

DEPARTMENT OF  
ECONOMIC DEVELOPMENT AND TOURISM

**WESTERN CAPE**

**ANNUAL PERFORMANCE PLAN  
2011/12**





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## FOREWARD

For two years running, the weakened global economy has had a negative impact on the budget of the Western Cape Department of Economic Development and Tourism. Within this context, its staff members have had to work especially hard to find innovative and more cost-effective methods to create opportunities for all the citizens of the Western Cape. This year was no different: despite emerging from recession, our economy remained scarred, and we were obliged to once again develop our plans within a fiscally constrained environment.

Earlier this month, Western Cape Premier Helen Zille wrote that, "job creation requires tough choices". No statement could be truer in our current situation. With a budget of just R254.414-million, it was necessary for us to make some tough choices on how to approach the growing numbers of unemployed in our province.

After much research and investigation into world best practice, we devised a strategy that we are confident will give the citizens of this province the greatest opportunity to lift themselves from poverty and live lives of value. Our plans are guided by the vision set out in the first strategic objective of the Provincial Government: creating opportunities for growth and jobs.

Through a process of lengthy engagement, the Department has translated Strategic Objective 1 into a set of priorities that will be its primary focal areas in the coming year. These are:

### **Addressing Red Tape**

The Department, in conjunction with the private sector, will set up a Red Tape Unit, which will be tasked with investigating "Red Tape" blockages and eliminating them.

### **Mitigating corruption in the public service**

Corruption stretches across government, and every department has a role to play in mitigating it. This Department will focus on procurement methods, easing access to tender opportunities, and ensuring adherence to the principles of good governance.

### **Building an Economic Development Agency**

In 2011/12, the Department will deliver the draft strategy and mandate for the Western Cape Economic Development Agency. This will be developed in collaboration with international experts, who will provide guidance on the best way forward. After such time, we will implement the planning phase of the EDA's establishment.

### **Building the Future Cape brand**

In order to promote the Western Cape as an international destination for innovation, creativity and business, the Department will formulate a long-term economic vision for the province. This vision will be owned by the citizens of the Western Cape, and will be used to give us all direction as to market and grow our brand to investors internationally and nationally.

### **Growing a skilled and innovative workforce**

This year, far greater emphasis will be placed on growing the right type of skills for the economy that we are in the process of building. To this end, the Provincial Government will establish its own Skills Development Forum. Together with our other skills development initiatives, it will be housed in a new programme called Workforce, Skills and Innovation.

### **Growing our Research and Development capacity**

In order to grow its role as a respected source of reliable economic data, the Department will develop a single data and research repository that will house all economic research within the province.

In addition to the above, we will continue to deliver on the key mandates set out within our programmes, which include Integrated Economic Development Services, Trade & Sector Development, Business Regulation, Economic Planning, and Tourism, Arts & Entertainment.

I would like to thank the staff of the Department for their hard work in devising this year's annual performance plan, and for capturing the essence of Strategic Objective 1 within their projects and programmes. I look forward to seeing our plans come to life over the year ahead.

**Alan Winde**  
**Executive Authority of the Department of Economic Development and Tourism**



## 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 2011/12.

Signature: \_\_\_\_\_

**Mymoena Abrahams**

Chief Financial Officer

Signature: \_\_\_\_\_

**Bongsi Dayimani**

Head Official responsible for Planning

Signature: \_\_\_\_\_

**Solly Fourie**

Accounting Officer

Approved by:

Signature: \_\_\_\_\_

**Alan Winde**

Executive Authority

We are forging ahead determined to achieve our mission of building a better life for all.

State of the Nation Address 2011  
His Excellency JG Zuma  
President of the Republic of South Africa



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## **PART A : Strategic Overview**

### **1. UPDATED SITUATIONAL ANALYSIS**

#### **1.1 VISION**

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

#### **1.2 MISSION**

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

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

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

#### **1.3 PERFORMANCE DELIVERY ENVIRONMENT**

##### **Global Economy**

It appears that the recession which negatively affected the global economy is slowly showing signs of continued recovery albeit with clouds on the horizon. Looking back, over the first half of 2010, economic indicators have shown improved activity, indeed somewhat stronger than what the IMF had forecast.

Growth was stronger than expected in most countries, including the United States, Europe, Japan, Brazil, and India. In most cases, this was a reflection of stronger private demand, which is a good sign for the future. The most recent indicators suggest some slowdown of demand, but it is too early to assess how significant this slowdown might be.

Low consumer confidence and reduced household incomes and wealth are holding consumption down in many advanced economies. Growth in these economies was limited during the first half of 2010, compounded by the fact that countries such as Ireland and Greece had had significant economic challenges. It appears that global economic recovery will remain fragile for a while and that business investment confidence will continue to be sluggish.

Looking forward to 2011 there appears to be four main macro-economic implications. The first, which we have already observed, is a possible depreciation of the Euro. The second is a tightening of bank lending, especially, but perhaps not only in Europe. The third is the need for fiscal consolidation, which, even if well executed, is likely to affect demand and growth adversely in the short term. The fourth implication is a near-term reallocation of capital flows.

These factors will all have an impact on economic growth expected in the major global trading partners and as such will have a direct influence on national and regional economic outcomes.

##### **South African Economy**

South Africa's economic growth disappointed in 2010Q3, moderating to an annualized quarterly 2.6% following the 2.8% growth in 2010Q2 and the stellar 4.6% q/q growth in 2010Q1. On the face of it, this disappointing growth seems to suggest that the underlying growth momentum in the domestic economy is faltering. However, the moderation in headline economic growth was caused by a number of once-off events that had a negative impact on the headline GDP growth number. For example, the manufacturing sector declined by 5% in 2010Q3 as a result of increased industrial action which halted production during the quarter. In August 2010, vehicle manufacturers were hit by industrial action and a strike in the auto components manufacturing sub-sector in September further disrupted vehicle manufacturing activities. Manufacturing output data for August clearly showed the impact of the strike action, with manufacturing production volume growth dipping to 5.3% y/y from 7.2% in July 2010.

