurement Phase, the rollout of the PWAN implementation and the initiation of the Network Readiness Index (International benchmarking) which will enable the Province to benchmark and track the impact of improved Broadband on the economy and service delivery. The total cost of investment for the WCBBi is estimated at R4billion and the direct jobs by 2015-16 is estimated at 787 jobs (mainly attributed to the laying of fibre-optic cabling).

**Saldanha IDZ:** The development of a designated industrial area within the vicinity of the Port of Saldanha which includes a concentrated controlled area for a secure customs hub and a focal point for designated infrastructural spend and incentives. This project is jointly funded and supported by the dti and DEDAT. During the financial year of 2013/14, a transaction advisor will be contracted and process for appointing an IDZ operator will be initiated.

#### **SALDANHA BAY INDUSTRIAL DEVELOPMENT ZONE**

The Saldanha Bay Industrial Development Zone (SBIDZ) will be an Oil & Gas and Marine Repair engineering and logistics services complex, serving the needs of the upstream Exploration and Production service companies' operating in oil and gas fields in Sub Saharan Africa. The SBIDZ will include logistics, repairs & maintenance, and fabrication activities and the IDZ designation will afford the SBIDZ the ability to offer a contiguous customs-free area (i.e. a "free zone" – an internationally understood concept). The longer term impact of the completed IDZ is estimated at a cumulative GGP contribution of R173bn over a 20 year period with 7500 jobs to be sustained.

The year 2012 saw the establishment of the SBIDZ Licencing Company (SBIDZ LiCo) as the implementing vehicle of the SBIDZ. The LiCo is a subsidiary under Wesgro and as such, it is a public entity defined by the Public Finance Management Act 1. A final land agreement with the IDC reached an advanced stage in 2012/13 and support was obtained from Transnet with respect to quay-side access for the free port designation during the financial year in question. During 2013-14, construction of fencing, bulk infrastructure and possibly some industrial buildings (warehousing, etc.) will commence. It is expected that around 600 jobs will be created with accompanying investment potential of around R200million over the next two financial years.

**The Fringe: East City Design Precinct.** The creation of a premier African precinct for design innovation, creativity and entrepreneurship in the Fringe, the eastern part of the Central Business District of Cape Town, in order to showcase design excellence, incubate emerging talent and enable new innovations to develop. The Department will develop a Design Policy Framework and aims to implement one of the catalytic projects which comprise the Fringe.

**Port of Cape Town Precinct.** The establishment of a consensus Development Framework for the precinct of the City that surrounds and directly interacts with the Port of Cape Town. Following an agreed-upon common vision for the Port and surrounds, business cases will be developed during 2013/14 in order to determine the viability and sustainability of any infrastructure projects related to the vision.

**Health Technology Hub.** The establishment of a Western Cape Health Technology Park in the Pinelands/Oude Molen area. The park will facilitate the co-location of related organisations, all of which have innovation in the bio-tech and health technologies arena as core to their business. The project was initiated by the National Department of Science and Technology, who has funded the feasibility costs of the project. In the financial year under consideration, funding will be secured from National Government and land transfers will be concluded to allow for construction to be initiated.

**Expansion of the Cape Town International Convention Centre:** The expansion of the current international convention centre is aimed at broadening the current offering of the facilities to attract larger international events with additional income-generating facilities such as exhibitions. The impact will be to increase the number of business tourists visiting the region. For 2013/14, the first phases of the build project will commence.

#### **EXPANSION OF THE CAPE TOWN INTERNATIONAL CONVENTION CENTRE**

The Cape Town International Convention Centre SOC Ltd (CTICC), since its inception in the early 2000's, has achieved substantial benefits for the Cape Town and Western Cape economy and the tourism industry. Ranked 46th on the ICCA-ranking list of international convention destinations, the CTICC has hosted 3 734 events, contributed R16.8 billion to the economy and created 7 410 direct and indirect jobs. However, current operating capacity is at its maximum functional level and the entity is unable to accommodate all the spatial convex demand that currently exists. The CTICC therefore needs to expand its facilities in order to stage more and bigger events, offer more flexibility and allow for an increase in concurrent staging of various sizes of meetings, convention and exhibition type events. This Cape Catalyst project therefore entails the Western Cape Government support and co-funding of the second phase expansion of the Cape Town International Convention Centre (CTICC), together with the City of Cape Town.

**Air Access:** The creation for more direct air linkages between Cape Town and Africa to allow easy movement of people and goods and services to improve the region's market access. Following from the business case development in 2012/13 on three direct air routes, namely Angola, Nigeria and Ghana, the intention in 2013/14 is to select the appropriate destination and initiate negotiations with the relevant stakeholders for the establishment of a route(s).

**Western Cape Fishing Harbours:** The upgrading and development of the fishing harbours and surrounds in a co-ordinated 3-sphere government approach in order to develop sector growth and job opportunities in the fishing communities. 2013/14 will see the Department continue to improve co-ordination amongst the stakeholders and embark on a holistic economic plan in at least one of the harbours.

The anticipated outcome of implementation of the Cape Catalyst projects for the 2013/14 year is infrastructure investment of R80 million and 250 jobs, with the expectation that infrastructure investments will ramp up significantly in the outer MTEF years.



**10.4 SUB-PROGRAMME 3.1: TRADE AND INVESTMENT PROMOTION**

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

**10.4.1 Strategic objective annual targets for 2013/14**

<b>Strategic Objective (Outcome Indicator)</b>	<b>Audited / Actual Performance</b>			<b>Estimated performance</b>	<b>Medium-term Targets</b>		
	<b>2009/10</b>	<b>2010/11</b>	<b>2011/12</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>
Rand value of committed investment projects into the Western Cape	R1.047bn	R1.517bn	R1.241bn	R765m to R1.479bn	R787m to R1.552bn	R811m to R1.630bn	R 835m to R1.712bn
Number of jobs facilitated	923	325	1313	765 to 1479	788 to 1553	811 to 1630	835 to 1712

**10.4.2 Risk Management**

<b>STRATEGIC OBJECTIVE:</b> The stimulation, facilitation and increase of economic growth and opportunities through export and investment promotion and a strong economic regional brand	
<b>RISK STATEMENT</b>	<b>RISK MITIGATION STRATEGY/IES</b>
Inappropriate investments targeted/ identified due to limited economic data and misalignment of Wesgro's strategy to key stakeholders that may lead to insufficient employment growth and potentially negatively impact upon domestic firms.	That Wesgro and DEDAT review the economic data and investment trends on a quarterly basis, and that a strategic dialogue is held each quarterly that would inform Wesgro as to any changes in the strategy. Following the above strategic analysis and discussion, the Departments objectives will be relayed through to the Wesgro board.
Inability of Wesgro to impact on trade and investment promotion due to negative economic conditions.	That regular dialogue is maintained between DEDAT and Wesgro to ensure that the pipeline of trade and investment is positive, and that the strategy is flexible and responsive to the demands of the economy. This would require that the annual strategy is not cast in concrete, and that the board agrees that it can be adapted through the year, as and when required.

**10.4.3 Performance indicators and annual targets for 2013/14**

<b>Programme performance indicator (Output Indicator)</b>	<b>Audited/Actual performance</b>			<b>Estimated performance</b>	<b>Medium-term targets</b>			
	<b>2009/10</b>	<b>2010/11</b>	<b>2011/12</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>	
Sub-programme: Trade and Investment Promotion								
Sector Specific indicators								
<b>1.1</b>	Number of investments projects realised	15	6	10	10	12	14	15
<b>1.2</b>	Number of businesses assisted with exports	137	734	742	400	450	500	550
Provincial specific indicators								
<b>1.3</b>	Number of new investment projects in the pipeline	30	32	65	27	29	32	35
<b>1.4</b>	Number of strategic engagements with SDAs and Export Councils	-	-	11	20	14	15	16

## 10.4.4 Quarterly targets for 2013/14

Performance indicator	Reporting period	Annual target 2013/14	Quarterly targets				
			1st	2nd	3rd	4th	
Sub-programme: Trade and Investment Promotion							
Sector Specific indicators							
1.1	Number of investment projects realised	Quarterly	12	3	3	3	3
1.2	Number of businesses assisted with exports	Quarterly	450	50	120	130	150
Provincial specific indicators							
1.3	Number of new investment projects in the pipeline	Quarterly	29	5	10	5	9
1.4	Number of strategic engagements with SDAs and Export Councils	Quarterly	14	3	3	4	4

## 10.5 SUB-PROGRAMME 3.2 SECTOR DEVELOPMENT

<b>Strategic Objective</b>	To support and develop economic sectors as a key contributor towards the achievement of maximising economic opportunities, sustainability and growth.
<b>Objective statement</b>	To develop and grow businesses in prioritised sectors to facilitate and sustain 27,377 jobs, attract R30.450 billion worth trade and investment into targeted industries, leverage R266-million from stakeholders by 2015.
<b>Baseline</b>	No of jobs facilitated/sustained = 0 No of businesses expanded = 0 Value of funding/support leveraged = R29.2-million Value of investment and trade = R100-million
<b>Justification</b>	<p>Stimulating and supporting the development of sectors will be achieved through a range of initiatives targeting existing businesses within the relevant sector, and potential entrepreneurs and employees entering the industry. The initiatives will increase global competitiveness of enterprises operating within the sector, and facilitate demand access opportunities to facilitate the sustainability and growth of firms and employees within the affected firms. The expansion of firms will then also contribute towards above-average growth in the economy. The range of interventions offered to firms have a common purpose, namely to increase the number of sustainable jobs, to increase the expansion of firms, and to increase the number of new firms within the sector.</p> <p>The interventions will differ in intensity, priority and content, depending on the unique needs of the sector, and will (1) help established firms to help new suppliers come into existence and to help other suppliers expand through procuring preferentially, (2) offer supply-side assistance to increasing firms' capacity to take advantage of demand-side measures; (3) offer benchmarking services; (4) offer innovation and technology services; (5) increase the skills of targeted firms' management and employees; (6) facilitate sector development through keeping firms well informed about developments in their sectors; (7) increase the skills and experience of members of the workforce to increase their capacity to fill "skills gap" vacancies; (8) increase the skills and experience of low-skilled individuals to assist them to compete for employment effectively; (9) offer advice and services in all localities; (10) offer advice and services in localities in which per capita GRP is low; and/or (11) implement transformation programmes.</p>
<b>Links</b>	Developing and assisting sector development are key objectives in the National Industrial Action Plan, Strategic Objective one and the Micro Economic Development Strategy in order to transform the economy and achieve above average growth.

## 10.5.1 Strategic objective annual targets for 2013/14

Strategic Objective (Outcome Indicator)	Audited / Actual Performance			Estimated performance	Medium-term Targets		
	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Value of funding/ support leveraged	R11,6m	R27m	R29,4m	R16,2m	R14,6m	R16,5m	R18,2m
Value of trade and investments facilitated	R704m	R780m	R1,8bn	R1,2bn	R2,2bn	R5,7bn	R7,3bn
Number of jobs facilitated	1570	3900	4245	6450	4600	6100	10600
Number of business expanded	-	-	-	170	165	234	277

## 10.5.2 Risk Management

STRATEGIC 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
<p>The ability of the implementing agents to deliver on their mandate could be hampered due to internal factors, such as corporate governance failure, which negatively impacts on the growth &amp; expansion of the sectors.</p>	<p>SMS members from the Department act as ex-officio members of the implementing agent (serve on board of SPV to protect Departmental interests), and can respond rapidly to problem areas emerging through the implementing agency</p> <p>Allocations to implementing agents are split into two or more tranche and are dependent on delivery.</p> <p>The Department reserves the right within the MOU to withhold funds, in the event of non-performance or corporate governance challenges.</p> <p>Regarding long term commitment, allocations across the programme are allocated across the MTEF period, and its strategic objectives are outlined in 5-year plans.</p> <p>Corporate Governance review (completed 31 March 2013)</p> <p>The MOU has been reviewed and strengthened to ensure that non-compliance, or the collapse of an entity protects the Department</p> <p>Annual monitoring &amp; evaluation of SPV's</p> <p>Joint strategic planning to ensure alignment of objectives between the department and implementing agents</p> <p>Longer budget horizons (3 year SLA, MOUs) with implementing agents Ensure officials play a significant role in the HR committees of the SPVs and entities, and particularly in the appointment of the CEOs.</p>
<p>Beneficiary firms are discontinuing their involvement in the programme due to changing economic conditions which leads to changing priorities and could result in non-achievement of APP targets.</p>	<p>Close cooperation between TSD, SPV's and beneficiary firms (Early warning system in the event of external crisis)</p> <p>Ensure mid-term review of progress, and review of the impacting factors.</p> <p>DTM quarterly review key economic data (PERO, MT-BPS, MERO) that may have an impact on key sectoral growth.</p>

**10.5.3 Performance indicators and annual targets for 2013/14**

Programme performance indicator (Output Indicator)		Audited/Actual performance			Estimated performance	Medium-term targets		
		2009/10	2010/11	2011/12		2012/13	2013/14	2014/15
Sub-programme: Sector Development								
Sector Specific indicators								
1.1	Number of people trained	600	448	38	330	100	100	100
1.2	Number of businesses assisted with proactive interventions	831	70	Achievements against this indicator was reported in Programme 2	445	465	555	730
Provincial specific indicators								
1.3	Number of trade and investment projects realised	-	-	17	10	10	11	13
1.5	Number of funding proposals submitted	-	-	-	-	30	41	49
1.6	Number of strategic projects developed	-	-	-	-	5	5	5

**10.5.4 Quarterly targets for 2013/14**

Performance indicator		Reporting period	Annual target 2013/14	Quarterly targets			
				1st	2nd	3rd	4th
Sub-programme: Sector Development							
Sector Specific indicators							
1.1	Number of people trained	Quarterly	100	25	25	25	25
1.2	Number of businesses assisted with proactive interventions	Quarterly	465	65	175	100	125
Provincial specific indicators							
1.3	Number of trade and investment projects realised	Annual	10	-	-	-	10
1.4	Number of funding proposals submitted	Quarterly	30	-	4	4	22
1.5	Number of strategic projects developed	Annual	5	-	-	-	5

## 10.6 SUB-PROGRAMME 3.3 STRATEGIC INITIATIVES

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

## 10.6.1 Strategic objective annual targets for 2013/14

Strategic Objective (Outcome Indicator)	Audited / Actual Performance			Estimated performance	Medium-term Targets		
	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Number of job facilitated/sustained	-	-	-	-	250	1000	2000
Value of infrastructure investment	-	-	-	-	R80m	R820m	R800m

## 10.6.2 Risk Management

<b>STRATEGIC OBJECTIVE:</b> Grow and develop the provincial economy and facilitate economic opportunities through development of strategically competitive and/or infrastructural initiatives, and develop an economic brand for the province	
RISK STATEMENT	RISK MITIGATION STRATEGY/IES
Limited control over provincial infrastructure development due to mandates and responsibilities vested elsewhere which results in limited ability to direct the actual economic impact derived from infrastructure investment.	<p>Established EISG that will facilitate alignment between the various infrastructure stakeholders</p> <p>A multi-stakeholder steering committee/forum for each project to ensure buy-in and support from relevant partners Participation in the infrastructure working group</p> <p>Development of an economic infrastructure strategic framework</p> <p>Provision of support to other stakeholders through the project preparation phase</p>
The ability to appoint appropriate and sufficient staff timeously is hampered due to CSC's limited capacity and the time consuming provincial HR and OD policies which affects the unit's ability to support and advance project development and implementation	<p>Establish a unit to perform certain tasks of HR</p> <p>Outsourcing functions (eg. Consultants) i.e. procurement route</p> <p>SLA between department and CSC/HR (to manage the service)</p> <p>Lobbying and continuous communication with higher levels and HR</p> <p>Revise SLA between department and CSC (e.g. turnaround times)</p> <p>Lobby for revision of HR policies and reduce red tape</p> <p>Monitoring mechanism for SLA via DTM</p>

**10.6.3 Performance indicators and annual targets for 2013/14**

Programme performance indicator (Output Indicator)		Audited/Actual performance			Estimated performance	Medium-term targets		
		2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Sub-programme: Strategic Initiatives								
Sector Specific indicators								
1.1	Number of people trained	-	-	-	-	-	-	-
1.1	Number of infrastructure projects supported	5	5	10	6	8	8	8

**10.6.4 Quarterly targets for 2013/14**

Performance indicator		Reporting period	Annual target 2013/14	Quarterly targets			
				1st	2nd	3rd	4th
Sub-programme: Strategic Initiatives							
Sector Specific indicators							
1.1	Number of people trained	-	-	-	-	-	-
1.2	Number of infrastructure projects supported	Annual	8	-	-	-	8

**10.7 RECONCILING PERFORMANCE TARGETS WITH THE BUDGET AND MTEF****10.7.1 Expenditure estimates**

Sub-programme	Audited			Main appropriation	Ad-justed appropriation	Revised estimate	Medium-term estimate		
	R' 000	2009/10	2010/11				2011/12	2012/13	2012/13
1. Trade and Investment Promotion	16 650	15 000	14 956	18 500	18 500	18 500	<b>18 864</b>	19 235	20 120
2. Sector Development	26 693	33 609	35 577	44 810	44 670	44 670	<b>46 095</b>	47 306	48 090
3. Strategic Initiatives	3 239	4 000	16 183	31 045	38 796	38 796	<b>78 826</b>	61 899	63 500
4. Management: Trade and Industry Development	4 239	1 828	1 821	1 303	1 303	1 303	<b>1 521</b>	1 600	1 677
<b>Total payments</b>	50 821	54 437	68 537	95 658	103 269	103 269	<b>145 306</b>	130 040	133 387
Economic classification									
<b>Current payments</b>	10 695	12 853	23 776	41 579	45 359	43 124	<b>85 348</b>	69 564	71 747
Compensation of employees	6 971	10 238	12 466	17 124	17 759	17 759	<b>18 809</b>	19 845	20 916
Goods and services	3 724	2 614	11 309	24 455	27 600	25 365	<b>66 539</b>	49 719	50 831
Interest and rent on land		1	1						
<b>Transfers and subsidies</b>	39 989	41 367	44 557	53 879	57 710	59 947	<b>59 008</b>	59 664	60 805
Provinces and municipalities									
Departmental agencies and accounts	19 325	15 000	14 956	22 000	22 000	22 000	<b>24 144</b>	24 800	25 941
Universities and technicians									
Foreign governments and international organisations									



