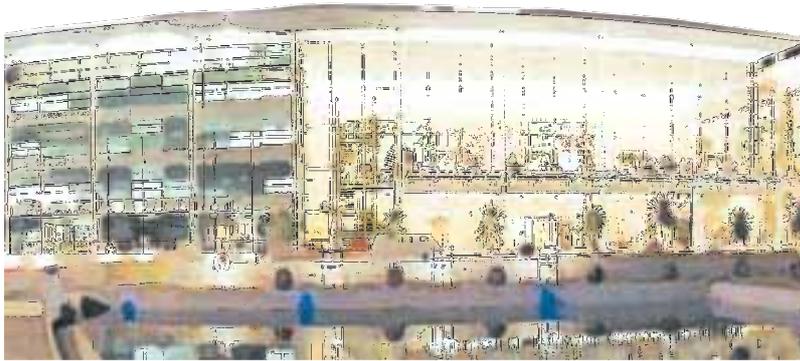


ANNUAL REPORT
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INGXELO YONYAKA



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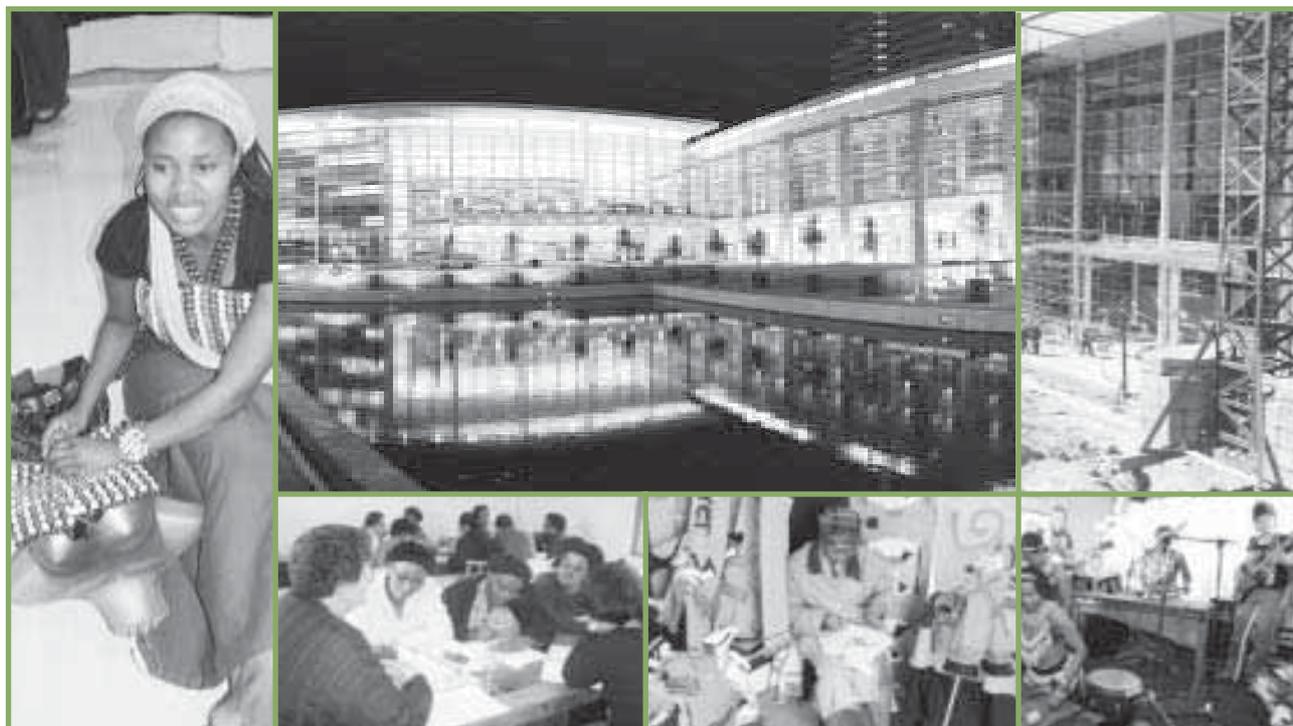
DEPARTMENT OF ECONOMIC
DEVELOPMENT AND TOURISM