In addition, output in the mining industry declined a massive 21% q/q in Q2 after growing 15.4% in Q1 as maintenance at platinum smelters had a negative impact on platinum mining, and industrial action at Transnet affected coal production volumes.

Depending on global growth dynamics, and the expected domestic job market recovery (albeit slow), 2011 could see growth slightly outperform 2010, although at this stage any improvement is expected to be marginal. However, given that global growth is forecast to remain sub-par for a number of years, and in light of domestic capacity constraints such as electricity concerns and skills shortages; growth is unlikely to return to the boom periods witnessed between 2004 and 2007.



### Sectoral Breakdown of GDP: q-o-q saar

Industry	2010Q1	2010Q2	2010Q3
Agriculture, forestry and fishing	4.9	13.6	16.3
Mining and quarrying	18.7	-22.2	28.1
Manufacturing	7.8	5.0	-5.0
Electricity, gas and water	4.9	-1.7	-2.2
Construction	1.3	1.0	0.8
Wholesale, retail, motor trade and accommodation	3.1	6.0	3.3
Transport, storage and communication	2.4	4.5	3.0
Finance, real estate and business services	2.6	3.8	1.5
General government services	1.2	4.6	0.4
Personal services	3.5	3.6	3.1
Total value added at basic prices	4.3	2.7	2.3
Taxes less subsidies on products	6.4	3.4	4.9
GDP at market prices	4.6	2.8	2.6
<i>Source: Statistics South Africa</i>			

The slow recovery in household spending thus far has been underpinned by four factors. The first has been the strong growth in real household disposable incomes, where high nominal wage increases have combined with a marked easing in inflationary pressures. Secondly, interest rate cuts from December 2008 to November 2010 have reduced household debt servicing costs from around 12% of disposable income in the final quarter of 2008, to below 8% in the second quarter of 2010, alleviating some of the pressure on household pocketbooks. Thirdly, there have been positive wealth effects emanating from a recovery in equity market valuations and favourable house price growth in the first half of the year. Finally, there has been a slow recovery in consumer confidence, which is up from its crisis lows and is also above its long-term average.

These four factors will remain core to the recovery in household consumption expenditure growth; and more generally, the sustainability of the broader demand-side recovery. Real household disposable income growth can be expected to continue to underpin the consumer recovery given the relatively benign inflation outlook and high nominal wage increases from recent wage settlements in the public and parts of the private sector that remain well above the prevailing rate of inflation. Furthermore, the current low interest rate environment should also help sustain consumer spending, given that historically when the household debt to income ratio falls, consumer spending increases.

As a result, service categories such as rent, household services, and transport and communication services are expected to derive greater benefit from the slow and sporadic employment recovery and growth in real disposable income.

#### Western Cape Economy

Given the global and national economic context outlined above, the following section describes the historical performance of the Western Cape economy in terms of growth and employment in sectors, which is in line with the Province's Strategic Objective 1.

The Western Cape economy has in the past grown faster than the national average. However given the expected recovery in the Mining and Manufacturing Sectors; this may not be the case in 2010. The contribution of these sectors to the Western Cape's economic performance has declined over the past few years and in the case of mining and quarrying represents less than 1 per cent of total economic activity.

The major components of growth are expected to come from the finance and insurance, retail and wholesale, and communications sectors. They are therefore dependant - to some degree - on improvement in consumer spending and wealth, which in turns depends on employment creation.

In 2010, major industries in terms of formal employment in the provincial economy are community, social and personal (CSP)



services, which includes government, and wholesale and retail trade, which each account for around 22 per cent of formal employment (Table 2). These two industries are also the largest contributors to employment nationally, providing work for 44.7 per cent of workers in the first quarter of 2010. Manufacturing, financial and business services and agriculture, forestry and fishing, each account for double-digit shares of provincial formal employment. These sectors combined, account for almost 87 per-cent of formal employment in the Western Cape. The tertiary sector as a whole dominates both national and provincial formal employment, accounting for around two-thirds of formal employment.

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

Budget Speech 2011  
Minister Pravin Gordhan

#### Sector Distribution of Formal Employment, 2010

	South Africa		Western Cape	
	'000s	(%)	'000s	(%)
Agriculture, forestry and fishing	564	5.9	172	10.8
Mining and quarrying	294	3.1	1	0.1
<b>Primary Sector</b>	<b>858</b>	<b>9.0</b>	<b>173</b>	<b>10.9</b>
Manufacturing	1 516	15.9	261	16.5
Electricity, water and gas	68	0.7	8	0.5
Construction	767	8.0	120	7.6
<b>Secondary Sector</b>	<b>2 351</b>	<b>24.6</b>	<b>389</b>	<b>24.5</b>
Wholesale and retail trade	1 885	19.7	348	22.0
Transport, storage and communication	575	6.0	83	5.3
Financial and business services	1 491	15.6	241	15.2
Community, social and personal services	2 395	25.0	350	22.1
<b>Tertiary Sector</b>	<b>6 347</b>	<b>66.4</b>	<b>1 023</b>	<b>64.5</b>
<b>Total</b>	<b>9 561</b>	<b>100.0</b>	<b>1 585</b>	<b>100.0</b>

Source: Statistics South Africa (2010).

Notes: 1. An asterisk (\*) denotes a statistically significant difference at the 95 per cent level of confidence between the South African and Western Cape shares of formal employment, while a dagger (†) indicates a statistically significant difference at the 90 per cent level of confidence. 2. Figures reported here are for the first quarter of 2010.