Sub-programme	Audited			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimate			
	R' 000	2009/10	2010/11				2011/12	2012/13	2012/13	2012/13
Public corporations and private enterprises	1 000									
Non-profit institutions	19 664	26 360	29 601	31 879	35 707	37 944	<b>34 864</b>	34 864	34 864	
Households		7			3	3				
<b>Payments for capital assets</b>	137	217	204	200	200	198	<b>950</b>	812	835	
Machinery and equipment	137	104	204	200	200	198	<b>950</b>	812	835	
Heritage assets										
Specialised military assets										
Biological assets										
Land and subsoil assets										
Software and other intangible assets		113								
<b>Payments for financial assets</b>										
<b>Total economic classification</b>	50 821	54 437	68 537	95 658	103 269	103 269	<b>145 306</b>	130 040	133 387	

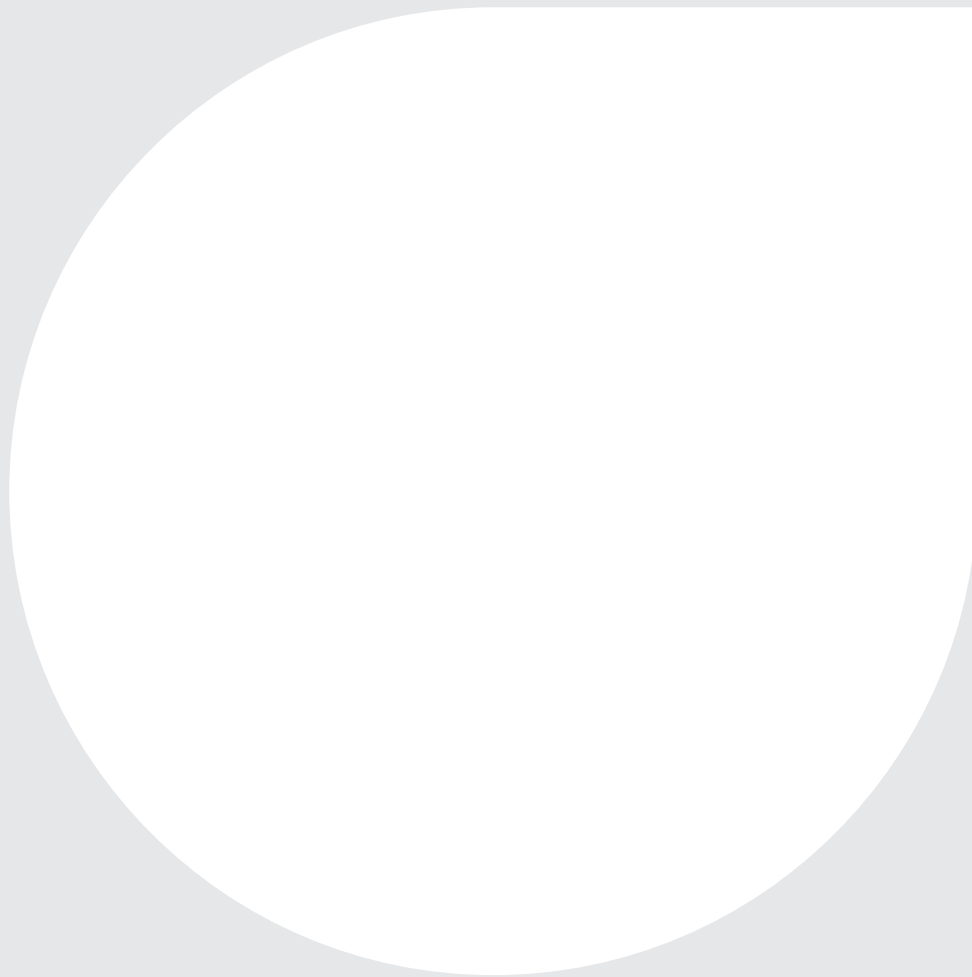
### 10.7.2 Performance and expenditure trends

The interventions into the Green Economy is seen as essential to the continued growth of the Western cape economy. It is expected that through our interventions into this sector, that the dependence on carbon based fuels will be supplemented by more environmentally friendly energy sources which will assist in the drive to make this Province a world class business destination.

In addition, the boat-building sector will receive no-further funding; while the furniture sector will be allocated a final tranche for the year to enable the SPV to deliver a DTI funded skills and competitiveness programme that will be completed by the end of the 2013/14 year.

During the 2013/14 year, the Department will support eight Cape Catalyst projects, each with a set of be-spoke sub-projects. The project preparation phase of the Cape Catalyst interventions tends to follow a set course of investigations and studies, specially nuanced according to the unique characteristics of each projects. Because the nature of the projects require substantial co-ordination of stakeholders, the development of the projects is responsive to the inputs and value-add of other partners involved in the interventions. Furthermore, the bulk of projects require extensive use of service providers which means that the Department utilizes rigorous supply-chain management processes in the development of pre-feasibility and feasibility studies. This results in the bulk of the expenditure occurring towards the end of the financial year, as reflected in the expenditure trends of 2013/14.





## **PROGRAMME 4:**

Business Regulation and Governance

## 11 PROGRAMME 4: BUSINESS REGULATION AND GOVERNANCE

### 11.1 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.

### 11.2 Programme structure

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

### 11.3 Performance 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. With regards to business licencing matters the programme will primarily be responsible for evaluating appeals submitted by unsuccessful licence applicants and submitting recommendations thereon to the Executive Authority. In addition, since the Western Cape Liquor Authority is now a fully-fledged independent authority the oversight role from a departmental perspective will be housed within the Regulatory Services division. 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 licencing Administration Unit will administer all liquor applications in the Western Cape for consideration by the Liquor Licencing tribunal. The Liquor Licencing tribunal will adjudicate all liquor licence applications. The appeal tribunal adjudicates appeals for the review of decisions by the liquor licencing 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.

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 Business 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. An unfair business practice is defined in the legislation as:

A business practice which, directly or indirectly, has or is likely to have the effect of-

- (a) harming the relations between businesses and consumers;
- (b) unreasonably prejudicing any consumer;
- (c) deceiving any consumer;
- (d) unfairly affecting any consumer; or
- (e) unfairly discriminating against any consumer on the basis of race, gender, sex, pregnancy, marital status, ethnic or social origin, colour, sexual orientation, age, disability, religion, conscience, belief, culture, language or birth".

From the abovementioned definition 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 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 per-

formed 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. For the reasons set out above, and to give effect to the international law obligations of the Republic, it was deemed necessary to on a national level establish a statutory framework that:

- promotes and protects the economic interests of consumers;
- improves access to, and the quality of, information that is necessary so that consumers are able to make informed choices according to their individual wishes and needs;
- protects consumers from hazards to their well-being and safety;
- develop effective means of redress for consumers;
- promotes and provides for consumer education, including education concerning the social and economic effects of consumer choices;
- facilitate the freedom of consumers to associate and form groups to advocate and promote their common interests; and
- promotes consumer participation in decision-making processes concerning the market place and the interests of consumers.

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. Research conducted in the United Kingdom has also shown that reputation within the community in which a business operates can encourage businesses to choose to go beyond compliance. The avoidance of adverse publicity was also noted as important to those included in the aforementioned research and the publication of customer service performance indicators and infringements was effective for driving compliance because of public pressure. 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. The importance of reputation and good customer service in the current economic climate must therefore be seen as significant. It implies that for many businesses there is an intuitive acceptance and understanding that treating the consumer fairly is good for business, and that consumer protection laws are largely aligned with good business practice. This seems to be the case even for businesses where little is known about the detail of consumer protection law requirements. 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. In addition, the service delivery mechanisms of the OCP will furthermore contribute towards the provincial objective of creating the best run regional government in the world. 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 PSO 1 and specifically the focus area of "creating an enabling environment" will be achieved.

In light of the abovementioned objectives which have been identified the Programme will now set upon a course which is aimed at ensuring that an effective and positive contribution will be made towards the achievement of the departmental outcomes. In this regard the programme has identified the following strategies that will be embarked upon during the 2013/2014 financial year within its various sub programmes:

**The enhancement of systems and procedures in respect of business regulatory:**

The enabling business environment comprises all relevant economic, political, social, regulatory and international factors external to firms in the Western Cape. The Regulatory Services unit will therefore primarily be responsible for the evaluation of business licence application appeals that are submitted to the Provincial Minister. In terms of the current provisions of the Businesses Act, a municipality with jurisdiction in a particular area is designated as the authority responsible for approving or rejecting a business licence application. The legislation furthermore states that the provincial Minister responsible for Economic Development is authorised to act as the appeal authority in appeal matters. The Regulatory Services unit will therefore be responsible for supervising and managing the business licence appeals process which would also include providing the Minister with strategic advice, if required. In addition to the aforementioned mandate the oversight function relating to the recently established Western Cape Liquor Authority will also be vested within the Regulatory Services Division. This mandate will therefore amongst others include the monitoring and evaluation of the performance of the Authority with the legislative precepts as enshrined in the Western Cape Liquor Act and any other departmental objectives set for the Authority.

**Office of the Consumer Protector**

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

2008, places a strong emphasis on the need for effective partnerships between government and other role players in the consumer protection arena and as such continued engagements in this regard will be done. The partnerships between government (local/provincial and national), academia, business and civil society that have been built over the past few years will now be strengthened in the upcoming financial year.

In terms of the 2013/2014 financial year the OCP will be focussing on the implementation of its statutory mandate and obligations as prescribed in the Western Cape Consumer Affairs (Unfair Business Practices) Act, 2002 (Act 10 of 2002). This will entail that the OCP will primarily focus on the following outcome indicators which are directly linked to the fulfilment of its statutory obligations:

**1: Awareness levels:** The need to enhance the levels of awareness amongst consumers about the issue of rights and obligations is deemed to be of critical importance. It is the OCP's intention to ensure that it serves as the bastion of last resort in consumer disputes. As such, the need to ensure that more consumers are capacitated to tackle disputes adequately through the various mechanisms in place either within the industry, sector or business becomes important. The approach will therefore be one of providing accessible, easy and effective information to consumers so as to enable them to be aware of their consumer rights and also to ensure that they have the requisite knowledge to address any disputes. The output indicators are therefore all aligned with the intention of securing the projected outcome indicators.

**2: Number of strategic consumer partnerships established:** The utilisation of effective consumer protection partnerships on a local, provincial and national level is acknowledged as being important. This is especially at a time when limited budgets and financial resources could have an impact on the scale, scope and type of interventions that are required to address various issues within the consumer protection environment. The leveraging of support and cooperation from other stakeholders therefore becomes an added and extra benefit to the OCP especially since this allows for the enhanced exposure and reach of the office without the concomitant financial obligations attached to this being present.

**3: Monetary value saving to consumers:** This specific outcome indicator is specifically implemented so as to measure the impact of the OCP as far as resolving disputes is concerned. In terms of this indicator the value of the savings accruing to the consumer due to the OCP's assistance is recorded. This therefore represents a tangible illustration of the value adds of the OCP's intervention in consumer disputes. This specific indicator is therefore directly linked to the output's relating to complaints received and resolved.

**4: Percentage of consumers indicating satisfaction with the level and standard of service provided by OCP.** The effectiveness of any regulatory institution is a matter that must be measured especially since this will provide an indication if the institution is on the correct path or if certain refinements need to be implemented. As such this specific indicator was introduced so as to predominantly assess the effectiveness of the unit.

**11.5 SUB-PROGRAMME 4.1 REGULATION SERVICES**

<b>Strategic Objective</b>	An effective provincial trading environment facilitated through the effective finalisation of business licence appeals within the prescribed period.
<b>Objective statement</b>	To ensure that a total of 10 appeals are concluded over the next 5 years.
<b>Baseline</b>	4 legislative assessments completed and 2 business licence appeals concluded
<b>Justification</b>	The South African, and by extension, the Western Cape, trading environment is often assessed as being restrictive, cumbersome and unfriendly to entrepreneurs and investors. The need therefore exists to remove regulatory and compliance barriers and renders the provincial trading environment more conducive for entrepreneurs and investors. This will ultimately increase the ease of establishing and operating businesses in the Province and lead to higher levels of investment, This, in turn, will lead to job creation and business growth.
<b>Links</b>	Creating opportunities for growth and jobs through maintaining an enabling environment for business and to provide demand-led, private sector driven support for growth sectors, industries and businesses (Strategic Objective 1).

**11.5.1 Strategic objective annual targets for 2013/14**

<b>Strategic Objective (Outcome Indicator)</b>	<b>Audited / Actual Performance</b>			<b>Estimated performance</b>	<b>Medium-term Targets</b>		
	<b>2009/10</b>	<b>2010/11</b>	<b>2011/12</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>
Number of Business licence appeals evaluated and recommendations issued.	-	-	-	-	2	3	4

**11.5.2 Risk Management**

<b>STRATEGIC OBJECTIVE:</b> An effective provincial trading environment facilitated through the effective finalisation of business licence appeals within the prescribed period.	
<b>RISK STATEMENT</b>	<b>RISK MITIGATION STRATEGY/IES</b>
Lack of control which the department has over the number, type & scope of business license appeals submitted due to legislative prescripts & the decisions made by businesses to pursue an appeal could impact on the unit's ability to meet their appeal targets.	<p>The department will embark on a coordinated awareness campaign with:</p> <ul style="list-style-type: none"> <li>• National department (DTI)</li> <li>• Municipalities; and</li> <li>• business</li> </ul> <p><b>Aim:</b> To amend the current legislation and to ensure that the level of awareness regarding the rights of applicants (businesses) is enhanced as far as licence applications and the right to appeal is concerned.</p>



**11.5.3 Performance indicators and annual targets for 2013/14**

Programme performance indicator (Output Indicator)		Audited/Actual performance			Estimated performance	Medium-term targets		
		2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Sub-programme: Regulation Services								
Sector Specific indicators								
1.1	Number of barriers identified	1	-	-	2	-	-	-
1.2	Number of barriers addressed	1	1	-	2	-	-	-
Provincial specific indicators								
1.3	Number of business licence appeal recommendations provided	-	-	-	-	2	5	10
1.4	Number of quarterly performance reports submitted by the WCLA	-	-	-	-	4	4	4

**11.5.4 Quarterly targets for 2013/14**

Performance indicator		Reporting period	Annual target 2013/14	Quarterly targets			
				1st	2nd	3rd	4th
Sub-programme: Regulation Services							
Sector Specific indicators							
1.1	Number of barriers identified	-	-	-	-	-	-
1.2	Number of barriers addressed	-	-	-	-	-	-
Provincial specific indicators							
1.3	Number of business licence appeal recommendations provided	Annual	2	-	-	-	2
1.4	Number of quarterly reports submitted by the WCLA	Quarterly	4	1	1	1	1

## 11.6 SUB-PROGRAMME 4.2 CONSUMER PROTECTION

<b>Strategic Objective</b>	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
<b>Objective statement</b>	Through various education and awareness initiatives ensure that over the next 5 years at least 60% of public in the Province are aware of the OCP and services it offers and the establishment of 25 Consumer NGO's partnerships. In respect of OCP assistance over the next 5 years save consumers at least R10m through successful complaints resolution.
<b>Baseline</b>	Low levels of awareness, where only approximately 3 in 10 consumers are aware of basic consumer rights.
<b>Justification</b>	Low levels of consumer rights awareness, coupled with non-existing and inadequate complaints management and resolution mechanisms in the past lead to exploitation and often severe economic hardship for the consumers involved. Even with the availability, in recent years, of sophisticated, easily accessible complaints resolution mechanisms, consumers continue to be exploited and lose their hard-earned cash through unfair business practices and fraud. This is especially true of vulnerable consumers.
<b>Links</b>	Consumer rights awareness and availability of resolution and enforcement mechanisms will reduce exploitation of consumers and contribute to their economic well-being. Consumer education and the availability of easily accessible complaints resolution mechanisms are key objectives of the Consumer Protection Act, 2008.