DEPARTEMENT VAN EKONOMIESE
ONTWIKKELING EN TOERISME

ISEBE LEZOPHULISO
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NEZOKHENKETHO



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ANNUAL REPORT FOR THE YEAR ENDED 31 MARCH 2004

DEPARTEMENT VAN
EKONOMIESE ONTWIKKELING EN TOERISME
JAARVERSLAG VIR DIE JAAR GEËINDIG 31 MAART 2004



ISEBE LEZO-
PHULISO LWEZOQOQOSHO KUNYE NEZOKHENKETHO
INGXELO YONYAKA KUNYA-MALI OPHELE NGOMHLA WAMA-31 MATSHI 2004



DISCLAIMER

The English section of this Annual Report is regarded as the official text.
The Department cannot be held liable for any misinterpretations that may have occurred during the translation process.

WESTERN CAPE PROVINCE
Department of Economic Development and Tourism
Vote 13

ANNUAL REPORT
for the year ended 31 March 2004

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PART 1: GENERAL INFORMATION



Head of Department of Economic Development and Tourism in action:
Mr Brendon Roberts

INTRODUCTION

The Department of Economic Development and Tourism faced challenges relating to both its external and internal environment during 2003/04. We overcame these, driven by the strength of a dynamic team.

The Department experienced restructuring resulting from legislation at National level and the agreement between the two major political parties governing the Western Cape.

The Department became responsible for driving economic growth within the Western Cape. The Provincial Growth and Development Framework Agreement was signed at the Provincial Growth and Development Summit (PGDS) in November 2003.

Key undertakings in the agreement included:

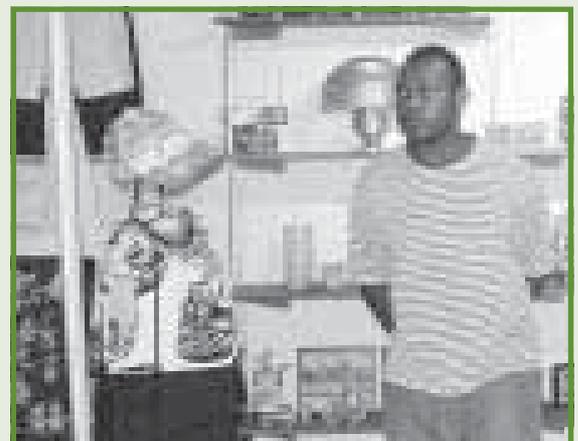
- Creating 100 000 net new jobs by 2008 within the priority economic sectors;
- Establishing a permanent provincial rapid response unit comprising the social partners to defend current investments and jobs;
- Strengthening the Proudly South Africa campaign locally;
- Working in partnership to attract new investment of R5 billion into the priority economic sectors by the year 2006;
- Developing a comprehensive and broad-based empowerment strategy that encompasses access for historically marginalised groups to procurement opportunities; and

- Identifying concrete opportunities for co-operatives to be nurtured and developed in the key economic sectors.

The Western Cape government made R 45 million available to be spent on projects before the end of the financial period. The Department accepted the challenge and key sectors such as agriculture, manufacturing and services became the focus to spend the money within a very tight schedule between October 2003 and March 2004.

A task team led by Dr Franklin Sonn and Minister Naledi Pandor developed a human resource and skills development strategy during this period. It should impact significantly on the provision of education and training for the future needs of the economy.

The walk-in centre, the call centre and the web portal of the Cape Gateway project were launched. The project was selected to be showcased at the United Nations World Summit on the Information Society in Geneva, Switzerland during December 2003.