#### 1.4 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.

Given the above, the Department's approach to meeting these economic challenges is guided by the adoption of the Provincial Strategic Plan which encapsulates 12 Strategic Objectives, in particular, Strategic Objective 1 which aims to :

- Create and maintain an enabling environment for business; and
- Provide demand-led private sector driven support for growth sectors, industries, towns and businesses.



Although economic indicators are suggesting a favourable picture of the Province's comparative advantage, this is a mixed blessing. This is because the region will have to grow at a faster pace due to the smaller contribution of labour-intensive industries to the regional Gross Domestic Product.

In addition to the strategic objectives described above, the Department will also seek to ensure that the outcomes are, where applicable, in keeping with national imperatives, and will support the existing strategies which shape the development of policy, strategy and practical interventions. Delivery in any sector is against the backdrop of following main thrusts:

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

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 a new programme focusing solely on skills development and innovation has been established for 2011/2012. In addition a sub-programme which will focus on the reduction of red-tape has been established within Programme 2, and a sub-programme focusing on infrastructure and catalytic projects (reporting directly to the HOD) has also been established.

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

In keeping with the aims of Strategic Objective 1, the Department will also review the utilisation of Special Purpose Vehicles (SPVs) and implementing agents. This review will primarily be in the form of an assessment of the economic systems and agenda currently operating in the region and in which an Economic Development Agency (EDA) - as stipulated in Strategic Objective - will function. It is therefore expected that despite the continued utilisation of SPVs during the 2011/2012 financial year, a significant shift may occur with the implementation of the EDA in 2012.

## 1.5 DESCRIPTION OF THE STRATEGIC PLANNING PROCESS

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

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

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

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

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

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

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

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

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

- Plays a key role in facilitating and addressing activities which will address the mismatch between skills demand and supply across the economic spectrum,
- Establishes and maintains partnerships with the private sector, which encourages apprenticeships and workforce



experiential learning at FET colleges and other institutions of learning,

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

The strategic planning sessions considered the above and identified the following priorities for 2011/2012:

#### **1. The Red-Tape Unit**

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

#### **2. Corruption-free Public Service**

This has a transversal nature and within the Department, will deal primarily with procurement methods and access to tenders. It will reside in Programme 2 and will basically set up a platform to ensure adherence to the principles of good governance, and provide businesses with ease of access to tender opportunities.

#### **3. Western Cape Economic Development Agency (WCEDA)**

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

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

#### **4. Future Cape Brand**

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

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

#### **5. Workforce, Skills and Innovation**

The decision to create a new programme for Workforce, Skills and Innovation stems from the need to establish a Provincial Skills Development Forum, which will be transversal in nature and will focus on a number of different skills applications. These will leverage off the existing interactions of the Department with the FET colleges, SETAs and other institutions of learning. For 2011/2012, the deliverables will use the same operational processes which were used in 2010/2011, with additional work to be done in respect of artisan training and addressing the needs of the unemployed youth with specific reference to projects which will provide young people with work experience. The Work and Skills Programme will be consolidated towards accessing funds from the national/private sector or other donor funding.



## 6. Economic Research and Development

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

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

The Department therefore approached 2011/2012 confident that it had explored its role and mandate and had prioritised its interventions accordingly, and conscious that it is a transitional year between its old operational format and the new directions imposed by Strategic Objective 1.

Speaker, poverty blights our democratic landscape and cheapens our freedom. It stands between us and the South Africa for which Nelson Mandela struggled; between us and the Western Cape of our dreams.

State of the Province Address 2011  
Premier Helen Zille  
Premier of the Western Cape

## 2. OVERVIEW OF 2011/12 BUDGET AND MTEF ESTIMATES

### 2.1 RECONCILING PERFORMANCE TARGETS WITH THE BUDGET AND MTEF

#### 2.1.1 Expenditure Estimates

Programme		Audited	Audited	Audited	Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimate		
R'000		2007/08	2008/09	2009/10	2010/11	2010/11	2010/11	2011/12	2012/13	2013/14
1.	Administration	21 071	26 960	26 329	25 370	23 986	23 986	<b>22 957</b>	24 718	28 498
2.	Integrated Economic Development Services	61 021	42 039	54 830	54 866	49 650	49 650	<b>51 742</b>	57 474	59 655
3.	Trade and Sector Development	39 824	46 973	50 821	54 264	54 952	54 952	<b>63 365</b>	61 522	63 297
4.	Business Regulation and Governance	11 427	15 286	19 843	20 793	18 543	18 543	<b>20 580</b>	23 252	24 756
5.	Economic Planning	3 262	5 845	10 061	9 887	12 637	12 637	<b>17 032</b>	18 554	18 639
6.	Tourism, Arts and Entertainment	60 912	65 342	70 813	62 225	62 225	62 225	<b>62 463</b>	64 608	67 412