## 11.6.1 Strategic objective annual targets for 2013/14

Strategic Objective (Outcome Indicator)	Audited / Actual Performance			Estimated performance	Medium-term Targets		
	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Increased awareness levels amongst Western Cape citizens regarding the OCP & its service offerings	-	-	14%: (Sample size of 2559 consumers)	15% (Sample size of 3000 consumers)	16% (Sample size of 3000 consumers)	20% (Sample size of 3000 consumers)	30% (Sample size of 3000 consumers)
Number of strategic consumer NGO partnerships established	6	-	20	20	25	30	35
Monetary value saving to consumers	R500 000	R1m	R2.9m	R3 m	R4 m	R5m	R6m
Percentage of consumers indicating satisfaction with the level and standard of service provided by OCP	-	-	51%; (Sample survey of 400 consumers)	50% (Sample size of 1000 consumers)	54% (Sample size of 1500 consumers)	60% (Sample size of 1500 consumers)	65% (Sample size of 1500 consumers)

**11.6.2 Risk Management**

<b>STRATEGIC OBJECTIVE:</b> 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	
<b>RISK STATEMENT</b>	<b>RISK MITIGATION STRATEGY/IES</b>
<p>The failure to effectively operationalise the Consumer Protection Act within the province due to statutory defects not being attended to by national government and the National Consumer Commission resulting in the non-resolution of citizen queries which impacts negatively on service standards and brand reputation.</p>	<p>Establishment of a Standing Advisory Committee to the Consumer Protection Act by the National Commissioner.</p> <p>Quarterly engagements/meetings between provinces.</p> <p>Establishment of strategic partnerships with regulatory authorities and industry bodies within consumer Protection environment.</p> <p>Regular reporting to the National Consumer Commission on performance related matters;</p> <p>Position paper to be developed by the provincial office on statutory defects requiring amendment.</p> <p>Position paper to be escalated to the National Minister (DTI) and the MEC.</p>
<p>Lack of control which the department has over the consumer protection and business regulatory environment due to the issue of constitutional mandate 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>	<p>High level provincial and national Ministerial engagements on policy initiatives;</p> <p>Provision of reports to national government on proposed initiatives; lobbying with industry and other stakeholders</p> <p>Escalation of issues to Premier-Presidents Coordinating Council</p>
<p>The inability of the Office of the Consumer Protector to comply with its statutory obligations relating to complaints resolution due to the inappropriate post gradings in order to attract required level of skill which impacts negatively on service delivery standards and brand reputation.</p>	<p>Appointment of a legally qualified project manager to supervise case advisors and their complaints.</p> <p>Appointment of a legally qualified official to manage the operations of the consumer tribunal.</p> <p>Implementation of a case allocation/assessment committee</p> <p>Implementation of a case closure committee</p> <p>Director assuming investigation and case resolution function.</p> <p>Capacity building initiatives with current staff to enhance skills</p> <p>Organisational Design (OD) evaluation to investigate the current structure in light of drastic increase in case numbers.</p> <p>Increase number of legally qualified personnel</p> <p>Enhance cooperation with National Consumer Commission case management division</p> <p>Support ADR Project</p> <p>Strategic partnership development with regulatory and industry body associations to assist with case resolutions.</p>

**11.6.3 Performance indicators and annual targets for 2013/14**

Programme performance indicator (Output Indicator)		Audited/Actual performance			Estimated performance	Medium-term targets		
		2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Sub-programme: Consumer Protection								
Sector Specific indicators								
1.1	Number of consumer education workshops/information programmes conducted	128	146	203	200	220	230	250
1.2	Number of complaints received	7051	14204	14 179	12 000	12 000	9500	9500
1.3	Number of complaints resolved	3073	6997	8728	9 000	9000	7000	7000
Provincial specific indicators								
1.4	Number of consumer protection information sheets/booklets developed and distributed to citizens and business	-	-	-	10	12	20	25
1.5	Number of financial literacy workshops conducted	35	52	100	60	60	70	80
1.6	Number of attendees at financial literacy workshops	-	-	4069	1000	1800	2100	2400

## 11.6.4 Quarterly targets for 2012/13

Performance indicator	Reporting period	Annual target 2013/14	Quarterly targets				
			1st	2nd	3rd	4th	
Sub-programme: Consumer Protection							
Sector Specific indicators							
1.1	Number of consumer education workshops/information programmes conducted	Quarterly	220	70	70	40	40
1.2	Number of complaints received	Quarterly	12 000	3000	3000	3000	3000
1.3	Number of complaints resolved	Quarterly	9 000	2 000	2500	1 500	3 000
Provincial specific indicators							
1.4	Number of consumer protection information sheets/booklets developed and distributed to citizens and business	Quarterly	12	2	3	3	4
1.5	Number of financial literacy workshops conducted	Quarterly	60	20	10	10	20
1.6	Number of attendees at financial literacy workshops	Quarterly	1 800	600	400	400	400

**11.7 SUB-PROGRAMME 4.3 LIQUOR REGULATION**

<b>Strategic Objective</b>	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.
<b>Objective statement</b>	To facilitate community participation in respect of all applications for liquor licences, and facilitate at least 118 560 jobs through licensing of half the currently unlicensed but already operating outlets, as well as newly established outlets, and sustain at least 14 040 jobs through annual renewal of licences. Ensure that all licensed premises are inspected at least once a year. Reduce the negative socio-economic impact of the industry by raising public awareness of liquor-related harms through initiatives that reach at least 70% people through mass media messages, and contribute to the transformation of the liquor industry by reducing the ratio of unlicensed to licensed premises from 3:1 to 2:1 and increasing HDI ownership from 12% to 20%. (7400 current licenses)
<b>Baseline</b>	Public participation occurs in respect of only approximately 60% of applications for liquor licences. Between 600 and 800 new licences have been approved and issued annually over the past 3 years, facilitating job creation at an average rate of 5.2 jobs per outlet. 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.
<b>Justification</b>	Liquor is a potentially harmful substance that is said to cost the Western Cape economy in excess of R3bn annually and brings to bear severe negative socio-economic effects on the population of the Province. It is therefore imperative that public participation in the regulation of the product is maximised to curtail these negative effects.  Despite its negative consequences, the liquor industry, with impacts in the tourism and leisure industries, is a major contributor to the provincial economy, said to generate revenue in excess of R4bn per annum, creating and sustaining thousands of jobs annually.  However, the industry remains largely untransformed in terms of ownership and the number of licences issued, and needs to become more inclusive in accordance with the PGWC's objective of inclusive economic development.
<b>Links</b>	Increased community participation and more public awareness of liquor harms will promote the allocation of licences in accordance with community sentiment, reduce the above-mentioned negative socio-economic effects and contribute to the wealth and economic growth of the people and the Province as the economic burden of liquor abuse is reduced, while facilitation of entry into the industry for HDIs will make the industry more inclusive and contribute to the economic growth and prosperity of those entrants.

**11.7.1 Strategic objective annual targets for 2013/14**

<b>Strategic Objective (Outcome Indicator)</b>	<b>Audited / Actual Performance</b>			<b>Estimated performance</b>	<b>Medium-term Targets</b>		
	<b>2009/10</b>	<b>2010/11</b>	<b>2011/12</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>
Percentage of liquor outlets licensed	27%	6.75%	30% (baseline: 28 000)	32.6% (baseline: 26 000)	32.5% (baseline: 26 000)	35% (baseline: 24 000)	36% (baseline: 24 000)

## 11.7.2 Risk Management

<b>STRATEGIC OBJECTIVE:</b> 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. .	
<b>RISK STATEMENT</b>	<b>RISK MITIGATION STRATEGY/IES</b>
The new Act, coupled with a relatively new Liquor Licencing Tribunal (LLT) can lead to misinterpretation due to a lack of information by the LLT which will impact on the entity's ability to regulate the liquor licencing environment.	Ensure that checklists used by the Administrative staff and the Inspectorate are as comprehensive as possible and any additional information required is provided timeously.
Unrealistic expectations created by public figures which impact on the credibility of the WCLA to deliver on its mandate.	Advertising and marketing campaigns to the public with regard to the WCLA's mandate.
Lack of trust in the regulatory organ due to the lack of knowledge and participation of all stakeholders which may lead to the inability to effectively regulate the liquor licencing environment in the Western Cape.	Ensure the participation of all stakeholders and work in an open and transparent manner. Formally advocate the principle of redress at meetings with stakeholders.
The lack of a culture and mechanisms for inter - governmental and inter - departmental interaction to address the alcohol problem in the Western Cape leads to ineffective regulation of liquor.	Host Provincial Liquor conferences to inform a coherent approach to the alcohol problem and derive benefits from intergovernmental relations. Engage with spheres of government and departments on all levels.
Inadequate monitoring of liquor outlets due to the large number of outlets and limited WCLA staff, especially the number of inspectors and the limited powers bestowed on them, which will impact on the WCLA's ability to regulate licence outlets.	Annual inspections are conducted in accordance with an inspection plan which is compiled geographically to address outlets logically. Secure assistance from central and local government agencies with regard to inspections. Change legislation and training to inspectors to ensure they are equipped to perform the function expected from them.
Backlogs in respect of liquor licence application administration due to a large number of applications received prior to 1 April 2012. This may lead to applications not being evaluated within an acceptable time.	Planning. Considering the applications by geographical area. Adopting and implementing a procedure and system to address the backlog systematically.
Inadequate IT systems and support due to incompatibility to new act which may lead to bottlenecks and misadministration of liquor licences.	Redesigning C-Mats to cater for new act. Analyse the IT requirements and address it. Compilation of user requirements (SOPs).
The current staff of the WCLA is all seconded, their perception of not being attached to the WCLA has a negative impact on performance and commitment. In a start-up phase the lack of staff and commitment may impact on the performance of the WCLA.	Appoint of permanent staff in the available posts as soon as possible. Training, change management and development of staff.

**11.7.3 Performance indicators and annual targets for 2013/14**

Programme performance indicator (Output Indicator)		Audited/Actual performance			Estimated performance	Medium-term targets		
		2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Sub-programme: Liquor Regulation								
Sector Specific indicators								
1.1	Number of applications received	2 200	1 965	2 456	1 500	1 500	1 500	1 500
1.2	Number of licences issued	800	519	1 172	500	500	500	500
1.3	Number of awareness programmes conducted	200	72	103	100	100	100	100
1.4	Number of people reached through awareness programmes	2 000 000	889	1 695	800	800	800	800
1.5	Number of inspections conducted	1 000	795	2 306	2 000	2 000	2 000	2 000
1.6	Number of social responsibility programmes conducted	-	-	-	-	-	-	-

**11.7.4 Quarterly targets for 2013/14**

Performance indicator		Reporting period	Annual target 2013/14	Quarterly targets			
				1st	2nd	3rd	4th
Sub-programme: Liquor Regulation							
Sector Specific indicators							
1.1	Number of applications received	Quarterly	1 500	375	375	375	375
1.2	Number of licences issued	Quarterly	500	125	125	125	125
1.3	Number of awareness programmes conducted	Quarterly	100	25	25	25	25
1.4	Number of people reached through awareness programmes	Quarterly	800	200	200	200	200
1.5	Number of inspections conducted	Quarterly	2 000	500	500	500	500
1.6	Number of social responsibility programmes conducted	-	-	-	-	-	-



**11.8 RECONCILING PERFORMANCE TARGETS WITH THE BUDGET AND MTEF****11.8.1 Expenditure estimates**

Sub-programme	Audited			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimate			
	R' 000	2009/10	2010/11				2011/12	2012/13	2012/13	2012/13
1. Governance										
2. Regulation Services										
3. Consumer Protection	10 598	8 734	9 688	9 381	9 771	9 771	<b>10 672</b>	10 984	11 600	
4. Liquor Regulation	9 245	7 299	9 333	15 023	24 761	24 761	<b>31 548</b>	33 584	36 620	
<b>Total payments and estimates</b>	<b>19 843</b>	<b>16 033</b>	<b>19 021</b>	<b>24 404</b>	<b>34 532</b>	<b>34 532</b>	<b>42 220</b>	44 568	48 220	
Economic classification										
Current payments	17 319	14 828	18 841	16 497	9 606	9 606	<b>11 114</b>	11 457	12 104	
Compensation of employees	8 277	10 118	12 675	14 360	7 072	7 072	<b>8 318</b>	8 714	9 182	
Goods and services	9 042	4 710	6 166	2 137	2 534	2 534	<b>2 796</b>	2 743	2 922	
Interest and rent on land										
<b>Transfers and subsidies to</b>	<b>2 408</b>	<b>950</b>		<b>7 700</b>	<b>24 761</b>	<b>24 761</b>	<b>30 936</b>	32 936	35 936	
Provinces and municipalities										
Departmental agencies and accounts	758			7 700	24 761	24 761	<b>30 936</b>	32 936	35 936	
Universities and technicians										
Foreign governments and international organisations										
Public corporations and private enterprises										
Non-profit institutions	1 650	950								
Households										
<b>Payments for capital assets</b>	<b>103</b>	<b>246</b>	<b>180</b>	<b>207</b>	<b>165</b>	<b>165</b>	<b>170</b>	175	180	

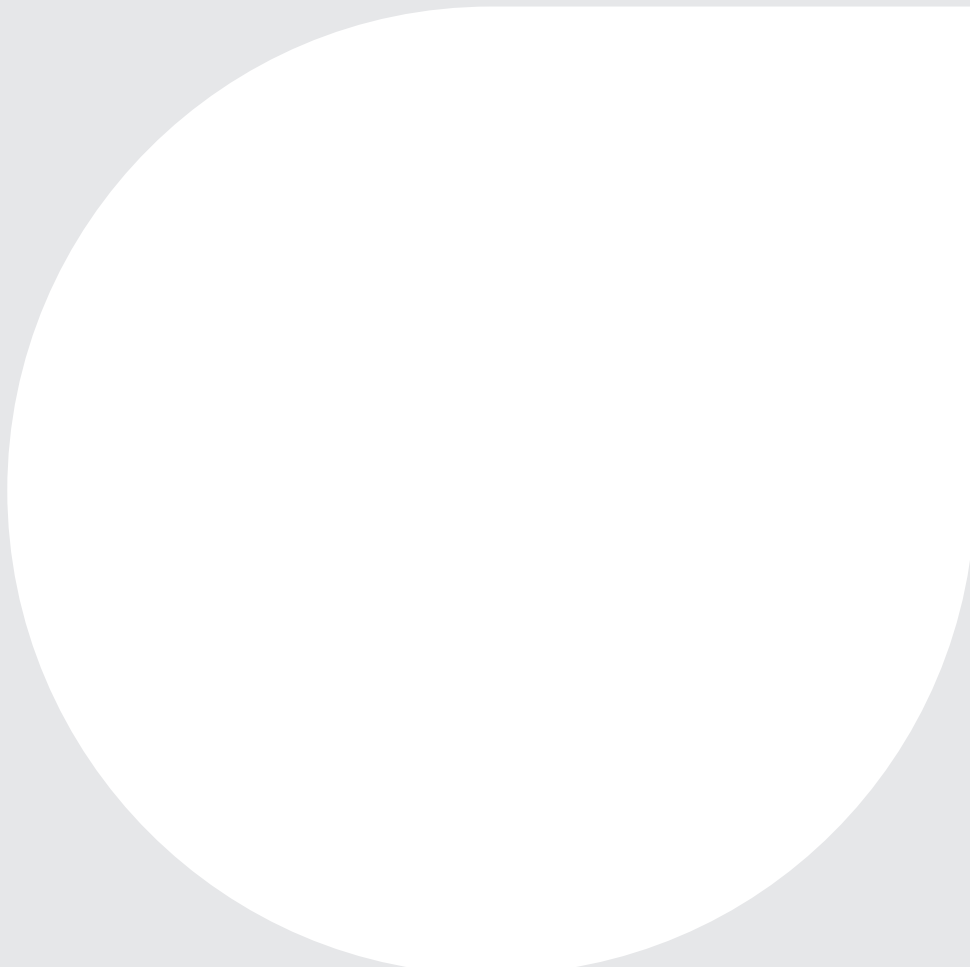
Sub-programme	Audited			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimate			
	R' 000	2009/10	2010/11				2011/12	2012/13	2012/13	2012/13
Buildings and other fixed structures										
Machinery and equipment	103	161	154	207	165	165	<b>170</b>	175	180	
Heritage assets										
Specialised military assets										
Biological assets										
Land and subsoil assets										
Software and other intangible assets		85	26							
Payments for financial assets	13	9								
<b>Total economic classification</b>	<b>19 843</b>	<b>16 033</b>	<b>19 021</b>	<b>24 404</b>	<b>34 532</b>	<b>34 532</b>	<b>42 220</b>	<b>44 568</b>	<b>48 220</b>	

Note: The sub-programme deviates from the approved structure as no allocation is made to 4.1 Governance and 4.2 Regulation Services due to capacity constraints and thus these functions are absorbed by other sub-programmes

### 11.8.2 Performance and expenditure trends

The Consumer Protection sub-programme will, in 2013/14 continue funding the Consumer Advice Offices albeit at a much reduced budget. This specific programme will result in a total budget allocation of R160 thousand being allocated to successful project applicants. The continuation of this project albeit on a reduced scale will continue to provide a reception service for complaints within regions. It must however be noted that this project will work in conjunction with the department's own regional consumer protection service which has been implemented. The Consumer Protection Call Centre has an allocated budget of R1, 200 million for 2013/14. The aforementioned service is the only one of its kind amongst provincial consumer protector offices and continues to provide accessible and effective first point of call service to members of the public within the province. This project will continue to enhance the service delivery standards of the unit. It must also be noted that all Consumer Education and Awareness projects, although housed in Business Regulation and Governance, the budget is centralised within Programme 1 Administration under the Communications sub-directorate. As such performance of the activities will take place by the respective unit while budgetary allocation is provided for in Programme 1.

The Liquor Regulation sub-programme budget sees excessive increases over the MTEF period due to them becoming a public entity as of 1 April 2012. As a result, the Department will be transferring funds to the entity annually thereby increasing the budget allocation.



**PROGRAMME 5:**  
Economic Planning

## 12 PROGRAMME 5: ECONOMIC PLANNING

### 12.1 Purpose

The purpose of the programme is to provide strategic support to the Department in undertaking province-wide cross-cutting economic planning processes to give effect to Strategic Objective 1 i.e. "Creating opportunities for growth and jobs". Strategic Objective 1 requires a long-term perspective, to inform shorter term plans, resource allocation, trade-offs and the sequencing of policies.

The programme's goal is to facilitate and promote integrated economic development planning in accordance to PSO 1 i.e. creating opportunities for 4.2% growth and 2% employment by 2015 as well as to monitor and evaluate economic development policies, strategies, and programmes' achievements of its stated targets.

### 12.2 Programme structure:

Sub-programme 5.1: Policy and Planning

Sub-programme: 5.2 Research and Development

Sub-programme 5.3: Knowledge Management

Sub-programme 5.4: Monitoring and Evaluation

Sub-programme 5.5: Western Cape Economic Development Partnership

### 12.3 Performance Environment

The programme facilitates and promotes integrated economic development policies, strategies and programmes, and provide leadership in economic policy development and knowledge management, most of which feeds into other programmes. This is achieved by being in the forefront of gathering, tracking and analysing key economic statistics and macro-economic developments for the provincial, national and global economies. This enables the department to ensure that service delivery programmes are designed to appropriately respond to the social and economic development priorities of the province.