CAPE CRAFT AND DESIGN INSTITUTE (CCDI): Exhibitions of craft were staged at important events such as the Decorex Cape, the Design Indaba and the Learning Cape Festival as part of the strategy to market the Craft & Design sector.



The Department facilitated the establishment of the Manufacturing Advisory Centre (CapeMAC). More than R6 million was invested into the regional economy in subsidised service delivery and more than 6 200 jobs were sustained because of the input by the centre.

Five District Municipalities and 25 B Municipalities were assisted in the assessment of their Integrated Development Plans (IDPs).

The hydroponics-farming greenhouse project in Beaufort West piloted during the previous financial period, became a catalyst for economic and social activity in the region. The project resulted in 95 people being employed at the farm, of whom 90% are women.

The Department's efforts to promote Small, Medium and Micro Enterprises (SMMEs) development and to advance black economic empowerment included facilitating a range of procurement workshops for potential contractors in Vredendal, Oudtshoorn, Mossel Bay, Caledon, Ceres, Worcester, George, Saldanha Bay, Mitchell's Plain, Khayelitsha and Gugulethu.

The Department embarked on an education and awareness campaign amongst farm and rural communities with regard to the danger of alcohol. The Department initiated a year long research project on the impact of bulk wine in low cost packaging ("papsakke" and plastic bottles).

Tourism in the Western Cape has grown during this period. Foreign arrivals to South Africa increased by 1,2% during 2003/04. In 2002 a total of 1 372 000 foreigners visited the Western Cape. The figure grew to 1 388 464 in 2003.

Overseas arrivals to the Western Cape increased from 976 000 in 2002 by 4,2% to 1 016 992 in 2003.

A student at the Cape Craft and Design Institute (CCDI) at her craft:

The integrated market access strategy of the CCDI takes into account:

- The diverse levels of business sophistication of craft enterprises on our database.
- The diversity of the markets.
- The various objectives of the different market access opportunities.



Highlights in Tourism include:

- The establishment of the Destination Marketing Organisation (DMO) to attract visitors to the Western Cape.
- Launching the Cape Craft and Design Institute in partnership with the Cape Technikon and the Department of Sports and Cultural Affairs to promote local crafters and their products.
- The Safety and Security Conference held in October 2003.
- The establishment of the Western Cape's Tourist Guide Registration System.

The Department remains committed to its anchor role in creating sustainable jobs and to make an important contribution in reducing poverty.



Information on the Ministry

Minister Ebrahim Rasool, responsible for Finance and Economic Development, visited Great Britain and Northern Ireland from 29 June 2003 to 13 July 2003 at the invitation of the Lisburn City Council. The business mission to Ireland coincided with the Western Cape Trade, Tourism and Investment's Business Mission and International Conference. He also visited London from 31 March 2004 to 1 April 2004 as a special guest of the fourth Awards of Excellence ceremony to deliver an address and to strengthen the links between South Africa and Great Britain.

Minister Joyce Witbooi, responsible for Tourism, tabled the Provincial Western Cape Tourism Bill, which was promulgated as the Provincial Western Cape Tourism Act (Act 1 of 2004).

Minister Witbooi visited London and Amsterdam from 06 to 16 November 2003. The purpose of the visit was to promote the Western Cape as an international tourist destination and

to examine tendencies in marketing and tourism. She visited Switzerland from 13 to 16 January 2004 to address the opening event of the Consumer Travel Fair in Berne and to promote the Western Cape as an international tourist destination.

Mission statement

The Department is committed to drive key economic sectors that will grow the economy in a manner that will create decent work for entrants into the labour market and ensure that we reduce the number of people dependent on social welfare. We aim to grow and transform our economy through micro economic interventions and to ensure we meet social, economic and environmental equity outcomes.

Legislative mandate

- The Constitution of the Republic of South Africa, 1996 (Act 108 of 1996)
- Public Finance Management Act (PFMA), 1999 (Act 1 of 1999 as amended by Act 29 of 1999)



SACTWU - Retailers and Financial Sector: An agreement was reached and signed on 05 December 2003. The agreement commits retailers to use their buying decisions to promote higher levels of procurement from South African manufacturers, in an effort to create employment or save jobs in the local clothing industry.