Programme		Audited	Audited	Audited	Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimate		
R'000		2007/08	2008/09	2009/10	2010/11	2010/11	2010/11	2011/12	2012/13	2013/14
7.	Skills Development and innovation	5 680	27 476	30 520	14 073	15 551	15 551	<b>16 275</b>	16 734	18 943
<b>Total payments</b>		<b>203 197</b>	<b>229 921</b>	<b>263 217</b>	<b>241 478</b>	<b>237 544</b>	<b>237 544</b>	<b>254 414</b>	<b>266 862</b>	<b>281 200</b>
Economic classification										
<b>Current payments</b>		<b>81 797</b>	<b>97 450</b>	<b>101 046</b>	<b>111 518</b>	<b>104 223</b>	<b>104 223</b>	<b>137 698</b>	<b>141 783</b>	<b>152 357</b>
	Compensation of employees	36 488	52 435	61 090	77 452	70 856	70 856	<b>88 288</b>	94 562	99 146
	Goods and services	45 309	45 015	39 956	34 066	33 367	33 367	<b>49 410</b>	47 221	53 211
	Interest and rent on land									
<b>Transfers and subsidies</b>		<b>118 411</b>	<b>129 441</b>	<b>161 251</b>	<b>129 460</b>	<b>132 389</b>	<b>132 389</b>	<b>115 485</b>	<b>123 985</b>	<b>127 726</b>
	Provinces and municipalities									
	Departmental agencies and accounts	41 474	58 796	67 576	50 040	51 355	51 355	<b>45 690</b>	48 940	49 940
	Universities and technikons	300	337	818	140	144	144	<b>1 800</b>	1 800	2 500
	Foreign governments and international organisations									
	Public corporations and private enterprises	40 261	34 755	48 900	48 500	45 750	45 750	<b>26 800</b>	29 700	31 241
	Non-profit institutions	36 372	35 553	43 538	30 770	34 005	34 005	<b>40 545</b>	42 895	43 395
	Households	4		419	10	1 135	1 135	<b>650</b>	650	650
<b>Payments for capital assets</b>		<b>2 972</b>	<b>2 906</b>	<b>907</b>	<b>500</b>	<b>932</b>	<b>932</b>	<b>1 231</b>	<b>1 094</b>	<b>1 117</b>
	Buildings and other fixed structures									
	Machinery and equipment	2 943	2 899	907	500	932	932	<b>1 231</b>	1 094	1 117
	Heritage assets									
	Specialised military assets									
	Biological assets									
	Land and subsoil assets									
	Software and other intangible assets	29	7							
<b>Payments for financial assets</b>		<b>17</b>	<b>124</b>	<b>13</b>						
<b>Total economic classification</b>		<b>203 197</b>	<b>229 921</b>	<b>263 217</b>	<b>241 478</b>	<b>237 544</b>	<b>237 544</b>	<b>254 414</b>	<b>266 862</b>	<b>281 200</b>



### 2.1.2 Relating expenditure trends to strategic goals

Lessons learned from the global economic downturn in 2009 have shown that the effective, efficient and economical use of resources is of ever greater importance. It has also dispelled the notion that Government resources are limitless. Thus, it has become increasingly important that Government, and more specifically this Department, refocus resources to ensure that a greater depth and focus of intervention is achieved.

To this effect, the allocation received via the Provincial Treasury, as part of our equitable share, has been significantly reduced and as such it is imperative that the Department finds ways of doing more with less.

Over the past few years that the Department has been in existence, a significant amount of resources have been allocated to strengthening and ensuring the institutionalisation of the Department. With this came the need to ensure that credible information about the Western Cape economy is collected and suitable intervention strategies are formulated that are based on sound, independent research and data. To this effect the Micro-Economic Development Strategy (MEDS) process was born, providing the sound building blocks for the interventionist stance that the Department needed to pursue.

It should be noted that, given the limited resource envelope available to the Department, the Department needed to ensure a focused, resource-driven approach to the allocation of resources that would ensure significant spread and depth of its interventions. To this end, interventions undertaken and approved by the Department needed to conform to the criterion of ensuring value for money. Interventions also needed to be partnership driven, and needed to ensure the inclusion of additional resources, either from the private sector or other Governmental institutions.

In determining the direction for the coming financial year and medium term, the Department undertook a reflective stance in evaluating what it needs in order to create a vibrant growing economy that will increase job creation opportunities for all citizens of the Western Cape. In doing so, the Department will need to focus its attention on six (6) key areas namely, the MEDS and Sector Support, Enterprise Development, Skills Development, Developing and promoting the Western Cape brand as a destination for tourism, business and major events, the Regulatory Environment, and developing and improving the infrastructure Strategy of the province.

To this end, the Department identified the need to ensure greater focus of interventions; improve value for money in terms of economy, efficiency and effectiveness; to become more partnership driven; and to improve its ability to crowd

in additional resources and investment. In an attempt to increase economies of scale within the interventions of the Department, the Department will manage all interventions through a Transversal Management System/ Structure. This system should allow for the elimination of duplication of scarce resources in the delivery of services, especially in our skills programmes, enterprise development, research and investment promotion strategies.

Noting the above read together with table in section 2.1, it is apparent that the Department has prioritised its services to respond to the financial constraints experienced. This is emphasised by the reduction of outsourced services to only 6.55% or R8.475 million. This reduction is testimony to the imperative of seeking value for money and the need to develop and nurture partnerships within Departmental activities.

For the upcoming period, Programme 2: Integrated Economic Development Services (IEDS) will shift its strategy from assisting the creation of new enterprises, to the provision of meaningful assistance to already established enterprises, assisting them in increasing turnover, market share, and competitiveness. In terms of Rural Local Economic Development, the up-scaling of interventions to assist municipalities to develop capacity will be intensified as the LED Growth Fund will be provided to specifically assist rural business and municipalities expand their economic activity.

Within the Trade and Sector Development Programme, a complete review of sector support interventions was undertaken. For the upcoming period, the Programme will focus the bulk of its available resources on 3 sectors, with intense support emphasis on market development. The funding of non-priority sectors will be limited to operational support, with a view to developing greater efficiencies within the clustering processes thereby improving efficiencies and learning.

Programme 4: Business Regulation and Governance activities will be geared towards improving the quality of services. To this extent, the Department will position itself as a centre of expertise with regard to consumer protection. A further imperative will be to ensure that an effective and equitable redress system is available to consumers in the Western Cape.