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.

For 2013/2014 the Department will undertake evidence-based 7 year sector and cross cutting themes strategies with the sole aim of creating a conducive environment for growth and employment. Furthermore, it will align and integrate all economic policies and strategies emanating from all spheres of government.

The foundation of evidence based economic policy and strategy development is credible economic data disaggregated to reflect regional dynamics. In this regard the Department will build strong economic intelligence through:

- Tracking and analysing macroeconomic and microeconomic developments in the global, national and provincial economies;
- Conducting relevant macroeconomic and microeconomic research on the Province's economy;
- Producing up-to-date and reliable statistics and economic indicators for the Province;
- Creating and maintaining an economic model to produce up to date statistical data in all the priority subsectors of the Department i.e. developing and maintaining a statistical portal;
- Undertaking quarterly statistical and economic analysis;
- Responding to information requests by stakeholders.
- Conducting sector based research including sector skills gap.

Once credible economic data has been gathered and collated in the form of a report, the Department through the Knowledge Management unit stores and disseminates reliable economic data from all available economic

data sources. This function is performed through the Resource Centre for easy accessibility by all departmental staff. The Resource Centre will also disseminate data through electronic systems to all stakeholders.

Economic Planning is also tracking performance in the form of activities, processes and outputs against desired outcome and impacts. This is to ensure that the Department is able to identify and share best practice, isolate and institute corrective measures in areas of unintended consequences, and lastly establish an early warning system.

Lastly a new element has been added to Policy and Planning Sub-programme which will accommodate new economic themes. This element will be **Economic Development Integration** which will house primarily all interventions related to the green economy.

In 2013/14 the **Green Economy** will prioritise the following:

- Green Economy strategic framework: work on the investment cases will commence in all earnest in 2013/14. Some of the strategic priorities/ opportunities identified in the Green Economy strategic framework will be further developed into investment/business cases. The purpose of these investment cases is to motivate an economic case for the identified priorities.
- Realisation of Investment and market opportunities: attracting investment into the province is a pivotal focus. Engagements with private sector will take place continuously to ensure investment and market opportunities are picked up and taken forward. This will entail close liaison with private sector through bodies such as Green Cape and WESGRO.

Continuous expansion of 110% Green programme: provides a platform for people and organisations to connect green and the economy through practical action at all levels of society. The 110% Green programme will roll out a number of initiatives /projects that will support the Green Economy strategic framework. Through this projects, organisations will be encouraged to enrol as a flagship company whereby they will be required to Commit to a specific activity, Act on the commitment and report the impact of that activity.

For 2013/2014, the **Monitoring and Evaluation** unit will focus on the following:

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

Lastly, key to economic planning is the promotion of economic development collaboration through effective economic 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.

For 2013/2014, the **WCEDP** will focus on the following:

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, Towards 2040 has identified 5 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.

- Business Climate: The WCEDP will coordinate a business attraction, retention and expansion strategy through building an improved business and investment climate.
- Integrated Brand Platform: The WCEDP will coordinate a strategy towards contested markets and build a strong economic and business brand through an integrated brand platform.
- 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.

**12.4 SUB PROGRAMME 5.1: POLICY AND PLANNING**

<b>Strategic Objective</b>	To co-ordinate and facilitate evidenced based provincial economic policy and strategy development.
<b>Objective statement</b>	The provision of support to the leadership i.e. Minister, HOD and the Departmental Top Management (DTM), in undertaking planning processes that provide a coherent vision and strategic
<b>Baseline</b>	Strategic Objective 1, IPAP, reviewed sector and theme strategies
<b>Justification</b>	IPAP and other economic policies and strategies developed and implemented to achieve sustainable economic development
<b>Links</b>	IPAP and other economic policies and strategies developed and implemented to achieve sustainable economic development

<b>Strategic Objective</b>	To establish the Western Cape as the lowest carbon province and leading green economic hub of the African Continent
<b>Objective statement</b>	To develop and implement a green growth path for the province that will increase green investment and the realisation of the multitude of economic opportunities that exist. The increased investment and realisation of economic opportunities should stimulate economic growth and bring about job creation
<b>Baseline</b>	None
<b>Justification</b>	To ensure implementation of policies and plans
<b>Links</b>	Provincial Strategic Objective 1

**12.4.1 Performance indicators and annual targets for 2013/14**

<b>Strategic Objective (Outcome Indicator)</b>	<b>Audited / Actual Performance</b>			<b>Estimated performance</b>	<b>Medium-term Targets</b>		
	<b>2009/10</b>	<b>2010/11</b>	<b>2011/12</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>
Updated Departmental Economic Development Strategy		1	1	1	1	1	1
Number of approved investment cases				-	4	-	-

## 12.4.2 Risk Management

<b>STRATEGIC OBJECTIVE:</b> To co-ordinate and facilitate evidenced based provincial economic policy and strategy development.	
<b>RISK STATEMENT</b>	<b>RISK MITIGATION STRATEGY/IES</b>
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.	MOA & Business Plans of the EDP Draft EDP Membership legislation EDP Board & Management Team appointed EDP membership forum
Lack of co-ordination in the integration of provincial policy & strategy make it difficult to align crosscutting programmes and projects to departmental strategic planning process and programmes and projects	Dedicated PSO 1 manager for integrating provincial and departmental strategic policy and planning processes (PSO1). Standardised Provincial strategic planning templates. Standardised programme and projects templates.
Lack of Green Growth strategy and intelligence that enables government in the Western Cape, businesses and other organisations to pursue green economic opportunity and investment.	Establish a dedicated Green Economy directorate Develop Green Economy strategic framework for the province Develop green growth investment cases that will suggest "game changing" interventions Develop set of green growth indicators to measure progress of interventions Implement, measure and report on green growth indicators to promote investment into the region Joint planning and continuous consultation with relevant WCG departments
Limited uptake of market and economic opportunities and contraction of current market and business activity, due to new trade regulations, inappropriate regulatory environment and inadequate investor support	Build an investor platform in the following ways: <ul style="list-style-type: none"> <li>· map and monitor green businesses and investment: this provides necessary baseline information for appropriate policy and regulatory responses, and such information tends to pull in further investment (an investment promotion mechanism)</li> <li>· Expand direct investor engagement: through DEDAT, Green Cape and WESGRO</li> <li>· Investor participation in realising the identified investment cases that emerge from the strategy framework</li> <li>· 110% Green is a practical platform for private sector and civil society activity in the green economy; and to promote more activity through increasing understanding of the green economy and its benefits</li> </ul> Promote the lower carbon profile of the Western Cape to protect current business / agriculture and as a promotion of new investment Need internationally acceptable measurements of the carbon footprint of the Western Cape. Demonstrable lowering of the carbon footprint will mitigate against the trade risks (e.g. from carbon labelling of agricultural products) to ensure that the sectors that may be impacted by carbon labelling, for example,

**12.4.3 Performance indicators and annual targets for 2013/14**

Programme performance indicator (Output Indicator)	Audited/Actual performance			Estimated performance	Medium-term targets		
	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Sub-programme: Policy and Planning							
Sector Specific indicators							
1.1	Number of economic strategies developed		2	2	2	2	2
1.2	Number of strategies reviewed			4	4	4	4
Provincial specific indicators							
1.3	Number of strategic planning sessions		14 Matrix Planning Sessions	2	2	2	2
1.4	Number of quarterly Dashboard Analyses		4	4	4	4	4
1.5	Number of investment cases developed				4	0	0
1.6	Number of flagship projects enrolled in 110%Green				110	110	110
1.7	Number of workshops held in the programme to address inhibiting values	-	-	-	-	2	-



## 12.4.4 Quarterly targets for 2013/14

Performance indicator	Reporting period	Annual target 2013/14	Quarterly targets				
			1st	2nd	3rd	4th	
Sub-programme: Policy and Planning							
Sector Specific indicators							
1.1	Number of economic strategies developed	Quarterly	2	-	-	1	1
1.2	Number of strategies reviewed	Quarterly	4	1	1	1	1
Provincial specific indicators							
1.3	Number of strategic planning sessions	Quarterly	2	-	1	-	1
1.4	Number of quarterly Dashboard Analyses	Quarterly	4	1	1	1	1
1.5	Number of investment cases developed	Quarterly	4	-	-	1	3
1.6	Number of flagship projects enrolled in 110%Green	Quarterly	110	10	20	40	40
1.7	Number of workshops held in the programme to address inhibiting values	Quarterly	2	-	1	-	1

## 12.5 SUB PROGRAMME 5.2 RESEARCH AND DEVELOPMENT

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

**12.5.1 Strategic objective annual targets for 2013/14**

Strategic Objective (Outcome Indicator)	Audited / Actual Performance			Estimated performance	Medium-term Targets		
	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Established and recognised as the repository of credible provincial economic intelligence	n/a	n/a	Fully functional provincial economic intelligence system	Fully functional provincial economic intelligence system	Fully functional provincial economic intelligence system	Fully functional provincial economic intelligence system	Fully functional provincial economic intelligence system

**12.5.2 Risk Management**

<b>STRATEGIC OBJECTIVE:</b> To co-ordinate and facilitate evidenced based provincial economic policy and strategy development.	
<b>RISK STATEMENT</b>	<b>RISK MITIGATION STRATEGY/IES</b>
Lack of relevant baseline data that informs economic profiles for identified sectors and cross cutting themes due to national data not being disaggregated to provincial and micro sectoral levels which negatively impacts on the unit's ability to inform the strategic objectives of the department.	<p>Dedicated Research Unit</p> <p>Increase the credible economic databases from 1 to 3.</p> <p>Outsourcing of research on sectors and crosscutting themes.</p> <p>Full time chief economist, capacitate the research unit from 1 researcher to 4.</p> <p>Conduct regular surveys in prioritised sectors</p> <p>Partnership agreement with various universities, both on regional and international level, on international best practice and techniques in economic research.</p> <p>Building an econometric (quantitative) model for the sectors which could hopefully be compared to the standard industrial classification (SIC) model used by Statistics SA.</p> <p>Single repository economic intelligence system in partnership with the EDP</p> <p>EDP Competitive Index</p> <p>Total Entrepreneurial Activity</p> <p>Joint planning with programme management</p> <p>IMPACT:</p> <p>Difficult to demonstrate the MEDS sector performance in the Regional economy (Western Cape)</p> <p>Lack of credible baseline data within the Province, particularly related to the MEDS sectors (Departmental Intervention Sectors) makes it difficult to understand trends and impact within the sectors. Additionally, it makes it difficult to determine whether these sectors remain relevant in contributing to the growth of the Regional Economy</p> <p>Understanding trends &amp; impacts within the identified sectors and cross cutting themes are hampered by the lack of relevant baseline data which negatively affects</p>

**12.5.3 Performance indicators and annual targets for 2013/14**

Programme performance indicator (Output Indicator)		Audited/Actual performance			Estimated performance	Medium-term targets		
		2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Sub-programme: Research and Development								
Sector Specific indicators								
1.1	Number of re-search reports	6	10	10	10	10	10	10
1.2	Number of Research and Development initiatives supported	1	1	1	1	1	1	1
Provincial specific indicators								
1.1	Number of Quarterly Economic reviews	4	4	3	3	3	3	3

**12.5.4 Quarterly targets for 2013/14**

Performance indicator		Reporting period	Annual target 2013/14	Quarterly targets			
				1st	2nd	3rd	4th
Sub-programme: Research and Development							
Sector Specific indicators							
1.1	Number of re-search reports	Quarterly	10	1	3	3	3
1.2	Number of Research and Development initiatives supported	Annually	1	-	-	-	1
Provincial specific indicators							
1.1	Number of Quarterly Economic reviews	Quarterly	3	-	1	1	1

**12.6 SUB PROGRAMME 5.3 KNOWLEDGE MANAGEMENT**

<b>Strategic Objective</b>	To access, store and disseminate information on the provincial economy
<b>Objective statement</b>	To capture, store and disseminate information for organisational learning
<b>Baseline</b>	Enterprise Content Management
<b>Justification</b>	Enabler for economic development
<b>Links</b>	Provincial Economic policies and strategies developed and implemented to achieve sustainable economic development

**12.6.1 Strategic objective annual targets for 2013/14**

<b>Strategic Objective (Outcome Indicator)</b>	<b>Audited / Actual Performance</b>			<b>Estimated performance</b>	<b>Medium-term Targets</b>		
	<b>2009/10</b>	<b>2010/11</b>	<b>2011/12</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>
Level of staff awareness increased(229)	n/a	n/a	n/a	60% of staff informed and effective-to be measured by internal survey	65% of staff informed and effective-to be measured by internal survey	70% of staff informed and effective-to be measured by internal survey	75% of staff informed and effective-to be measured by internal survey

**12.6.2 Risk Management**

<b>STRATEGIC OBJECTIVE:</b> To access, store and disseminate information on the provincial economy	
<b>RISK STATEMENT</b>	<b>RISK MITIGATION STRATEGY/IES</b>
Lack of credible central information management systems and processes (storage and dissemination) leading to intellectual/institutional knowledge not stored and used for the benefit of the organisation.	<ul style="list-style-type: none"> <li>Implementation of the e-filing Resource centre</li> <li>Document Management System as apart of share-point</li> <li>Departmental learning networks, where information sharing takes place</li> <li>Continue with learning networks.</li> </ul>

## 12.6.3 Performance indicators and annual targets for 2013/14

Programme performance indicator (Output Indicator)		Audited/Actual performance			Estimated performance	Medium-term targets		
		2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Sub-programme: Knowledge Management								
Sector Specific indicators								
1.1	Number of provincial economic intelligence reports produced				4	4	4	4
Provincial specific indicators								
1.2	Fully functioning resource centre				100% functioning resource centre	100% functioning resource centre	100% functioning resource centre	100% functioning resource centre
1.3	Fully implemented e-filing system in accordance with Provincial guidelines				Records in registry converted into electronic form and electronically stored (back scanning)	Back scanning of records of two selected programmes	Back scanning of records of two selected programmes	Back scanning of records of two selected programmes
1.4	Number of learning networks				4	4	4	4

## 12.6.4 Quarterly targets for 2013/14

Performance indicator		Reporting period	Annual target 2013/14	Quarterly targets			
				1st	2nd	3rd	4th
Sub-programme: Knowledge Management							
Sector Specific indicators							
1.1	Number of provincial intelligence reports produced	Quarterly	4	-	-	-	4
Provincial specific indicators							
1.3	Fully functioning resource centre	Quarterly	100% functioning resource centre	100% functioning resource centre	100% functioning resource centre	100% functioning resource centre	100% functioning resource centre
1.4	Fully implemented e-filing system in accordance with Provincial guidelines	Annually	Back scanning of records of two selected programmes	-	-	-	Back scanning of records of two selected programmes
1.5	Number of learning networks facilitated	Annually	4	-	-	-	4

## 12.7 SUB-PROGRAMME 5.4 MONITORING AND EVALUATION

<b>Strategic Objective</b>	To determine the effectiveness and impact of provincial economic development policies, strategies, programmes and projects.
<b>Objective statement</b>	To determine the effectiveness and impact of provincial economic development policies, strategies, programmes and projects through conducting 10 Monitoring and 5
<b>Baseline</b>	5 evaluation reports and 10 monitoring reports
<b>Justification</b>	To ensure implementation of policies and plans
<b>Links</b>	Provincial Economic policies and strategies developed and implemented to achieve sustainable economic development

### 12.7.1 Strategic objective annual targets for 2013/14

Strategic Objective (Outcome Indicator)	Audited / Actual Performance			Estimated performance	Medium-term Targets		
	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Level of M&E maturity	n/a			Level 3 of M&E maturity	Level 3 of M&E maturity	Level 3 of M&E maturity	Level 4 of M&E maturity

### 12.7.2 Risk Management

<b>STRATEGIC OBJECTIVE:</b> To determine the effectiveness and impact of provincial economic development policies, strategies, programmes and projects	
RISK STATEMENT	RISK MITIGATION STRATEGY/IES
The difficulty to measure performance against set outcomes is hampered due to the lack of credible baseline data which leads to the setting of inappropriate targets and makes it difficult to objectively assess departmental success or failure and establish early warning systems	<ul style="list-style-type: none"> <li>Dedicated M&amp;E expert.</li> <li>Attendance at indicator workshop (data collected is based on indicators).</li> <li>Conducted ongoing monitoring of departmental projects.</li> <li>Conducted evaluations of strategic projects.</li> <li>Creating awareness around M&amp;E best practice.</li> <li>Partnerships with higher education institutions to encourage best M&amp;E practice (ongoing).</li> <li>Establishment of the M&amp;E Forum.</li> <li>Development of the departmental M&amp;E framework</li> <li>Implementation of the Executive Projects Dashboard</li> <li>Establishment of MPAT (Monitoring Performance Assessment Tool) committee.</li> <li>Development and implementation of a single non-financial performance information and management system.</li> <li>Further capacitate M&amp;E unit.</li> <li>Undertake capacity building on all M&amp;E elements within the department.</li> <li>Joint planning with programmes</li> </ul>

**12.7.3 Performance indicators and annual targets for 2013/14**

Programme performance indicator (Output Indicator)		Audited/Actual performance			Estimated performance	Medium-term targets		
		2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Sub-programme: Monitoring and Evaluation								
Sector Specific indicators								
1.1	Number of monitoring reports produced	21	10	11	6	10	10	10
1.2	Number of evaluation reports produced	5	5	5	5	5	5	5
Provincial specific indicators								
1.3	Number of Sub-program M&E plans developed	-	-	-	4	4	4	4
1.4	Number of M&E forum engagements	-	-	-	-	4	4	4