To regulate financial management in the Department to ensure that all revenue, expenditure, assets and liabilities are managed efficiently and effectively, and to provide the responsibilities and authority to persons entrusted with financial management in the Department.

- Annual Division of Revenue Act
To provide for the equitable division of revenue, including conditional grants, between the three spheres of government
- Public Service Act, 1994 (Act 103 of 1994) and Regulations, 2001
To provide for the organisational structure and administration of the Department and for Human Resources Management which includes the regulation of conditions of employment, terms of office, discipline, retirement and discharge of staff members of the Department.
- Labour Relations Act, 1995 (Act 66 of 1995)
To regulate and guide the Department in recognising and fulfilling its role in effecting a harmonious and democratised workplace.
- Basic Conditions of Employment Act, 1997 (Act 75 of 1997)
To provide regulatory prescripts in addition to the Public Service Act, 1994 and the Public Service Regulations, 2001, regarding the conditions of employment of staff in the Department.
- Skills Development Act, 1998 (Act 97 of 1998)
To provide an institutional framework to devise and implement national, sector and workplace strategies to develop and improve the skills of the South African workforce; to integrate those strategies within the national qualification framework contemplated in the

South African Qualifications Authority Act, 1995; to provide for learnerships that lead to recognised occupational qualifications; to provide for the financing of skills development by means of a levy scheme and a national skills fund; and to provide for and regulate employment services.

- Skills Development Levies Act (Act 9 of 1999)
To provide for the imposition of a skills development levy.
- Promotion of Access to Information Act, 2000 (Act 2 of 2000)
To give effect to the constitutional right of access to any information held by the state and any information that is held by another person and that is required for the exercise or protection of any rights.
- Occupational Health and Safety Act, 1993 (Act 85 of 1993)
To provide for the health and safety of persons at work and for the health and safety of persons in connection with the use of plant and machinery; the protection of persons other than persons at work against hazards to health and safety arising out of or in connection with activities of persons at work; and to establish an advisory council for occupational health and safety.
- Western Cape Constitution, 1996 (Act 1 of 1998)
- Employment Equity Act, (Act 55 of 1998)
To regulate the process and procedures of the department in achieving a diverse and competent workforce broadly representative of the demographics of the Western Cape and eliminating unfair discrimination in employment towards implementing employment equity.