Programme 5: Economic Planning will focus on improving its in-house research capacity and building its internal expertise, as oppose to outsourcing.

Finally, the Tourism Arts and Entertainment Programme will refocus its interventions significantly on three core areas - of tourism infrastructure projects, niche market development and Tourist regulatory aspects.



## **PART B : Programme and Subprogramme Plans**

### **3 PROGRAMME 1: ADMINISTRATION**

#### **3.1 PURPOSE**

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

#### **3.2 PROGRAMME STRUCTURE**

The Programme is structured as follows:

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

#### **3.3 SITUATIONAL ANALYSIS**

##### **3.3.1 Performance delivery environment**

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

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.

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

Public financial management concerns the effective management of the collection and expenditure of funds by governments. As societal needs will inevitably be greater than the resources available to government, all public resources must be used as efficiently 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 progress to the next level the Department must not only maintain this compliant environment (level 3), but also seek to add value in administering scarce public resources. Thereby, resources will be allocated more effectively and efficiently (level 4).

There is a great need to modernise the public sector's financial and human resource systems. To this end, the Department will require a review of all its policies and procedures to ensure that it is at the cutting edge of corporate governance.

This need is ever more critical considering the move from cash-based accounting to accrual accounting. It is anticipated that within the coming strategic planning cycle, that all national and provincial state departments will need to migrate their financial systems to accrual accounting. This move will require the successful implementation of an integrated financial management system, as well as the necessary accountancy skills within the Department.

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).

To deliver on the strategy in an effective and efficient manner, Financial Management has been organised into four divisions namely- Management Accounting, Supply Chain Management, Departmental Accounting and Internal Control.

Implementing the strategy demands effective public financial management that is imbued with transparency and accountability measures, to achieve level 4 capability status. Experience however, shows that financial resources are scarce, with access being uneven. More challenging is the difficult task of mobilising the will and commitment required to create a governance-friendly environment, involving all stakeholders at the planning, execution and evaluation stages of development. This will be achieved through:

- The provision of an effective budget management system, which ensures value for money through the constant search for economy in expenditure, reporting of performance information, explicit recognition of revenue constraints, and the enforcement of budget disciplines.

To assist the Department in maintaining level 3 and reaching



level 4 financial capability, Management Accounting will:

- Develop a standard template to evaluate Programme inputs for the Medium Term Expenditure Framework (MTEF) process,
- Initiate measures to assist the Programme managers in quantifying the Annual Performance Plan,
- Ensure the quarterly reporting process is effective and efficient to enable it to be utilised as a sound management tool,
- Develop a costing tool that will facilitate the costing of each activity of projects undertaken by the Department.

In summary, the Management Accounting unit will focus the Department on intensive and effective planning, allocation of resources, and a budgeting process that is transparent and inclusive.

- Ensuring that an efficient and effective procurement and provisioning system exists and is maintained in the Department. It must ensure the provision of strategic guidance in the implementation of supply chain management, whilst supporting the principles of empowerment, equal opportunities and transparency in procurement processes. The mandate of the unit may be summarised as procuring the right product or service, in the right quantity, at the right time, and at the right price.

In order to achieve this, the business unit will vigorously address and elevate their demand management processes, value for money initiatives and contract monitoring mechanisms. The unit is uniquely positioned to prevent inappropriate spending of government funds, and, as such, must assert a strong position when confronted with these issues. In order to attain level 4 capability status, this business unit must ensure that all current processes are functional and controlled (level 3) and initiate the following key interventions:

- Enhance all working documents (templates, checklists) to reduce existing gaps and ensure the provocation of performance rather than compliance information,
- Intensify planning in terms of a needs analysis performed for assets in order to circumvent fruitless and wasteful expenditure,
- Increase safeguarding measures to secure assets and ensure the reduction in thefts and losses,
- Institute measures that assists the Department in procuring quality services/products,
- Drive contract management and related interventions in this area,

- The delivery of an effective and efficient financial service and ensuring that the Department maintains healthy accounting practices. The Financial Accounting unit will provide foresight into the necessity and nature of the level 4 interventions, that the business unit will undertake. These include the preparation and presentation of the financial position of the department, the processing of miscellaneous payments, the handling of state money, a salary administration function, management of the debt system and maintaining an effective systems control function.
- The Internal Control Business Unit ensures that all processes and functions are operating in a controlled environment. To maintain such an environment demands consistent attention as changes to processes (new interventions) must also be controlled and measured for effectiveness.

The unit, in responding to the requirements of progressing to level 4 capability, plays a critical role- that of infusing level 4 capability interventions with measures of credibility and quality assurance. More value-adding interventions undertaken by the unit include auditing of performance information and value for money audits. The latter intervention is directly linked to assisting the former. The ultimate aim of auditing of performance information is to provide assurance to all stakeholders that public funds are invested in projects that create public value. An associated benefit is the integrity of information published by the Department.

Another endeavour undertaken by the unit is value for money audits, which is congruent with the Auditor General's shift in focus and ensures the unit's status as the Department's buffer against qualified reports and disclaimers.