**12.7.4 Quarterly targets for 2013/14**

Performance indicator		Reporting period	Annual target 2013/14	Quarterly targets			
				1st	2nd	3rd	4th
Sub-programme: Monitoring and Evaluation							
Sector Specific indicators							
1.1	Number of monitoring reports produced	Quarterly	10	-	-	5	5
1.2	Number of evaluation reports produced	Quarterly	5	-	-	2	3
Provincial specific indicators							
1.3	Number of Sub-program M&E plans developed	Quarterly	4	-	-	2	2
1.4	Number of M&E forum engagements	Quarterly	4	1	1	1	1

**12.8 SUB PROGRAMME 5.5 WESTERN CAPE ECONOMIC DEVELOPMENT PARTNERSHIP**

<b>Strategic Objective</b>	To promote economic development collaboration through effective economic partnership of regional economic players.
<b>Objective statement</b>	To promote economic development collaboration through effective economic partnership of regional economic players through resource allocation to the Western Cape Economic Development Partnership
<b>Baseline</b>	None
<b>Justification</b>	To ensure implementation of policies and plans
<b>Links</b>	Provincial Strategic Objective 1

**12.8.1 Performance indicators and annual targets for 2013/14**

Strategic Objective (Output Indicator)	Audited/Actual performance			Estimated performance	Medium-term targets		
	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Updated Provincial Economic Development Strategy		1	1	1	1	1	

**12.8.2 Risk Management**

<b>STRATEGIC OBJECTIVE:</b> To promote economic development collaboration through effective economic partnership of regional economic players.	
RISK STATEMENT	RISK MITIGATION STRATEGY/IES
Absence of legislation covering the WC government's membership of the EDP hinders the unit's ability to oversee the utilisation of transfer payments to the EDP	MOA & Business Plans of the EDP Draft EDP Membership legislation EDP Board & Management Team appointed Strengthening management team (3 co-ordinators being appointed)

**12.8.3 Performance indicators and annual targets for 2013/14**

Programme performance indicator (Output Indicator)	Audited/Actual performance			Estimated performance	Medium-term targets		
	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Sub-programme: Western Cape Economic Development Partnership							
Provincial Specific indicators							
<b>1.1</b>	Number of support initiatives to the EDP			2	2	2	2



## 12.8.4 Quarterly targets for 2013/14

Performance indicator	Reporting period	Annual target 2013/14	Quarterly targets				
			1st	2nd	3rd	4th	
Sub-programme: Western Cape Economic Development Partnership							
Provincial Specific indicators							
1.1	Number of support initiatives to the EDP	Quarterly	2	-	1	-	1

## 12.9 RECONCILING PERFORMANCE TARGETS WITH THE BUDGET

## 12.9.1 Expenditure estimates

Sub-programme	Audited			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimate		
	R' 000	2009/10	2010/11				2011/12	2012/13	2012/13
1. Policy & Planning	926	782	1 294	1 139	1 261	1 261	<b>11 660</b>	12 770	13 409
Policy and Planning	926	782	1294	1139	1261	1261	<b>3 335</b>	3 006	3 166
Economic Development Integration							<b>8 325</b>	9 764	10 243
2. Research & Development	5 186	4 155	4 155	5 161	5 936	5 936	<b>6 828</b>	7 247	7 466
3. Knowledge Management	776	1 057	2 515	2 537	2 822	2 822	<b>3 601</b>	3 777	3 952
4. Monitoring & Evaluation	1 301	2 531	2 115	3 283	2 792	2 792	<b>3 366</b>	3 500	3 633
5. Management	1 872	2 674	2 865	3559	3018	3018	-	-	-
6. Economic Development Partnership		600	1 850	4 250	7 850	7 850	<b>8 696</b>	8 896	9 305
<b>Total payments and estimates</b>	10 061	11 799	14 794	19 929	23 679	23 679	<b>34 151</b>	36 190	37 765
Economic classification									
<b>Current payments</b>	9 646	11 492	14 195	15 463	15 604	15 603	<b>25 033</b>	26 937	28 194
Compensation of employees	4 151	6 430	9 023	9 742	9 792	9 792	<b>9 119</b>	9 032	9 520
Goods and services	5 495	5 061	5 172	5 721	5 812	5 811	<b>15 914</b>	17 905	18 674

Sub-programme 5.5: Management has been discontinued and will be replaced by sub-programme 5.6: Economic Development Partnership

## Part B: Programme and Subprogramme Plans

Sub-programme	Audited			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimate			
	R' 000	2009/10	2010/11				2011/12	2012/13	2012/13	2012/13
Interest on rent and land			1							
<b>Transfers and subsidies to</b>	317	9	500	4 250	7 859	7 860	<b>8 696</b>	8 896	9 305	
Provinces and municipalities										
Departmental agencies and accounts	300									
Universities and technicians										
Foreign governments and international organisations										
Public corporations and private enterprises										
Non-profit institutions			500	4 250	7 850	7 850	<b>8 696</b>	8 896	9 305	
Households	17	9			9	10				
<b>Payments for capital assets</b>	98	298	99	216	216	216	<b>422</b>	357	266	
Buildings and other fixed structures										
Machinery and equipment	98	208	99	216	216	216	<b>422</b>	357	266	
Software and other intangible assets		90								
Payments for financial assets										
<b>Total economic classification</b>	10 061	11 799	14 794	19 929	23 679	23 679	<b>34 151</b>	36 190	37 765	

### **12.9.2 Performance and expenditure trends**

The Province's Strategic Agenda, adopted in 2010 emphasises that economic growth is at the heart of all successful development and that growth is driven primarily by the private sector operating in a market environment. To this end, Strategic Objective 1: creating opportunities for growth and jobs maintains that the role of the state should be to create and maintain an enabling environment for business and provide demand led private sector driven support for sectors, industries and business.

The adoption of PSO 1 has resulted in a change of direction for the Department, and Programme 5 acts as an advisory arm on matters of policy and the economy in general, developing or facilitating the development and implementation of sound provincial economic policies and strategies. This is done through the Policy and Planning unit to ensure that the Department's programmes and projects are aligned with and integrated with the Province's strategic agenda and national government's strategic framework (national strategic outcome 4). The Programme has also established the Western Cape Economic Development Partnership, in line with the mandate provided by PSO 1, and the Policy and Planning unit is responsible for the relationship between the Department and the WCEDP, as well as the ongoing direction and funding of the WCEDP. The Green Economy has also been placed under this programme during its incubation phase until fully institutionalised. Many projects are running under the Green Economy which includes the development of a Green Economy strategic framework and 110% Green programme. The latter mentioned programme encourages organisations to connect green and the economy through practical action at all levels of society.

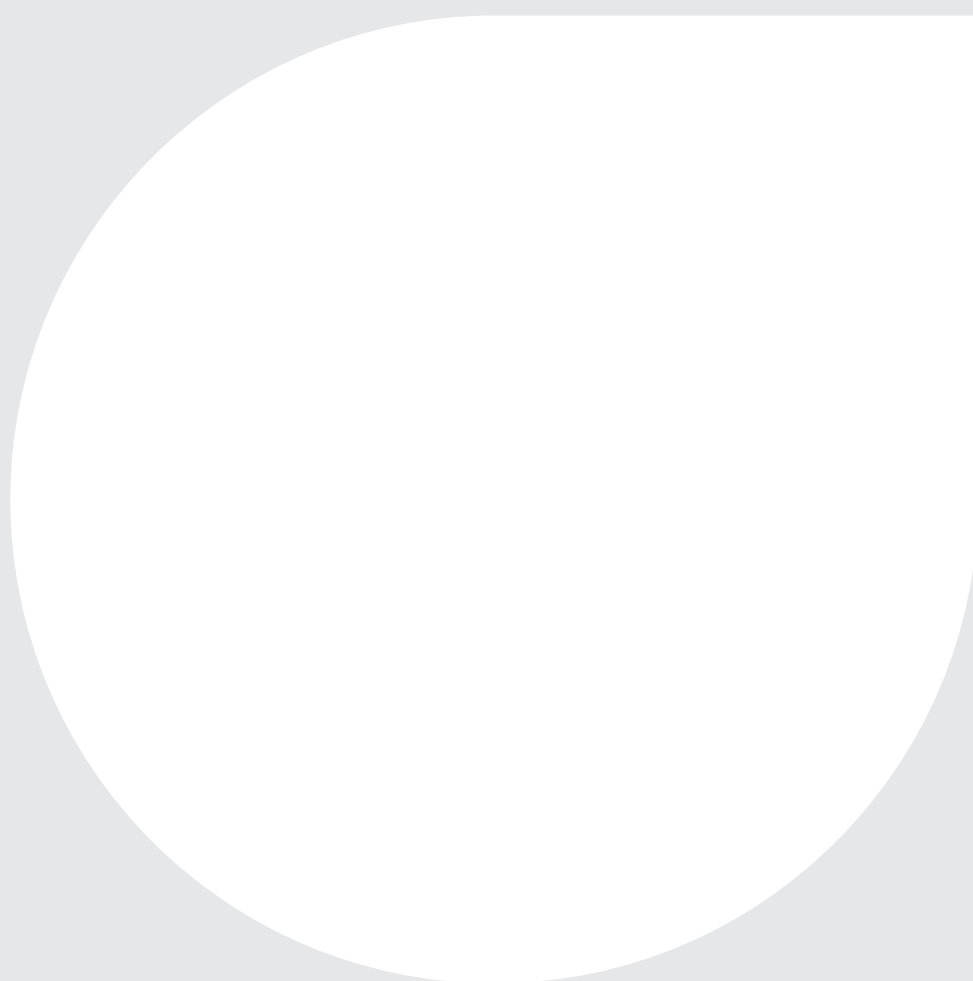
The Programme monitors the Department's activities at a strategic level through the newly introduced central monitoring system, the Executive Projects Dashboard, which enables the Premier, Minister and Head of Department to keep track of progress of strategic projects and be alerted to delays and challenges timeously.

In order to provide a solid basis for the Department's strategic direction, the Research and Development unit is responsible for developing an economic strategy for the Province, aligned to PSO 1, which continually informs the Department's overall strategy, and guides evidence for updating when necessary.

The Livelink system has been introduced across the Province and will be managed for the Department by the Knowledge Management unit. The system will provide an integrated approach to managing information, documents and records.

The Monitoring and Evaluation unit's focus has moved from output measurement to outcome measurement, through the adoption of a Results-based Monitoring and Evaluation Strategic Policy Framework, which provides a blueprint of how this approach will be implemented.





## **PROGRAMME 6:**

Tourism, Arts and Entertainment

## 13 PROGRAMME 6: TOURISM, ARTS AND ENTERTAINMENT

### 13.1 Purpose

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

### 13.2 Programme structure

The Programme is structured as follows:

- Sub-programme 6.1: Tourism Planning
- Sub-programme 6.2: Tourism Growth and Development
- Sub-programme 6.3: Tourism Sector Transformation
- Sub-programme 6.4: Tourism Destination Marketing
- Sub-programme 6.5: Commercial Arts and Entertainment

### 13.3 Performance Environment

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

The Strategy, adopted for the development of all dimensions of the Tourism sector in South Africa in general and in the Western Cape in particular, is one which is the tried and tested standard in major tourism countries and sub-national regions worldwide. The fundamental purpose of the strategy is to increase demand for tourism business, accommodation, land transport and the like. This results in more business for established firms, enough additional business for new firms to establish themselves and big opportunities for large foreign firms (Dubai World and the Taj Hotel) to establish themselves and thrive in the market. As Tourism is fundamentally a service business, new business translates into new jobs across the employment levels and in all the sub-sectors which make up the tourism industry.

Demand is increased in two ways. First, by more visitors coming to the destination and, second, as a result of visitors spending more (by staying longer, travelling further away from the entry point into the province, buying higher value goods and services and so on). To attract a greater number of visitors, a destination has to maintain its past levels of tourism marketing and constantly increase the quality and quantity of its tourism marketing offering. However, one cannot market a destination of no substance as in the very competitive global tourism market, it will be exposed as such very soon. In this light, the destination has to be built up, firstly, to ensure that it offers the basic services which travellers expect anywhere in the world (Internet, spas, quality restaurants offering a wide variety of cuisines, etc.) and, secondly, to offer attractive, quality and unique products.

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

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

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

The case is the same for tourism marketing. The core focus of marketing worldwide is Leisure Tourism. Business Tourism is an increasingly growing focus, supported by facilities like the Cape Town International Convention Centre. In

the Western Cape, because Cape Town is the main entry point and also the area of the greatest concentration of attractions in the province, active tourism marketing initiatives need to be undertaken to get visitors to travel beyond the Cape Town Functional Area.

In order to ensure that our tourism marketing efforts are most impactful, there needs to be focused domestic (key emphasis) and international marketing campaigns. These, in turn, are based on quality market research and a clearly defined Destination Brand Identity which distinguishes Cape Town and the Western Cape as a brand among so many other similar brands internationally (Malaysia, Bali, North Africa, etc.).

So behind tourism marketing lies strategies, research and, inter alia, a carefully crafted brand identity. Similarly, behind the quality of the destination lie initiatives to help firms to be competitive, members of the workforce to be more skilled, initiatives to ensure the safety and security of visitors and so on.

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

Public sector interventions in the tourism industry are effected through the activities of tourism marketing, tourism development and tourism regulation. The strategic direction and policy imperatives for tourism as a whole are set out by the Department. Delivery for tourism destination marketing is effected in the Wesgro public entity which serves as the implementing agent for economic development. All other interventions for tourism are delivered in-house by the Department. The Programme also facilitates opportunities for sector development in Commercial Arts and Entertainment, especially in the Film and Craft sectors with an emphasis on trade and export promotion.

The Tourism, Arts and Entertainment Programme is geared to deliver against the key measurements in PSO1 that contribute to achieving the provincial economic growth rate of 4.2% and growth of employment by 2% per annum by 2015. For Tourism, Arts and Entertainment (TAE) the key focus areas are:

- a) Developing **Tourism, Arts and Entertainment Economic Development partnerships/ stakeholder engagements**. Scheduled partnership engagements will be conducted on a quarterly basis.
- b) Developing a **Tourism, Arts and Entertainment demand – led strategic plan** for jobs and growth. The purpose of this focal point will be to develop a growth plan for the targeted sectors that will feed into and contribute to the overarching economic strategic plan as envisioned in PSO 1.
- c) Providing support for **Tourism, Arts and Entertainment sector growth**. This will be achieved through focussing on increasing visitor arrivals and spend in the Tourism industry and increasing the value of trade and investment for the Film and Craft sectors.
- d) Developing the **Tourism infrastructure-led economic initiatives** which will be achieved through a close relationship with the EPWP programme at a national level and developing strategies that will leverage co-funding from various stakeholders to develop and improve Tourism infrastructure.
- e) Facilitating **work opportunities** in the targeted sectors through enterprise development and human resources development.

Delivery against the above key outcome measurements will be reported into PSO1. The Tourism outcomes are aligned to the elements in the National Tourism Budget Structure (National Treasury) and the National Tourism Sector Strategy (NTSS) which is being legislated. Delivery in tourism will ensure that reporting can take place at national level as will be required. The Commercial Arts and Entertainment outcomes are aligned to IPAP2, dti's strategies for Film and Craft and DAC's Mzansi Golden Economy.

The key drivers for growth include the following key focus areas:

### **TOURISM GROWTH AND DEVELOPMENT**

- To ensure supply side measures (quality assurance, safety and support and road signage) are in place to enhance the tourism visitor experience.
- Tourism development that is focused on routes, niche markets and infrastructure to ensure existing and new attractions are developed in the Western Cape with greater emphasis on rural development to spread the benefits of tourism throughout the region.

- NDT leverage (financial and non-financial).
- Co-ordination of local government efforts w.r.t. tourism development, with emphasis on aligned LED strategies and IDPS.

#### **TOURISM SECTOR TRANSFORMATION**

- To ensure supply side measures (skills and enterprise development, and regulation) are in place to enhance the tourism visitor experience, with emphasis on Service Excellence.
- To increase transformation and participation by citizens of the Province to actively contribute to the tourism industry through the provision of employment opportunities and business ownership.
- NDT and CATHSSETA leverage.
- Management of stakeholder engagement with respect to skills and enterprise development.

#### **TOURISM DESTINATION MARKETING:**

- Significant tourism destination marketing campaigns focused on outbound operators and service offerings to outbound operators.
- Dedicated engagement with airlines for direct flights to CTIA.
- Emphasis on Business Tourism (headcount, marketing and delegate boosting).
- Events (established and emerging events).
- SAT (South African Tourism) leverage (financial and non-financial).
- Co-ordination of local government effort w.r.t. tourism destination marketing, with emphasis on domestic marketing campaigns.

#### **FILM MARKETING, TRADE AND INVESTMENT PROMOTION:**

- Aggressively market the Western Cape as a film destination in collaboration with tourism destination marketing effort.
- Trade and investment missions in collaboration with the dti:
- New Markets: Argentina, Nigeria and Ghana.
- Established Markets: Europe, USA, Hong Kong, and Beijing.
- Development of a film market within the provincial film festivals (Encounters; Out in Africa; Khwattu San; Cape Winelands – develop buy and sell to direct markets.
- Loeries – focus on trade and awareness of the commercial ad industry.
- Focused engagement with Cape Town Film Studios for investment purposes in the long film and TV productions.
- In collaboration with Wesgro, City of Cape Town, Cape Town Film Studios, MICT SETA, NFVF the dti and the private sector, regular engagements on development of the sector and key strategic issues for the Western Cape.

#### **CRAFT TRADE PROMOTION:**

- Collaboration with CATHSSETA (forms part of DEDAT 4-year MOA for training), the dti and DBSA.
- Partnerships with the dti: Creative industries desk and TISA for trade promotion.
- Trade promotion focused on established markets and BRICS, with greater emphasis on local market access development for sustainability and growth.