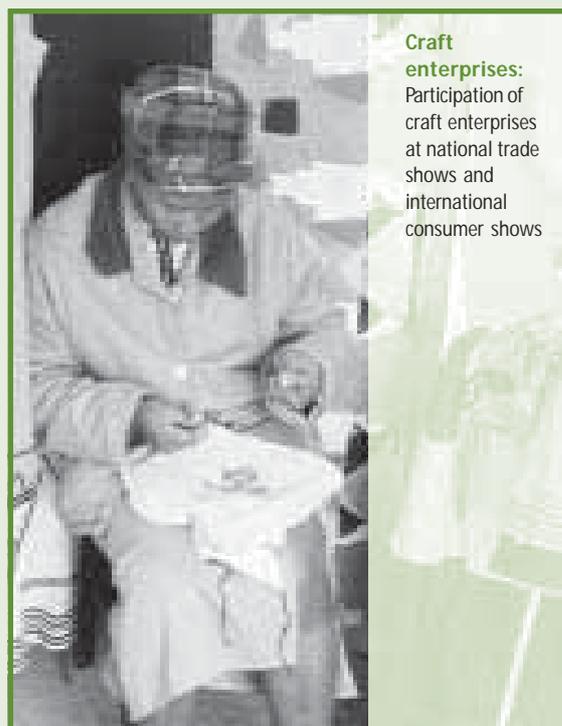


- Western Cape Investment and Trade Promotion Agency Law, 1996 (Act 3 of 1996)
To establish the Western Cape Investment and Trade Promotion Agency (Wesgro).
- Liquor Act, 1989 (Act 27 of 1989)
The Liquor Act, No 27 of 1989 will, when the national Liquor Act, No 59 of 2003 comes into effect during the 2004/5 financial year, become the default provincial legislation that will regulate the retail and micro-manufacturing sector of the liquor industry until replaced by the proposed provincial liquor legislation.
- Liquor Act, No 59 of 2003
The Liquor Act No 59 of 2003 is expected to come into effect during the 2004/5 financial year and will replace the current Liquor Act, No 27 of 1989. It will introduce a three tiered system into the liquor industry and will regulate the manufacturing and distribution tier. It provides for the devolution of functions relating to the distribution tier to the provincial Minister and it requires the provincial liquor licensing authority to provide it with statistical information relating to the retail and micro-manufacturing tier.
- Businesses Act, 1991 (Act 71 of 1991)
The Businesses Act is assigned national legislation that provides for the regulation of informal trading by municipalities, subject to monitoring of the relevant bylaws by the provincial Minister. It further provides that the provincial Minister may act as an appeal authority in instances where municipalities refuse applications by certain types of businesses for licences to trade.
- Broad-Based Black Economic Empowerment Act (2003)

To establish a legislative framework for the promotion of black economic empowerment; to empower the Minister to issue codes of good practice to publish transformation charters; to establish the Black Economic Empowerment Advisory Council; and to provide matters connected therewith.

- National Small Business Amendment Act (2003)

To provide for the establishment of the National Small Business Council and the Ntsika Enterprise Promotion Agency; and to provide guidelines for organs of state in order to promote small business in the Republic; and to provide for matters incidental thereto. The amendment was to repeal all provisions pertaining to the National Small Business Council and to empower the Minister to facilitate and establish a Advisory Body to represent the interests of small business.



Craft enterprises: Participation of craft enterprises at national trade shows and international consumer shows



- Municipal Systems Act (2000)**

To provide core principles, mechanisms and processes to enable municipalities to move progressively towards social and economic upliftment of communities and to ensure access to essential and affordable services.
- Municipal Finance Management Act (2003)**

To secure sound and sustainable management of the financial affairs of municipalities and other institutions in the local sphere of government; to establish treasury norms and standards for the local sphere of government; and to provide for matters connected therewith.
- Western Cape Consumer Affairs (Unfair Business Practices) Act, 10 of 2002**

It is expected that the regulations applicable to the legislation will be completed and that the legislation will come into effect in the 2004/05 financial year.
- National Tourism Amendment Act (Act 8 of 2000)**

To amend the Tourism Act, 1993, in order to further regulate the composition of the South African Tourism Board and to promote and maintain a sound working relationship between the board and the provinces.
- National Tourism Second Amendment Act (Act 70 of 2000)**

To amend the Tourism Act, 1993. Provisions in the Act, include: further training and registration of tourist guides, a code of conduct and ethics for tourist guides, procedures to lodging complaints and disciplinary measures.
- Provincial Western Cape Tourism Act (Act 1 of 2004)**

To provide for the establishment of the Destination Marketing Organisation (DMO).
- Provincial Cape Town International Convention Centre Act (Convenco Act 8 of 2000)**

To provide for the Province's shareholding in the Cape Town International Convention Centre Company and for the funding provided to the Company by the Province.
- Provincial White Paper on Sustainable Tourism Development and Promotion (2001)**

The White Paper on Sustainable Tourism Development and Promotion in the Western Cape provides the policy foundations and competitive strategy for the Western Cape to become a leading global tourism destination.
- Electronic Communications & Transactions Act (Act 25 of 2002)**

To establish a formal structure to define, develop, regulate and govern e-commerce in South Africa. The Act is "an enabling" piece of legislation which inter alia attempts to provide functional equivalents for paper-based concepts.
- E-Government Policy (DPSA 2001)**

The policy spells out the e-government vision, defines the benefits to be achieved in the process, sets priorities by identifying focus areas for immediate attention, defines the generic prerequisites that must be in place for advancements.
- Preparing the Western Cape for the Knowledge Economy of the 21st Century (May 2001)**

The White Paper outlines an agreed vision and strategy framework to guide the public and private sectors and other role players in the provincial economy over the next ten years in ways



which will enable the Western Cape to successfully address the twin challenges of increasing competitiveness and alleviating poverty.