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

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

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



### 3.4 SUB-PROGRAMME 1.2: FINANCIAL MANAGEMENT

<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

#### 3.4.1 Strategic objective annual targets for 2011/12

Strategic objective (outcome indicator)		Audited/Actual performance			Estimated performance	Medium-term targets		
		2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
1	Financial Capability Model Rating	3	3	3+	3+	3+	3+	3+

#### 3.4.2 Performance indicators and annual targets for 2011/12

##### Provincial performance indicators

Programme performance indicator		Audited/Actual performance			Estimated performance	Medium-term targets		
		2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
1.1	Percentage compliance to the implementation framework	-	-	70%	70%	80%	90%	90%
1.2	Number of financial efficiency interventions implemented	-	-	4	4	4	4	4
1.3	Actual expenditure as percentage of adjusted budget	-	99%	99%	98%	98%	98%	98%
1.4	Average monthly deviation from monthly cash flow forecast	-	20%	10%	10%	7%	5%	5%
1.5	Number of IYMs submitted by PT due date	-	12	12	12	12	12	12
1.6	Number of QPRs submitted by PT due date	-	4	4	4	4	4	4
1.7	Ratings received from Internal Control against Level 4 criteria	-	2	2	3+	3+	3+	3+



Programme performance indicator		Audited/Actual performance			Estimated performance	Medium-term targets		
		2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
1.8	Updated Financial Manual	-	-	-	100% updated Financial Manual	100% updated Financial Manual	100% updated Financial Manual	100% updated Financial Manual
1.9	Percentage accuracy and completeness of Asset Register	100%	100%	100%	100%	100%	100%	100%
1.10	Average number of days for the processing of payments to creditors	Payment to creditors within 30 days	Payment to creditors within 30 days	Payment to creditors within 15 days	Payment to creditors within 30 days	Payment to creditors within 30 days	Payment to creditors within 30 days	Payment to creditors within 30 days
1.11	Unqualified Audit report with no other matters	Unqualified Audit report with no other matters	Unqualified Audit report with no other matters	Unqualified Audit report with no other matters	Unqualified Audit report	Unqualified Audit report	Unqualified Audit report	Unqualified Audit report
1.12	Number of Auditing of Performance Information reports	15 reports	18 reports	18 reports	24 reports	24 reports	24 reports	24 reports

### 3.4.3 Quarterly targets for 2011/12

#### Provincial performance indicators

Performance indicator		Reporting period	Annual target 2011/12	Quarterly targets			
				1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup>	4 <sup>th</sup>
1.1	Percentage compliance to the implementation framework	Annually	80%	-	-	-	80%
1.2	Number of financial efficiency interventions implemented	Annually	4	-	-	-	4
1.3	Actual expenditure as percentage of adjusted budget	Annually	98%	-	-	-	98%
1.4	Average monthly deviation from monthly cash flow forecast	Quarterly	7%	7%	7%	7%	7%
1.5	Number of IYMs submitted by PT due date	Quarterly	12	3	3	3	3
1.6	Number of QPRs submitted by PT due date	Quarterly	4	1	1	1	1
1.7	Ratings received from Internal Control against Level 4 criteria	Annually	3+	-	-	-	3+
1.8	Updated Financial Manual	Annually	100% updated Financial Manual				100% updated Financial Manual
1.9	Percentage accuracy and completeness of Asset Register	Quarterly	100%	100%	100%	100%	100%



Performance indicator		Reporting period	Annual target 2011/12	Quarterly targets			
				1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup>	4 <sup>th</sup>
1.10	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
1.11	Unqualified Audit report with no other matters	Annually	Unqualified Audit report with no other matters		Unqualified Audit report		
1.12	Number of Auditing of Performance Information reports	Quarterly	24	6	6	6	6

### 3.5 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

#### 3.5.1 Strategic objective annual targets for 2011/12

##### Communication

Strategic objective	Audited/Actual performance			Estimated performance	Medium-term targets		
	2007/08	2008/09	2009/10		2010/11	2011/12	2012/13
2.1 Awareness rating	-	-	60%	60%	65%	70%	70%

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.



### 3.5.2 Performance indicators and annual targets for 2011/12

Programme performance indicator		Audited/Actual performance			Estimated performance	Medium-term targets		
		2007/08	2008/09	2009/10		2010/11	2011/12	2012/13
2.1	Number of Departmental events coordinated and supported	20	20	20	20	20	20	20
2.2	Number of Annual Report copies copied in English	300	300	300	300	300	300	300
2.3	Number of Annual Reports copied on CD's in Afrikaans (300) and Xhosa (300)	600	600	600	600	600	600	600
2.4	Number of official Documents Translated	-	20	20	20	20	20	20
2.5	Number of Departmental Newsletters	-	20	20	20	4	4	4
2.6	Maintenance of and update of the Cape Gateway Website	-	12	12	12	12	12	12

### 3.5.3 Quarterly targets for 2011/12

#### Provincial performance indicators

Performance indicator		Reporting period	Annual target 2011/12	Quarterly targets			
				1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup>	4 <sup>th</sup>
2.1	Number of Departmental events coordinated and supported	Quarterly	20	5	5	5	5
2.2	Number of Annual Report copies copied in English	Annually	300		300		
2.3	Number of Annual Reports copied on CD's in Afrikaans (300) and Xhosa (300)	Annually	600		600		
2.4	Number of official Documents Translated	Quarterly	20	5	5	5	5
2.5	Number of Departmental Newsletters	Quarterly	4	1	1	1	1
2.6	Maintenance of and update of the Cape Gateway Website	Quarterly	12	3	3	3	3