**13.4 SUB-PROGRAMME 6.1: TOURISM PLANNING**

<b>Strategic Objective</b>	To create an enabling environment through legislation, policy and strategy development
<b>Objective statement</b>	To provide effective, integrated and co-operative planning for the tourism through collaborative partnerships by maintaining the Western Cape Tourism, Arts and Entertainment Partnership and through research, information and knowledge management by establishing sector qualitative and quantitative profiles in order to ensure improved interventions and prioritising tourism at national, provincial and local levels.
<b>Baseline</b>	No baseline
<b>Justification</b>	To provide a platform for the Department to shape and deliver the most cost effective and impactful interventions by providing strategic support for the Tourism sectors through policy and strategy development, legislation, research, and monitoring and evaluation. Policy and strategy development are critical for firms and citizens to be effective players in the global economy.
<b>Links</b>	Medium Term Strategic Framework, MEDS, Workforce Development Strategy, JIPSA, National Skills Development Framework, Small Business Act, Western Cape Tourism Development Framework.
<b>Links</b>	Provincial Economic policies and strategies developed and implemented to achieve sustainable economic development

**13.4.1 Strategic objective annual targets for 2013/14**

<b>Strategic Objective (Outcome Indicator)</b>	<b>Audited / Actual Performance</b>			<b>Estimated performance</b>	<b>Medium-term Targets</b>		
	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Qualitative and quantitative profiles for Tourism, Arts and Entertainment	-	2	2	1	1	1	1

**13.4.2 Risk Management**

<b>STRATEGIC OBJECTIVE:</b> To create an enabling environment through legislation, policy and strategy development	
<b>RISK STATEMENT</b>	<b>RISK MITIGATION STRATEGY/IES</b>
Failure to secure buy-in from the Western Cape Tourism, Arts and Entertainment Partnership due to lack of a common understanding, vision and communication which could negatively impact on co-delivering on strategies.	Quarterly Plenary sessions to be held and chaired by the Minister which will provide a platform for dialogue on key issues facing the tourism sector.

**13.4.3 Performance indicators and annual targets for 2013/14**

Programme performance indicator (Output Indicator)		Audited/Actual performance			Estimated performance	Medium-term targets		
		2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Sub-programme: Tourism Planning								
Provincial Specific indicators								
1.1	Number of members engaged in the WC Tourism, Arts & Entertainment Partnership	-	816	804	300	300	300	300
1.2	Number of Strategic Support interventions for Tourism, Arts & Entertainment	6 – 5 year sector strategies	2 annually updated sector strategies	2 annually updated sector strategies	1 annually updated sector strategy	1 annually updated sector strategy	1 annually updated sector strategy	1 annually updated sector strategy
		4 research papers	2 research papers	2 position papers	2 position papers	2 position papers	2 position papers	2 position papers

**13.4.4 Quarterly targets for 2013/14**

Performance indicator	Reporting period	Annual target 2013/14	Quarterly targets				
			1st	2nd	3rd	4th	
Sub-programme: Tourism Planning							
Provincial Specific indicators							
1.1	Number of members engaged in the WC Tourism, Arts & Entertainment Partnership	Annually	300	-	-	-	300
1.2	Number of Strategic Support interventions for Tourism, Arts & Entertainment	Quarterly	1 annually updated sector strategy	-	-	-	1 annually updated sector strategy
			2 position papers	-	-	1 position paper	1 position paper

**13.5 SUB-PROGRAMME 6.2: TOURISM GROWTH AND DEVELOPMENT**

<b>Strategic Objective</b>	To increase tourism to the Western Cape through the development of unique and innovative tourism product offerings and the creation of a conducive environment that will enhance visitor experience.
<b>Objective statement</b>	To develop the destination to globally competitive standards through the development of tourism niche markets, routes, infrastructure, sites, attractions and facilities, the environment in general as well as the expansion of tourism products.
<b>Baseline</b>	Number of tourist arrivals to the Western Cape in 2011 = 1,391,228 Total spend in the Western Cape in 2011 = R18,2 b Total domestic trips in the Western Cape in 2011 = 2,4 million
<b>Justification</b>	Tourism infrastructure development and enhancement of the destination is fundamentally linked to tourism destination marketing in terms of increasing the tourist product offering in the province and ensuring that the visitor experience is positive.
<b>Links</b>	Medium Term Strategic Framework, MEDS, Workforce Development Strategy, JIPSA, National Skills Development Framework, Small Business Act, Western Cape Tourism Development Framework.

**13.5.1 Strategic objective annual targets for 2013/14**

<b>Strategic Objective (Outcome Indicator)</b>	<b>Audited / Actual Performance</b>			<b>Estimated performance</b>	<b>Medium-term Targets</b>		
	<b>2009/10</b>	<b>2010/11</b>	<b>2011/12</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>
Value of tourism infrastructure investment	-	-	R25m	-	R2,5m	R5m	R5m

**13.5.2 Risk Management**

<b>STRATEGIC OBJECTIVE:</b> To increase tourism to the Western Cape through the development of unique and innovative tourism product offerings and the creation of a conducive environment that will enhance visitor experience.	
<b>RISK STATEMENT</b>	<b>RISK MITIGATION STRATEGY/IES</b>
Uncoordinated planning between Provincial tourism and local tourism organisations that fail to inform the development of new products which leads to a fragmented product offering that impacts on our ability to diversify our tourism products	Participate at municipal IDP workshops through the RLED unit to ensure that we inform and prioritise tourism development as part of the IDP. Destination Marketing Unit within Wesgro to work closely with the Tourism Development unit for proper coordination and to ensure that products that are being developed are packaged as part of marketing. Set up regional forums that will comprise of Regional Tourism Organisations and other stakeholders for a coordinated approach towards tourism development and implementation at municipal district and local tourism level. Internal co-ordination between Tourism & LED units.

**13.5.3 Performance indicators and annual targets for 2013/14**

Programme performance indicator (Output Indicator)		Audited/Actual performance			Estimated performance	Medium-term targets		
		2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Sub-programme: Tourism Growth and Development								
Provincial Specific indicators								
1.1	Number of infrastructure projects supported	-	1	2	-	1	1	2
1.2	Number of tourism products supported/developed (niche markets, route development)	-	-	2	2	2	2	2
1.3	Tourism Support Services: Number of tourism establishments/individuals supported/assisted	1 286	1 932	1 382	788	210	210	210

**13.5.4 Quarterly targets for 2013/14**

Performance indicator		Reporting period	Annual target 2013/14	Quarterly targets			
				1st	2nd	3rd	4th
Sub-programme: Tourism Growth and Development							
Provincial Specific indicators							
1.1	Number of infrastructure projects supported	Annually	1	-	-	-	1
1.2	Number of tourism products supported/developed (niche markets, route development)	Quarterly	2	-	-	1	1
1.3	Tourism Support Services: Number of tourism establishments/individuals supported/assisted	Quarterly	210	35	45	55	75

**13.6 SUB-PROGRAMME 6.3: TOURISM SECTOR TRANSFORMATION**

<b>Strategic Objective</b>	To increase transformation and participation by citizens of the Province to actively contribute to the tourism industry through the provision of employment opportunities and business ownership.
<b>Objective statement</b>	To facilitate economic empowerment of individuals and small businesses by facilitating/sustaining the tourism industry in terms of human resource development, enterprise development. To regulate, register and develop tourist guides.
<b>Baseline</b>	2011/12 Number of jobs facilitated = 338 2011/12 Percentage of tourist guides registered = 555
<b>Justification</b>	This strategic objective contributes to encouraging more individuals to expand and sustain their existing businesses. It also contributes to enabling individuals to either become employed or achieve improved employment in the tourism industry.
<b>Links</b>	Medium Term Strategic Framework, MEDS, Workforce Development Strategy, JIPSA, National Skills Development Framework, Small Business Act, Western Cape Tourism Development Framework

**13.6.1 Strategic objective annual targets for 2013/14**

Strategic Objective (Outcome Indicator)	Audited / Actual Performance			Estimated performance	Medium-term Targets		
	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Number of work opportunities (THRD and TED)	-	-	388	600	400	500	600

**13.6.2 Risk Management**

<b>STRATEGIC OBJECTIVE:</b> To increase transformation and participation by citizens of the province to actively contribute to the tourism industry through the provision of employment opportunities and business ownership.	
RISK STATEMENT	RISK MITIGATION STRATEGY/IES
The mismatch between demand-led skills required by industry with the skills provisioning supplied by educational institutions which contributes to learners not being employed after completion of the training.	<p>Continuous multi-stakeholder consultations i.e WC Tourism HRD sub-committees, including industry stakeholders, educational institutions and Culture, Arts Tourism,</p> <p>Hospitality and Sports Sector Education &amp; Training Authority (CATHSSETA) and National Department of Tourism (NDT).</p> <p>Participation in the Provincial Skills Development Forum (PSF) Technical Working group (to ensure alignment &amp; synergy).</p> <p>Training of new entrants and existing workforce in line with skills demand of the industry.</p>

**13.6.3 Performance indicators and annual targets for 2013/14**

Programme performance indicator (Output Indicator)		Audited/Actual performance			Estimated performance	Medium-term targets		
		2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Sub-programme: Tourism Sector Transformation								
Provincial Specific indicators								
1.1	Tourism HRD: Number of people trained	468	3 556	2 173	1 870	430	450	500
1.2	Tourism Enterprise Development: Number of existing businesses assisted	390	-	Reported in program 2	625	490	550	600
1.3	Tourism Regulation: Number of individuals registered (tourist guides)	3 012	2 844	1 422	1 000	1 000	1 050	1 100
1.4	Tourism Regulation: Number of individuals/tourism related businesses inspected or monitored (tourist guides)	-	-	1 057	1 000	1 000	1 000	1 000

**13.6.4 Quarterly targets for 2013/14**

Performance indicator	Reporting period	Annual target 2013/14	Quarterly targets				
			1st	2nd	3rd	4th	
Sub-programme: Tourism Sector Transformation							
Provincial Specific indicators							
1.1	Tourism HRD: Number of people trained	Quarterly	430	30	200	145	55
1.2	Tourism Enterprise Development: Number of existing businesses assisted	Quarterly	490	50	150	170	120
1.3	Tourism Regulation: Number of individuals registered (tourist guides)	Quarterly	1 000	250	250	250	250
1.4	Tourism Regulation: Number of individuals/tourism related businesses inspected or monitored (tourist guides)	Quarterly	1 000	200	200	300	300

**13.7 SUB-PROGRAMME 6.4: TOURISM DESTINATION MARKETING**

<b>Strategic Objective</b>	To increase visitor arrivals and spend in the Western Cape through maximising international and domestic marketing opportunities with a focus on leisure tourism, business tourism and events.
<b>Objective statement</b>	To open new markets and generate demand from business and consumers through significant tourism destination marketing campaigns focused on outbound operators and service offerings to outbound operators, with an emphasis on Business Tourism and Events.
<b>Baseline</b>	Number of tourist arrivals to the Western Cape in 2011 = 1,391,228 Total spend in the Western Cape in 2011 = R18,2 b Total domestic trips in the Western Cape in 2011 = 2,4 million
<b>Justification</b>	Tourism is one of the most labour intensive economic sectors in the province. Annually, international tourists generate R20.8 bn in foreign direct spend. To this end, marketing of the destination is of paramount importance to generate tourism demand.
<b>Links</b>	Medium Term Strategic Framework, MEDS, Workforce Development Strategy, JIPSA, National Skills Development Framework, Small Business Act, Western Cape Tourism Development Framework.

**13.7.1 Strategic objective annual targets for 2013/14**

<b>Strategic Objective (Outcome Indicator)</b>	<b>Audited / Actual Performance</b>			<b>Estimated performance</b>	<b>Medium-term Targets</b>		
	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Number of international arrivals to the Western Cape	1 504 698	1 501 620	981 019	1 658 929	1 300 000	1 300 000	1 400 000
International Foreign Direct Spend	R20b	R21.8b	R13.3b	R24b	R8bn – R13bn	R8bn – R13bn	R8bn – R13bn
Number of domestic trips	4m	3.2m	1.8m	3m	2m	2m	2,5m

**13.7.2 Risk Management**

<b>STRATEGIC OBJECTIVE:</b> To increase visitor arrivals and spend in the Western Cape through maximising international and domestic marketing opportunities with a focus on leisure tourism, business tourism and events.	
<b>RISK STATEMENT</b>	<b>RISK MITIGATION STRATEGY/IES</b>
Failure to effectively market the destination internationally and domestically due to uncoordinated marketing approach between national, provincial and local government which will result in tourism arrivals and spend in the Western Cape not being fully maximised	<p>Increased and coordinated collaboration with SAT to effectively leverage off their marketing campaigns.</p> <p>Alignment to SAT's marketing strategy in terms of market portfolios.</p> <p>Improved interaction with local government and local tourism authorities in order to coordinate marketing initiatives especially on domestic and international platforms.</p> <p>Quarterly meetings with Wesgro</p> <p>Participation in the WC Tourism Arts &amp; Entertainment partnerships.</p>

**13.7.3 Performance indicators and annual targets for 2013/14**

Programme performance indicator (Output Indicator)		Audited/Actual performance			Estimated performance	Medium-term targets		
		2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Sub-programme: Tourism Destination Marketing								
Provincial Specific indicators								
1.1	Tourism Marketing: Number of JMAs secured	7	12	7	5	3	3	4
1.2	Tourism Marketing: Number of conference bids secured	9	17	Reported in program 2	16	20	20	25
1.3	Tourism Marketing: value of conference bids secured	R55m	R249m	R254m	R360m	R360m	R360m	R400m
1.4	Tourism Marketing: Number of Events supported	19	10	14	6	27	27	27
1.5	Tourism Marketing: value of Events supported	R1,3b	R950m	R1,5b	R1b	R1,2bn	R1,2bn	R1,2bn

**13.7.4 Quarterly targets for 2013/14**

Performance indicator	Reporting period	Annual target 2013/14	Quarterly targets				
			1st	2nd	3rd	4th	
Sub-programme: Tourism Destination Marketing							
Provincial Specific indicators							
1.1	Tourism Marketing: Number of JMAs secured	Quarterly	3	-	1	1	1
1.2	Tourism Marketing: Number of conference bids secured	Quarterly	20	5	5	5	5
1.3	Tourism Marketing: Value of conference bids secured	Quarterly	R360m	R90m	R90m	R90m	R90m
1.4	Tourism Marketing: Number of Events supported	Quarterly	27	6	12	4	5
1.5	Tourism Marketing: value of Events supported	Quarterly	R1,2bn	R100m	R200m	R100m	R800m



**13.8 SUB-PROGRAMME 6.5: COMMERCIAL ARTS AND ENTERTAINMENT**

<b>Strategic Objective</b>	The achievement of above average sustainable economic growth (measured by output and value) which gives rise to significant numbers of new sustainable employment opportunities.
<b>Objective statement</b>	To develop and grow firms in prioritised sectors by facilitating 996 Film and Craft Innovation jobs (+ 1 658 Film and Craft Enterprise Development jobs = 2 654 jobs); and 498 Film and Craft Innovation (+ 829 Film and Craft Enterprise Development = 1 327) businesses expanded; R4 ,714 bn of trade and investment; and R11,095,000 funds leveraged.
<b>Baseline</b>	Number of jobs facilitated/sustained = 0. Number of businesses expanded = 0.
<b>Justification</b>	This strategic objective contributes to encouraging more individuals to expand and sustain their existing businesses. It also contributes to enabling individuals to either become employed or achieve improved employment in the commercial arts and entertainment sectors.
<b>Links</b>	Medium Term Strategic Framework, MEDS, Workforce Development Strategy, JIPSA, National Skills Development Framework, Small Business Act, Western Cape Tourism Development Framework, Provincial Commercial Arts and Entertainment Strategy.