- Roadmap for e-Government in the developing world (DPSA - 25 May 2002)

The roadmap reflects the collective experiences that a group of knowledgeable e-government officials from the developing world wish to offer to others following in the path to e-government.

- Handbook on Minimum Information Inter-operability Standards (DPSA – 25 May 2002)

The policy discussion document suggests the technical standards and policies that will act as the foundation of the province's e-Government strategy. These standards will allow information to flow seamlessly across the public sector and will provide citizens and businesses with better access to government services.

Public Entities

Wesgro Legislative Mandate

The Western Cape Investment and Trade Promotion Agency (Wesgro) was created by the Western Cape Investment and Trade Promotion Agency Law, 1996 (Act 3 of 1996). Its function is to promote trade and investment.

In terms of the Act, the Memorandum of Agreements and Performance Agreements, between the Department and Wesgro, annual financial statements and quarterly reports are submitted regularly on specified dates. Business plans are submitted with the Memorandum of Agreements.

The Destination Marketing Organisation (DMO)

The Destination Marketing Organisation (DMO) was established in April 2004 and its main purpose is to serve as a single marketing organisation to promote the growth and transformation of the tourism sector in the Western Cape.

The DMO has the following objectives:

- The managing, planning and directing of the marketing activities of all sectors of the Province's tourism industry, namely meetings, incentives, conventions, exhibitions, events and leisure marketing, and visitor and support services.
- The development of new tourism products and destinations throughout the Province.
- Co-operation with other bodies involved in the marketing of the film industry, and of trade and investment in the Province.
- Providing a vehicle, which facilitates public and private sector co-operation, participation, decision-making and funding in the context of the Province's tourism as a whole.
- Aligning marketing activities in all sectors of tourism in the Province, in collaboration with existing entities.
- Facilitating the pursuit of transformation and empowerment goals within all sectors of the Province's tourism industry.
- Fostering relations and entering into agreements with organisations of all kinds, both public and private, for the purpose of promoting the objectives of the Destination Marketing Organisation (DMO).
- Fostering close co-operation between the public and private sectors in the pursuit of tourism growth for the benefit of all the people of the Province [Section 3, Act 1 of 2004].



Fashion and Lifestyle Expo: Comprising 90 exhibitors, the Expo consisted of clothing, textile and footwear manufacturers, small businesses and lifestyle stalls. Minister Ebrahim Rasool, minister responsible for Finance and Economic Development, pictured with a few exhibitors.



A Memorandum of Agreement is still to be signed between the Destination Marketing Organisation (DMO) and the Department of Economic Development and Tourism for the processing of tranche payments to the DMO. A Service Level Agreement needs to be drafted to cement and concretise the purpose, policy and legislative mandate of the Destination Marketing Organisation (DMO), and will include performance targets and set deliverables.



A Memorandum of Understanding was signed between the City of Cape Town and the Department of Economic Development and Tourism on 24 June 2003, whereby the parties acknowledged their respective constitutional responsibilities for tourism in terms of a shared vision in establishing a single destination marketing organisation. The parties agreed to full collaboration and commitment to the enactment of the new provincial tourism entity, the enactment of the Western Cape Tourism Act and the establishment of the provincial interim body, namely the Cape Town Tourism and Events Company.



Women in Tourism Awards: Twelve women received public recognition for their commitment to tourism from the minister responsible for Tourism and Gambling, Ms Joyce Witbooi on 24 March 2004.