### 3.6 RECONCILING PERFORMANCE TARGETS WITH THE BUDGET AND MTEF

#### 3.6.1 Expenditure estimates

Sub-programme		Audited			Main appropriation	Adjusted appropriation	Revised estimate	Medium term expenditure		
R'000		2007/08	2008/09	2009/10	2010/11	2010/11	2010/11	2011/12	2012/13	2013/14
1.	Office of the HOD	2 236	1 655	1 520	1 981	1 841	1 841	<b>2 538</b>	2 670	3 254
2.	Financial Management	10 298	14 208	14 441	14 568	16 257	16 257	<b>17 058</b>	18 131	20 529
3.	Corporate Services	8 537	11 097	10 368	8 821	5 888	5 888	<b>3 361</b>	3 917	4 715
<b>Total payments and estimates</b>		<b>21 071</b>	<b>26 960</b>	<b>26 329</b>	<b>25 370</b>	<b>23 986</b>	<b>23 986</b>	<b>22 957</b>	<b>24 718</b>	<b>28 498</b>
<b>Economic classification R'000</b>										
<b>Current payments</b>		<b>20 107</b>	<b>25 589</b>	<b>25 641</b>	<b>25 205</b>	<b>23 330</b>	<b>23 330</b>	<b>22 577</b>	<b>24 318</b>	<b>27 998</b>
	Compensation of employees	11 786	15 996	18 466	20 267	16 983	16 983	<b>16 205</b>	17 094	17 919
	Goods and services	8 321	9 593	7 175	4 938	6 347	6 347	<b>6 372</b>	7 224	10 079
<b>Transfers and subsidies</b>		<b>379</b>		<b>250</b>		<b>216</b>	<b>216</b>			
	Provinces and municipalities									
	Departmental agencies and accounts	379		250						
	Universities and technikons									
	Foreign governments and international organisations									
	Public corporations and private enterprises									
	Non-profit institutions									
	Households					216	216			
<b>Payments for capital assets</b>		<b>585</b>	<b>1 324</b>	<b>438</b>	<b>165</b>	<b>440</b>	<b>440</b>	<b>380</b>	<b>400</b>	<b>500</b>
	Buildings and other fixed structures									
	Machinery and equipment	585	1 317	438	165	440	440	<b>380</b>	400	500
	Heritage assets									
	Specialised military assets									
	Biological assets									
	Land and subsoil assets									
	Software and other intangible assets		7							
<b>Payments for financial assets</b>			<b>47</b>							
<b>Total economic classification</b>		<b>21 071</b>	<b>26 960</b>	<b>26 329</b>	<b>25 370</b>	<b>23 986</b>	<b>23 986</b>	<b>22 957</b>	<b>24 718</b>	<b>28 498</b>



### 3.6.2 Performance and expenditure trends

The programmes budget decreased by R 1, 075 million from R 23, 986 million in the 2009/10 financial year to R 22, 911 million in the 2010/11 financial year. This represents a decrease of 4.48%. In terms of the sub-programmes, the key contributor to this decrease in budgeted expenditure is corporate services (decreasing by 43.7%) due to the centralisation of the Human Resource Management component into the Department of the Premier.

In terms of economic classification expenditure, the primary decline in budgeted expenditure is due to a reduction in compensation of employees from R16, 983 million to R16, 205 million in the 2011/12 financial year and payment for capital assets which decreases from R 440 thousand in 2010/1 to R380 thousand in the 2011/12 financial year. This represents a decrease in expenditure of 4.58 % and 13.64% respectively. This is primarily due to the department's reprioritisation of the budget, as a result of the reduced budget allocation.

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



## 4 PROGRAMME 2: INTEGRATED ECONOMIC DEVELOPMENT SERVICES

### 4.1 PURPOSE

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

### 4.2 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: Management Integrated Economic Development Services

### 4.3 SITUATIONAL ANALYSIS

#### 4.3.1 Performance delivery environment

South Africa's low new firm and established business prevalence rates paint a bleak picture of the SMME sector's potential to contribute meaningfully to job creation, economic growth and more equal income distribution.

According to the Global Entrepreneurship Monitor Report (2009), in South Africa after the global economic crisis in 2009 there was a 40% fall in the number of start-ups compared to 2008 and existing entrepreneurs are struggling to survive. South Africa's Total Entrepreneurial Activity (TEA) rate dropped significantly from 7.8% in 2008 to 5.9% in 2009. The decline in South Africa is in line with global trends- where- entrepreneurial activity declined in two-thirds of the countries participating in GEM in 2009.

In 2009, South Africa ranked 35th out of 54 countries, with a TEA rate below the average (11.7%) of all participating countries. South Africa's TEA rate of 5.9% is significantly lower than the average for all middle to low income countries (14.8%). Together with the low rate of new firm activity, this reconfirms that the prognosis for survival and sustainability of early-stage businesses in South Africa remains poor.

There are many challenges to people engaging in entrepreneurial activity. The GEM cites a poor skills base and severe environmental limitations including poverty, a lack of active markets and poor access to resources. It is therefore, perhaps, not surprising that many South Africans do not regard entrepreneurship as a positive and viable career choice.

The recent economic downturn has- inter alia- in the policy area of small business support, begged several question by the Small Business Project (2009): "Are government's efforts in the sector appropriate in our current circumstances and for the road ahead?" "What role can the private sector play?" "Should we be looking at new alliances between the private and public sector (and other key role-players)?" Furthermore, the Project:

- Questions government's strong focus on micro-enterprises and asserts that there is little evidence from other developing countries that by supporting micro- and survivalists businesses they will eventually graduate into the first economy. There is certainly a good case for making it as easy as possible for these businesses to survive. They play an important role in poverty alleviation and give a sense of personal agency and dignity to people who would otherwise be unemployed and dependent on welfare. However, they should not be a central concern in small business policy.
- Agrees that it is good to support small and micro-businesses operating in the informal economy so that they can enter and survive in the formal economy. However, it is of much greater importance to support more mature and viable SMEs to upgrade their products, processes, and levels of quality, productivity and innovation to enable them to integrate into local, national and international value chains- such that they- become profitable, productive and performance-driven enterprises
- Identifies value chain and procurement opportunities as being a major stimulus for small business growth. It also asserts that local governments, chambers of commerce and larger businesses operating in particular localities should collaborate more actively to develop opportunities for business linkages that will expand small businesses' participation in local value chains.