**13.8.1 Strategic objective annual targets for 2013/14**

<b>Strategic Objective (Outcome Indicator)</b>	<b>Audited / Actual Performance</b>				<b>Estimated performance</b>	<b>Medium-term Targets</b>		
	<b>2009/10</b>	<b>2010/11</b>	<b>2011/12</b>	<b>2012/13</b>		<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>
Film marketing, trade and investment promotion – value of trade and investment	R1,3bn	R1bn	-	R1bn	R700m – R1bn	R700m – R1bn	R700m – R1bn	
Craft trade promotion – value of trade	-	R1,230m	R3, 288m	R 2,7m	R2m	R2m	R2m	
Craft enterprise development – Number of businesses expanded	-	-	Reported in prog 2 –Enterprise Development	240	175	200	220	
Craft sector development support – value of funding leveraged	-	R5,015m	10,272m	R1m	R5 m	R5 m	R5 m	

**13.8.2 Risk Management**

<b>STRATEGIC OBJECTIVE:</b> The achievement of above average sustainable economic growth (measured by output and value) which gives rise to significant numbers of new sustainable employment opportunities.	
<b>RISK STATEMENT</b>	<b>RISK MITIGATION STRATEGY/IES</b>
Lack of access to compatible and profitable markets for trade in Craft and Film, due to insufficient market research that would lead to entry into the incorrect markets for growth.	In-depth and thorough strategic and research interventions with identified markets in collaboration with critical and pivotal stakeholders such as the Department of Trade and Industry (DTI). MOA CCDI MOA Wesgro Participation in the WC TAE partnership

**13.8.3 Performance indicators and annual targets for 2013/14**

Programme performance indicator (Output Indicator)		Audited/Actual performance			Estimated performance	Medium-term targets		
		2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Sub-programme: Commercial Arts and Entertainment								
Provincial Specific indicators								
1.1	Film marketing, trade and investment promotion – Number of businesses assisted	-	122	-	50	50	60	60
1.2	Craft trade promotion – Number of businesses assisted	187	452	231	350	180	200	200
1.3	Craft enterprise development – Number of businesses assisted	-	1 018	642 And Reported in prog 2	500	350	400	400
1.4	Craft Sector development – Number of new members on database	-	2,229	896	50	50	50	50
1.5	Number of economic sector intelligence reports produced	-	4	5	2	2	2	2

**13.8.4 Quarterly targets for 2013/14**

Performance indicator		Reporting period	Annual target 2013/14	Quarterly targets			
				1st	2nd	3rd	4th
Sub-programme: Commercial Arts and Entertainment							
Provincial Specific indicators							
1.1	Film marketing, trade and investment promotion – Number of businesses assisted	Quarterly	50	10	15	15	10
1.2	Craft trade promotion – Number of businesses assisted	Quarterly	180	25	65	25	65
1.3	Craft enterprise development – Number of businesses assisted	Quarterly	350	88	88	86	88
1.4	Craft Sector development – Number of new members on database	Annual	50	-	-	-	50
1.5	Number of economic sector intelligence reports produced	Annualy	2	-	-	-	2

## 13.9 RECONCILING PERFORMANCE TARGETS WITH THE BUDGET AND MTEF

## 13.9.1 Expenditure estimates

Sub-programme	Audited			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimate		
	R' 000	2009/10	2010/11				2011/12	2012/13	2012/13
1. Tourism Planning	4 244	2 981	2 940	3 703	3 703	3 703	<b>3 874</b>	4 094	4 286
2. Tourism Growth and Development	7 359	5 789	7 506	6 306	5 015	5 015	<b>6 596</b>	6 975	7 303
3. Tourism Sector Transformation	8 072	8 359	7 382	9 388	9 083	9 083	<b>10 251</b>	10 634	11 017
4. Tourism Destination Marketing	43 043	38 205	35 439	25 000	25 000	25 000	<b>20 000</b>	20 000	20 000
5. Commercial Arts and Entertainment	8 095	8 654	9 556	8 643	8 716	8 716	<b>8 460</b>	8 556	8 667
<b>Total payments and estimates</b>	<b>70 813</b>	<b>63 988</b>	<b>62 823</b>	<b>53 040</b>	<b>51 517</b>	<b>51 517</b>	<b>49 181</b>	50 259	51 273
Economic classification									
<b>Current payments</b>	15 953	14 726	15 665	21 820	18 273	18 272	<b>21 138</b>	22 209	23 221
Compensation of employees	9 992	10 541	11 178	13 077	12 877	12 877	<b>15 637</b>	16 531	17 381
Goods and services	5 961	4 184	4 486	8 743	5 396	5 395	<b>5 501</b>	5 678	5 840
Interest on rent and land		1	1						
<b>Transfers and subsidies to</b>	54 778	48 913	46 900	31 020	33 029	33 029	<b>27 800</b>	27 800	27 800
Provinces and municipalities			1 000						
Departmental agencies and accounts	45 943	39 605	36 439	25 000	27 000	27 000	<b>22 500</b>	22 500	22 500
Universities and technicians	368	144							
Foreign governments and international organisations									

Sub-programme	Audited			Main appropriation	Ad-justed appropriation	Revised estimate	Medium-term estimate			
	R' 000	2009/10	2010/11				2011/12	2012/13	2012/13	2012/13
Public corporations and private enterprises	1 800	850								
Non-profit institutions	6 456	7 495	8 595	4 920	4 920	4 920	<b>4 000</b>	4 000	4 000	
Households	211	819	866	1 100	1 109	1 109	<b>1 300</b>	1 300	1 300	
<b>Payments for capital assets</b>	82	349	258	200	200	200	<b>243</b>	250	252	
Buildings and other fixed structures										
Machinery and equipment	82	259	258	200	200	200	<b>243</b>	250	252	
Software and other intangible assets		90								
<b>Payments for financial assets</b>					15	16				
<b>Total economic classification</b>	70 813	63 988	62 823	53 040	51 517	51 517	<b>49 181</b>	50 259	51 273	

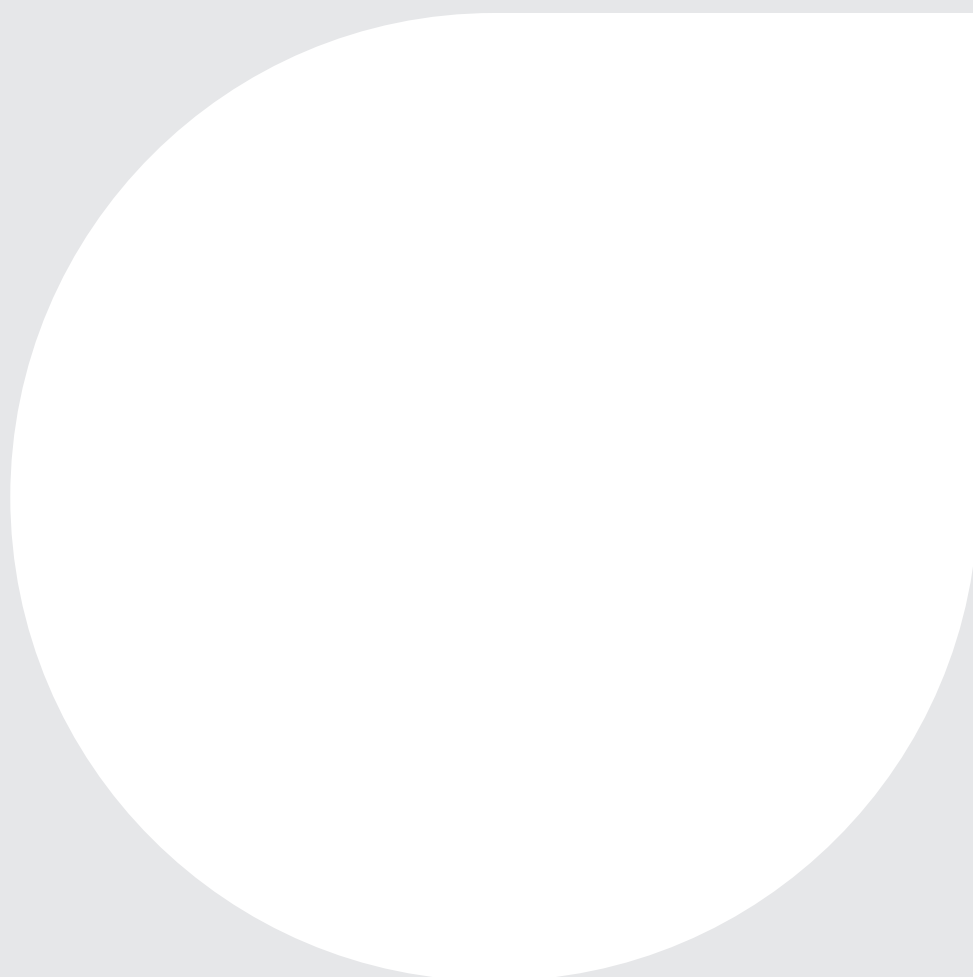
### 13.9.2 Performance and expenditure trends

The Programme's budget allocation has steadily decreased over the MTEF period, with 2012/13 showing the most significant decrease in budget allocation in comparison to 2011/12 with a decrease of R9, 783 million or 18.44%. The decrease in allocation is mainly attributed to a decrease in transfer payments to DMO (from R36, 439 million in 2011/12 to R25, 000 million in 2012/13) and certain non-profit institutions (from R8, 595 million in 2011/12 to R4, 920 million in 2012/13).

The 2013/14 budget allocation sees a further decrease of R2,336 million or 4.53% compared to the 2012/13 allocation and this is once again due to a decrease in the transfer payment to DMO (from R27, 000 million in 2012/13 to R22, 500 million in 2013/14).

In line with the Provincial Strategic Objective1: Creating opportunities for growth and jobs, the tourism sector is a multifaceted industry that not only contributes to a variety of economic sectors but also a labour-intensive industry with capacity to create jobs. During the 2013/14 financial year, the Programme will be placing heavy emphasis on increasing and developing the Western Cape Tourism market demand for tourism business, accommodation, land transport and the like. The above will be achieved by focusing on the following:

CTRU Marketing, which will be delivered on in Tourism Destination Marketing with a budget allocation of R20, 000 million. The focus for Tourism Development will be on rural spread/development which will be done through the further development of niche markets with special focus on Culture and Heritage and Avitourism and route development, with an allocated budget of R1, 000 million. The Tourism Enterprise Development Sub-Directorate has a budget allocation of R1 000 million and will offer programmes specifically designed to assist entrepreneurs in developing their basic business skills as well as growing and sustaining their businesses. Tourism HRD, through the FET skills programmes (R400 thousand), Collective Bursaries HEI's (R900 thousand) and Tourism Service Excellence (R200 thousand), will seek to increase the number of work opportunities and for provincial business stakeholders to access skills development opportunities through the workplace based placement of new entrants into the industry to increase job creation. More intensified programmes involving tourist guide training and illegal guiding inspections will be rolled out in the Tourism Regulation Sub-Directorate with an allocated budget of R650 thousand. Lastly, The Commercial Arts and Entertainment Sub-Directorate will focus on the development of Film and Craft industries with an allocated budget of R2, 500 million and R4, 000 million respectively.



## **PROGRAMME 7:**

Skills Development and Innovation

## 14 PROGRAMME 7: SKILLS DEVELOPMENT AND INNOVATION

### 14.1 Purpose

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

### 14.2 Programme structure

The Programme is structured as follows:

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

### 14.3 Performance delivery Environment

The promotion of enabling environment of Human Resource Development is an important priority internationally and locally.

Globally, human resources have relevance for key drivers for growth viz. skills and innovation. International recommendations by the Organisation for Economic Co-operation and Development (OECD) regard workforce development in a knowledge based economy as having a direct impact on the capacity of business to be flexible to changes in the economic environment and to respond to new opportunities. Global competitiveness and economic growth will increasingly depend on innovation, particularly at a regional level. In a globalised economy, where capital and labour are highly mobile and technology evolves rapidly, workforce development has a key role to play in improving prosperity and living standards (OECD, More than Just Jobs: 2008).

South Africa as a developing country has a vital role to play to move from reliance on its rich resource base in building its competitiveness to one that is more focussed on knowledge and high skills levels as a key driver for economic and social development. The challenge is that with the lowest level workers in the workforce having to up-skill themselves to respond to the challenges in the workplace. There is also the flexibility required to accommodate the fact that new technology demands new skills. The South African economy is characterised by a mismatch of skills demand and skills supply. To decrease the gap between the supply and demand for skills, the National Skills Development Strategy (NSDS) III seeks to encourage and actively support the integration of workplace training with theoretical learning. This strategy feeds into the:

- New Growth Path
- Human Resource Development Strategy
- National Planning Commission
- Advanced Manufacturing Technology Strategy (AMTS)
- IPAP

The NSDSIII also promotes a skill development system and architecture that effectively responds to the needs of the labour market and establish and promote closer links between employers and training institutions and between both of these and the Sector Education and Training Authorities (SETAs). Similarly, Strategic Objective One addresses the mismatch between skills demand and supply across the economic spectrum which ultimately results in increased opportunities for economic and employment growth. Programme 7 will feed into the vision of the National Skills Development Strategy (NSDS) III: "A skilled and capable workforce that shares in, and contributes to, the benefits and opportunities of economic expansion and an inclusive growth path" (National Skills Development Strategy (NSDS) III, Department of Higher Education and Training, 2011).

In the Western Cape, the employment has been increasingly skill intensive, and this is true across different sectors and across the globe. In the Western Cape, the MEDS research reported that the gap between the demand for skills and the supply was rising and reported business concerns as to the functioning of the training system.

There are common key challenges in the skills landscape globally, nationally and provincially towards creating growth and jobs and these are:

1. The uncoordinated approach to skills development

This results in a duplication of efforts, research, and shortage of investment in critical areas, availability of relevant skills data and no centralisation of economic and labour market information

2. A mismatch between supply and demand of skills (quality and quantity) which hampers enterprise growth and competitiveness.

A skills mismatch indicates a situation where individuals, employed or not, are not well matched in terms of skills to the job they perform or where individuals are unemployed because the skills they have do not match that of the open vacancies or, more in general, those required in the labour market. Skills mismatch can have serious consequences for the employability of youth. (Skills deficit in development countries: 2012)

3. A Skills deficit not addressed adequately

The concept of skills deficit refers to the inability of an employer to recruit people with the appropriate skills from the labor market.

An employer might encounter difficulties in the recruitment of new employees, but this does not necessarily mean there is an absolute shortage of skilled labour. Recruitment difficulties might be due to the employer using inappropriate recruiting channels. An additional complication derives from the fact that employers might consider a wide range of employees' behavioural characteristics, such as motivation or reliability, which are vital critical skills required, particularly for middle management across sectors.

4. The Unemployment rate on the increase and highest amongst the youth.

The unemployment rate can be defined as the number of people actively looking for a job as a percentage of the labour force.

Global Employment Trends 2012 says 74.8 million youth aged 15-24 were unemployed in 2011, an increase of more than 4 million since 2007. It adds that globally, young people are nearly three times as likely as adults to be unemployed.

The unemployment rate in South Africa was last reported at 25.5 percent in the third quarter of 2012. In the Western Cape, the gains in employment remain modest when compared to the growth in the labour force (those willing to participate in employment), thus the increase in employment between 2011Q1 and 2012Q1 was not enough to even cater for the new and re-entrants into the job market. "Hence unemployment remained high, increasing by 1.2 percentage points to 22.8% during 2012Q1. Thus, there is inadequate job growth to meet the unemployment challenge." (BER: 2012) The gains in employment rates for young people have been wiped out by the economic crisis.

In attempting to address the challenges identified, the following four strategies are driven by DEDAT through Programme 7:

**Strategy 1:** Enhancing cohesion between all provincial and national stakeholders in order to ensure an environment conducive to skills development.

This component of the strategy will be driven by the following projects and these will be facilitated by the Provincial Skills Development Forum in 2013/14:

**Co-ordination of Stakeholders:** The Provincial Skills Development Forum, which has been renamed the Provincial Skills Forum (PSF) to avoid confusion with the Provincial Spatial Development Framework that uses the same acronym, is focused on co-ordination of stakeholders within the skills eco-system to overcome the fragmentation which has contributed towards the misalignment of the skills supply and demand. The skills environment is highly complex, with a wide variety of stakeholders playing critical roles in the skills value-chain. Weaknesses in one section of the skills value chain tends to have significant ripple effects along the downstream components and it is in the interests of all players, including the students, to ensure that these weaknesses are addressed constructively and cooperatively and the entire system is robust and strengthened. Greater co-ordination amongst skills development stakeholders allow for improved planning and co-ordinated implementation of skills programmes, enabling enhanced impact and sustainable long-term success. It is this principle that underpins the National Skills Development Strategy III's directive that each province has a Provincial Skills Development Forum and that it drives the work of the Western Cape Government and its stakeholders.

To this end, the PSF strategy for co-ordination will focus on three core thrusts in 2013/14, namely:

- Co-ordination of stakeholders in order to improve relationships and articulate a common goal and the implementation thereof
- Development of a IT-enabled platform in which information and intelligence can be shared and communication with a wider range of stakeholders can be facilitated
- A facilitation mechanism for stakeholders to collaborate on skills projects addressing immediate skills needs

**Catalytic Demand-led Interventions.** Beyond focusing on the co-ordination of stakeholders and skills development in the province, the Provincial Skills Forum (PSF) also will initiate and drive demand-led interventions which have long-term skills development requirements and that are directly linked to major economic priorities actively driven by the province. The focus of these skills interventions is to incorporate both the short-term as well as the long-term skills requirements of the economy using, as a catalyst, the skills demand created by the large scale economic opportunities resulting from the infrastructure and catalytic investments of the province. These skills interventions reflect the broader economic priorities of the region, and are therefore not necessarily exclusive to specific sectors, but targeted industries are the primary beneficiaries of these skills initiatives. The interventions are intended to deal with structural challenges within the skills environment or address skills challenges on a scale which will result in substantial improvements in the supply of required skills in anticipation of the long-term demand trends.

The current set of relevant economic priorities within the province, as articulated by the PSO 1, are the Broadband Initiative, the Green Economy, the Design industries and its ability to improve the competitiveness of the economy and Infrastructure of which the Saldanha Industrial Development Zone is a major component. For each of these economic priorities, the Office of the PSF will pro-actively drive the following:

- Co-ordination of skills round-table forums
- Development of a skills strategic framework
- Development and implementation of one major skills intervention

Work on two of these four economic priorities will be prioritised for 2013/14, and as capacity comes on board, programmes on the remaining two economic priorities will be initiated. Given the orientation of the PSF's proactive projects, the PSF Sub-Programme will need to work intimately with the Strategic Initiatives Sub-programme in Programme 3 that drives the bulk of these economic initiatives. To this end, these skills interventions will fall under the direct oversight of the Strategic Initiatives Chief Directorate.

**Strategy 2:** To facilitate/support unemployed youth to access jobs

This component of the strategy will be driven and supported by Sub-programme: Workforce Development and includes the following projects in 2013/14:

- **Work and Skills:** The programme drives the process of access for unemployed people and first-time entrants to the labour market, via various, but mainly, labour absorbing sectors. The flagship project focuses on the Tourism, as well as Services and Manufacturing sectors.

Job readiness equips the future employee with business world knowledge, cultural awareness and the confidence necessary to enter the world of work; thus increasing the individual's chance of employability.

The premise of the Work and Skills programme is strongly aligned to the Provincial Strategic Objective 1 which provides opportunities for youth to access jobs offered by businesses. Work and Skills decreases the gap between skill supply and skill demand for first time work seekers with matric or exiting FET and facilitates entry level posts within selected sectors of the economy.

Work and Skills supports the One Cape 2040 vision, towards "Intensive subsidised work opportunity creation in public and private sectors and working towards an Intensive programme to get unemployed young people into a structured programme of supervised work and learning on a subsidised stipend-based basis".

Increasing employment in the rural areas is equally important. Employment by District has decreased for West Coast, Overberg and Central Karoo between 2000 and 2010 and thus, selected skills initiatives (such as Work and Skills) will continue work experience interventions in these districts over the next three years to assist incentivising business to take on first time work seekers. The focus sectors will include community,



social, personal services, catering, accommodation and wholesale and retail sectors as these have shown growth in GDP employment from 2000-2010.

**Source:** Quantec Research

**Strategy 3:** To bridge the gap between supply and demand across selected 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

This component of the strategy will be driven in partnership with Programme 3: Trade and Sector Development, through the following projects in 2013/14:

- The programme, as and when required, provides specialist knowledge and co-ordination to Trade and Sector Development units' short to medium term skills projects. Skills project interventions range from soft and hard skills; workforce development initiatives for employees to up skill middle management, or niche markets such as tooling and cross skill individuals to improve competitiveness. Projects for 2013/14 include the Tool, dye and mould making project and Capacity 1000, co-funded by the Development Bank of South Africa.

Professional, vocational, technical and academic (PIVOTAL) programmes are driven across various sectors through the artisan focus in Programme 7, Sub programme: Workforce Development.

Artisans aimed at an occupationally directed qualification, which combines institutional learning (college or university) with supervised practical learning in a workplace, is vital.

In 2013/14 the key focus is on the placement of 200 artisans into the workplace for practical skill acquisition and mentorship towards being trade tested.

The NSDS III commits to more responsive skills planning to secure alignment between the SETA Planning and delivery system and national development priorities, including IPAP priorities. There is a renewed focus on more occupational qualifications in artisanal and professional skills, instead of short courses and this will be driven provincially, encouraging and actively supporting the integration of workplace training with theoretical learning.

**Strategy 4:** Enhance cohesion between all provincial and national stakeholders in order to foster an environment conducive to Innovation

This component of the strategy will be mobilised in 2013/14 in the following:

- The Regional Innovation Network

The Economic Development Partnership (EDP) and the Technology Innovation Agency (TIA) are key partners for prioritising the Regional Innovation Agenda in 2013/14.

The role of the DEDAT in the RIN is to:

1. Maintain and strengthen the steering committee
2. Leverage funds through the partnerships in the RIN
3. Prioritize key interventions and projects identified by the RIN and in partnership with the EDP and to then collectively collaborate on one project for 2013/14 that feeds into the One Cape 2040 vision towards a knowledge economy:

**14.4 SUB-PROGRAMME 7.1 PROVINCIAL SKILLS CO-ORDINATION**

<b>Strategic Objective</b>	To ensure strategic coordination of skills initiatives to decrease the gap between skills supply and demand
<b>Objective statement (outcome – 5 year targets)</b>	To coordinate key strategic partnerships that will result in a conducive environment for skills development and which results in a reduction of the gap between skills supply and demand.
<b>Baseline</b>	No baseline exists
<b>Justification</b>	The Skills Development Act (SDA) of 2008 determines that the Western Cape Government will establish a Provincial Skills Development Forum that will include representation from all relevant role-players.  A Provincial Skills Development Framework will be developed that will allow for greater integration and cohesion of skills activities with and between public/private partnerships (business, educational institutions, government and labour) that will result in the gap between skills supply and skills demand being reduced.
<b>Links</b>	Medium Term Strategic Framework, MEDS, Workforce Development Strategy, National Skills Development (III), Human Capital Development Strategy (HCDS), PSDF Business Case, Skills Development Act (SDA) of 2008; National Skills Accord (2010), The Industrial Policy Action Plan (IPAP)

**14.4.1 Strategic objective annual targets for 2013/14**

<b>Strategic Objective (Outcome Indicator)</b>	<b>Audited / Actual Performance</b>			<b>Estimated performance</b>	<b>Medium-term Targets</b>		
	<b>2009/10</b>	<b>2010/11</b>	<b>2011/12</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>
Strategic Frameworks for priority skills development sectors/enablers					1	3	-
Value of interventions implemented/facilitated					-	R20 million	R500 million

**14.4.2 Risk Management**

<b>STRATEGIC OBJECTIVE:</b> To ensure strategic coordination of skills initiatives to decrease the gap between skills supply and demand.	
<b>RISK STATEMENT</b>	<b>RISK MITIGATION STRATEGY/IES</b>
The lack of buy in from key stakeholders of the Provincial Skills Forum (PSF) is due to these members' perception that there is no benefit for their constituency which could result in programmes not addressing the provincial skills challenges adequately	Stakeholder management within the PSF is critical for the successful implementation of the goals of the PSF. The following from a stakeholder perspective have been incorporated:  1. Formations and secretariat support for working group forums addressing issues relevant to the stakeholders. 2. Database and communications platform to ensure dialogue and sharing of information. 3. Engage in one-on-one meetings with stakeholders at regular intervals to address challenges

**14.4.3 Performance indicators and annual targets for 2013/14**

Programme performance indicator (Output Indicator)		Audited/Actual performance			Estimated performance	Medium-term targets		
		2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Sub-programme: Provincial Skills Co-ordination								
Provincial specific indicators								
1.1	Number of collaborative skills interventions supported					3	5	7
1.2	No of engagements, forums and events					10	15	20
1.3	Development of an IT-enabled skills platform					1	-	-

**14.4.4 Quarterly targets for 2013/14**

Performance indicator		Reporting period	Annual target 2013/14	Quarterly targets			
				1st	2nd	3rd	4th
Sub-programme: Provincial Skills Co-ordination							
Provincial specific indicators							
1.1	Number of collaborative skills interventions supported	Quarterly	3	-	-	1	2
1.2	No of engagements, forums and events	Quarterly	10	2	2	3	3
1.3	Development of an IT-enabled skills platform	Annually	1	-	-	-	1

**14.5 SUB-PROGRAMME 7.2 WORKFORCE DEVELOPMENT**

<b>Strategic Objective</b>	To co-ordinate institutional arrangements by increasing access to occupationally directed programmes, leading to entry, intermediate and high level learning and facilitate the employability of youth exiting matric and FET colleges for labour absorbing and priority sectors
<b>Objective statement</b>	Jobs facilitated/sustained Over 5 years, R 40 million is intended to be leveraged, 2000 jobs sustained as a result of access to experiential learning and/or training opportunities
<b>Baseline</b>	To determine the effectiveness and impact of provincial economic development policies, strategies, programmes and projects through conducting 10 Monitoring and 5 evaluations across the Department's programmes and projects, thereby facilitating organisational learning.
<b>Justification</b>	5 evaluation reports and 10 monitoring reports
<b>Links</b>	Medium Term Strategic Framework, MEDS, Workforce Development Strategy, National Skills Development Strategy(III), Human Capital Development Strategy (HCDS),FET/SETA Collaborative Agreement

**14.5.1 Strategic objective annual targets for 2013/14**

Strategic Objective (Outcome Indicator)	Audited / Actual Performance			Estimated performance	Medium-term Targets		
	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Number of jobs facilitated Work and Skills program	-	485	443	-	450	540	1350
Number of people trade tested							150
Value of funding leveraged	-	R10,834 m	R5,635 m	R5 m	R51m	R5m	R10 m

**Footnote:** (150 of jobs sustained is dependent on DBSA – Jobs Fund. A percentage (60%) of value of funding leveraged is dependent on DBSA –Jobs Fund

**14.5.2 Risk Management**

<b>STRATEGIC OBJECTIVE:</b> To co-ordinate institutional arrangements by increasing access to occupationally directed programmes, leading to entry, intermediate and high level learning and facilitate the employability of youth exiting matric and FET colleges for labour absorbing and priority sectors.	
<b>RISK STATEMENT</b>	<b>RISK MITIGATION STRATEGY/IES</b>
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.	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. 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. 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
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.	Ensure good recruitment & selection processes, life skills training in place(specific entry requirements) Monthly consultation with host employers and conduct regular site visits Ensure a demand-led process is followed (database containing job specifications) Host company co-funds stipends Increase the stipend slightly Lobby with business (host companies) and relevant stakeholders, who are currently not co-funding stipends to do so. Continuous lobbying with businesses to maintain mentorship and inform learners of career development to retain learners during the 6 months

**STRATEGIC OBJECTIVE:** To co-ordinate institutional arrangements by increasing access to occupationally directed programmes, leading to entry, intermediate and high level learning and facilitate the employability of youth exiting matric and FET colleges for labour absorbing and priority sectors.

RISK STATEMENT	RISK MITIGATION STRATEGY/IES
<p>To decrease the gap between supply &amp; demand for appropriately trained artisans and first time work seekers and secure placement opportunities. The challenge is due mainly to the lack of awareness of placement and incentive opportunities. The result is youth exit training programmes and are not exposed to the world of work to eventually provide them with the competency and skills sets to obtain employment and contribute to the GDP</p>	<p>Market and Increase visibility of the placement opportunity and benefits at various business chambers and clusters.</p> <p>Incentivise learners and business by providing stipends to youth while in placement for work experience, decreasing the cost to business and increasing the chances of accessing and sustaining the placement opportunity.</p> <p>Link up with business and or government departments who have programs that have already identified placement opportunity and add value through providing quality learners and stipends.</p> <p>Produce audio visual marketing material, selling the value proposition and ensuring it is showcased at relevant forums to increase awareness and benefit of the placement opportunity.</p>

#### 14.5.3 Performance indicators and annual targets for 2013/14

Programme performance indicator (Output Indicator)		Audited/Actual performance			Estimated performance	Medium-term targets		
		2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Sub-programme: Workforce Development								
Provincial specific indicators								
1.1	Number of people trained: Work and Skills	500	611	512	750	1000	2500	3000
1.2	Number of people placed with host companies: Work and Skills	-	611	511	750	1000	2250	2700
1.3	Number of host companies matched to Work & Skills	-	-	-	70	150	300	325
1.4	Number of people placed in host companies: Artisans	-	-	-	-	200	200	0

## 14.5.4 Quarterly targets for 2013/14

Performance indicator	Reporting period	Annual target 2013/14	Quarterly targets				
			1st	2nd	3rd	4th	
Sub-programme: Workforce Development							
Provincial specific indicators							
1.1	Number of people trained: Work and Skills	Quarterly	1000	-	200	400	400
1.2	Number of people placed with host companies: Work and Skills	Quarterly	1000	-	250	375	375
1.3	Number of host companies matched to Work & Skills	Quarterly	150	-	30	60	60
1.4	Number of people placed with host companies: Artisans	Quarterly	200	80	120	-	-

## 14.6 SUB-PROGRAMME 7.3 INNOVATION

<b>Strategic Objective</b>	The Regional Innovation Network , RIN , will stimulate the environment of innovation in order to improve economic growth and enterprise competitiveness
	To provide a minimum level of credible provincial economic data for all citizens and business community of the Western Cape in the next 5 years.
<b>Objective statement</b>	<p>The RIN will provide the mechanism with the business, government and educational institutions to:</p> <ol style="list-style-type: none"> <li>1. To provide a mechanism where business, government and technological agencies can collaborate on innovation development programmes and projects, the aim of which will be to provide industry and government with opportunities necessary for growth. Key to achieving this in the long term is: <ol style="list-style-type: none"> <li>a). Identify regional policy framework conducive to innovation policy, in the context of national policy</li> <li>b). Advocate for one key shift in regional policy framework conducive to innovation policy, in the context of national policy</li> </ol> </li> </ol>
<b>Baseline</b>	Initial baseline information is not available
<b>Justification</b>	The RIN will allow for greater integration and cohesion of innovation activities with public private partnerships (business, educational institutions, government and labour) decreasing duplication of initiatives, leveraging funds, improving incentives for commercialisation and increasing value for money
<b>Links</b>	Advanced Manufacturing Technology Strategy (AMTS) , Department of Science and Technology Strategic Plan , Technology Innovation Agency Strategic Corporate Plan, MEDS Strategy, JIPSA, National Skills Development (III), Industrial Policy Action Plan

**14.6.1 Strategic objective annual targets for 2013/14**

Strategic Objective (Outcome Indicator)	Audited / Actual Performance			Estimated performance	Medium-term Targets		
	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Functional Regional Innovation Network	-	-	1	1	1	1	1
Value of funds leveraged	-	-	-	-	-	R250,000	R1m

**14.6.2 Risk Management**

<b>STRATEGIC OBJECTIVE:</b> To increase transformation and participation by citizens of the province to actively contribute to the tourism industry through the provision of employment opportunities and business ownership.	
RISK STATEMENT	RISK MITIGATION STRATEGIE/S
Lack of integration and cohesion of innovation activities with public private partnerships (business, educational institutions, government and labour) : Currently there is duplication of incentives for commercialisation. An Innovation driven economy with low barriers to entry with high productivity and entrepreneurship rates is needed and this requires greater integration of innovation activities.	Facilitation of a mechanism where business, government and technological agencies can collaborate on innovation development programmes and projects: Provide a plan of action around innovation initiatives to , linking the One Cape 2040 Advocate for one key shift in regional policy framework conducive to innovation policy, in the context of national policy

**14.6.3 Performance indicators and annual targets for 2013/14**

Programme performance indicator (Output Indicator)	Audited/Actual performance			Estimated performance	Medium-term targets			
	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	
Sub-programme: Innovation								
Provincial specific indicators								
1.1	Number of working groups for the Regional Innovation Network established					1	1	1

**14.6.4 Quarterly targets for 2013/14**

Performance indicator	Reporting period	Annual target 2013/14	Quarterly targets				
			1st	2nd	3rd	4th	
Sub-programme: Innovation							
Provincial specific indicators							
1.1	Number of working groups for the Regional Innovation Forum established	Annually	1	-	-	1	-

**14.7 RECONCILING PERFORMANCE TARGETS WITH THE BUDGET AND MTEF****14.7.1 Expenditure estimates**

Sub-programme	Audited			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimate			
	R' 000	2009/10	2010/11				2011/12	2012/13	2012/13	2012/13
1. Provincial Skills Co-ordination				2 335	3 933	3 850	3 850	<b>17 391</b>	22 561	27 722
2. Workforce Development	26 290	11 861	12 964	18 992	20 960	20 960	<b>18 429</b>	22 026	25 143	
3. Innovation	4 230	805	2 054	859	859	859	<b>934</b>	989	1 043	
4. Management: Skills Development		930	1 014	1 336	1 336	1 336	<b>1 233</b>	1 314	1 400	
<b>Total payments and estimates</b>	<b>30 520</b>	<b>13 596</b>	<b>18 367</b>	<b>25 120</b>	<b>27 005</b>	<b>27 005</b>	<b>37 987</b>	46 890	55 308	
Economic classification										
<b>Current payments</b>	4 079	2 359	3 769	12 754	14 639	14 639	<b>31 401</b>	40 259	48 714	
Compensation of employees	2 166	2 094	3 022	3 842	4 195	4 195	<b>5 824</b>	6 168	6 513	
Goods and services	1 913	265	747	8 912	10 444	10 444	<b>25 577</b>	34 091	42 201	
Interest on rent and land										
<b>Transfers and subsidies to</b>	<b>26 409</b>	<b>11 200</b>	<b>14 300</b>	<b>12 280</b>	<b>12 280</b>	<b>12 280</b>	<b>6 386</b>	6 500	6 500	
Provinces and municipalities										
Departmental agencies and accounts										
Universities and technicians	450		1 400	10 980	10 980					
Foreign governments and international organisations										



Part B: Programme and Subprogramme Plans

Sub-programme	Audited			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimate			
	R' 000	2009/10	2010/11				2011/12	2012/13	2012/13	2012/13
Public corporations and private enterprises	10 000	10 000	6 200							
Non-profit institutions	15 768	1 200	6 700	1 300	1 300	12 280	<b>6 386</b>	6 500	6 500	
Households	191									
<b>Payments for capital assets</b>	32	36	298	86	86	86	<b>200</b>	131	94	
Buildings and other fixed structures										
Machinery and equipment	32	13	298	86	86	86	<b>200</b>	131	94	
Heritage assets										
Specialised military assets										
Biological assets										
Land and subsoil assets										
Software and other intangible assets		23								
Payments for financial assets		1								
<b>Total economic classification</b>	30 520	13 596	18 367	25 120	27 005	27 005	<b>37 987</b>	46 890	55 308	

**14.7.2 Performance and expenditure trends**

The programmes budget for the 2013/14 financial year is R 27 363 million, which is a 8.92% increase when compared to the 2012/13 budgetary allocation.

In line with the Provincial Strategic objective 1: Creating opportunities for growth and jobs, one of the key projects for the programme, namely the Work and Skills Programme will receive continued support in 2013/14. The Work and Skills Programme, entering its 6th phase of implementation, aims to provide workplace opportunities to first time work seekers so as to increase the employability of people between the ages of 18 -35 years old and the Department is committed to its cause of funding large-scale, impactful projects, such as the Work and Skills programme by allocating a budget of R 10.828 million towards the Work and Skills programme for the 13/14 period.

The key shift in budgetary allocations for Transfers and subsidies, which has an increase of R 5 544 million, is mainly due to the Artisan Training Programme where the key focus for 13/14 will be on the placement of 200 artisans into the workplace for practical skill acquisition and mentorship towards being trade tested.

## PART C: LINKS TO OTHER PLANS

### 10 LINKS TO THE LONG-TERM INFRASTRUCTURE AND OTHER CAPITAL PLANS

Not applicable

### 11 CONDITIONAL GRANTS

Not applicable

### 12 PUBLIC ENTITIES

#### 12.1 *The Western Cape Trade and Investment Promotion Agency (WESGRO)*

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

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

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

#### 12.2 *The Western Cape Liquor Authority (WCLA)*

The Western Cape Liquor Authority is a newly established Public Entity that is now autonomous of the Department. The 2013/14 financial year will see the Authority being run totally independent of the Department.

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 the Western Cape Liquor Authority on a quarterly basis
- Funding transferred in tranches, based on evaluation of quarterly reports
- A minimum of one quarterly meeting between the Department and the Western Cape Liquor Authority to discuss performance, ensure alignment between Departmental and the Western Cape Liquor Authority plans, provide assistance where relevant, and address challenges.

### 13 PUBLIC-PRIVATE PARTNERSHIPS

Not applicable



**Annual Performance Plan 2013/14**

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