In Minister Pravin Gordhan's Medium Term Budget Policy Framework Statement (2010) he acknowledged the role that small businesses play in creating new jobs. In addition, he pointed out that small businesses faced an onerous regulatory burden with limited access to finance. He noted that 60% of employees come from small businesses with fewer than 50 workers. In his resolve to remove red-tape for starting these entities, he said, "Rules friendly to small businesses are needed across all regulations – tax, company registrations, labour and zoning – to minimise compliance burdens and costs".

The debate on how best to promote regional and local economies as a way to fight poverty has been vigorous both in South Africa and internationally. This increased focus on Regional and Local Economic Development (RLED) is to a large extent the result of the growing globalisation



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

Of the many definitions of RLED, most underline two important aspects- Firstly, RLED is an ongoing process and secondly, it is driven by local actors from different societal sectors, which implies collaboration, and even co-responsibility between the public and private sector for the economic development of the region. The approach by the Programme to RLED, is enshrined in defining it as an on-going process by which stakeholders and institutions from all spheres of society, the public and private sector and civil society, work jointly to create a unique advantage for the locality and its firms, tackle market failures, remove bureaucratic obstacles for local businesses and strengthen the competitiveness of local firms.

The adoption of Strategic Objective 1, "Increasing Opportunities for Growth and Jobs", by the Provincial Cabinet has had a significant impact on the perspective taken by the Department and more specifically the programme, on its strategic direction, role and functions. It has had a profound effect on the way in which the programme has had to re-focus its role in enterprise development and regional and local economic development (RLED).

Strategic Objective 1 has identified a three-pronged approach to enterprise development:

- Establishing an Enterprise Development Fund that leverages private sector funding to support small business development initiatives and projects
- Facilitating and supporting a network of interactions with the private sector

- Conducting small enterprise development not primarily through supply side interventions, but through reforming and maintaining a facilitative enabling environment

In relation to RLED processes, the provincial government's engagement will be consistent with the principles of the provincial growth strategy:

- The creation and protection of an enabling environment for business,
- Demand-led, private sector government support for growth sectors, industries and businesses.

The coming year will see a move towards concluding selected programmes and projects and simultaneously preparing for identified functions to be taken forward by the envisaged Western Cape Economic Development Agency (WCEDA). Of significance is the rationalisation of the RED Door programme, given the changed environment (e.g. far more national government support agencies operating in the province). Equally important is the changed role of the Programme – from an active and direct player, to a facilitator of economic development.

#### **4.4 SUB-PROGRAMME 2.1: ENTERPRISE DEVELOPMENT**

In line with the dictate of Strategic Objective 1 regarding enterprise development, the programme has had to re-orientate itself to focus on the key areas of facilitating a network of interactions with the private sector and concentrating on reforming and maintaining a facilitative enabling environment. This re-orientation will be undertaken in phases with movement away from the previous approach of being a direct player in the field of enterprise development to ultimately creating and maintaining an enabling environment for businesses to develop and thrive.

A report on SME global competitiveness: "Cape Town Global Competitiveness: An assessment of the competitiveness of leading small and medium-sized firms in the City of Cape Town", was released in October 2010 by the City of Cape Town. It identified, inter alia, the need for co-ordination of the fragmented support services, extension of services to cover the different stages of business development and pro-active support for the development of businesses within identified clusters (e.g. wine, food, and tourism). Given these recent findings, this re-enforces the notion of the programme having to change direction.

Significant differences between the previous approach and the current strategy include:

- Commencing the start of playing the role of facilitator in the support environment as opposed to the current role of



- being an active interventionist,
- A bias towards ensuring that much more support is provided to existing growth oriented small businesses. This, however, does not mean that start-up or pre-start-up businesses will be ignored,
  - Establishing and maintaining strong ties with the private sector to facilitate effective communication and leverage resources
  - Partnering with enterprise development support organisations in order to remove duplication of services and hence foster a cohesive approach to small enterprise support. These partnerships are especially relevant in the start-up segment of the small business market,
  - A strong emphasis on crowding in of business and sector associations (and tertiary institutions) as a key component of the enabling environment for small businesses.

The dearth of provincial- and district-specific information and statistics on SMMEs means that policy direction and implementation, although well-meaning could only marginally impact on the challenges facing enterprises. Given this and the need to prepare for the establishment of the WCEDA, a comprehensive SMME study will be undertaken. It is anticipated that this research will be done annually providing a good basis for decision making by the public and private sector.

**Strategy 1:** Growing businesses through mentorship

The poor sustainability of start-ups in South Africa relative to other countries in the GEM (2009) highlights the need for policy interventions aimed at supporting and mentoring entrepreneurs through the difficult process of new firm establishment through to growth of the business. Support for an existing business which is growth-oriented is crucial, if the objective of public policy is that of enhancing the business's ability to grow employment. As a support tool, mentorship is critical.

According to the GEM (2008), 62% of professionals cited education and training as a limiting factor. This figure has not changed since 2001- a disturbing phenomenon. The skills shortage is seen by many in the business environment as a major factor hindering economic growth and business efficiency. The 2009 GEM survey further confirms that lack of skills development is one of the key issues leading to the poor status of entrepreneurship in South Africa

The Western Cape is one of the top destinations for retired executives. The Legacy Mentorship Programme, as launched in 2010/11 has taken advantage of leveraging on the competitive advantage of having retired executive hubs with vast corporate skills and experience to coach and transfer skills to small businesses.

Skills transfer, and also networks, from these executives would be invaluable. The Department will engage with associations to attract the involvement of potential "business angels". Business and corporate ambassadors will contribute to entrepreneurship skills enhancement with their expertise, using their human and material resources.

The mentorship and hand-holding initiative aims to widen the network of competent mentors by co-opting retired and semi-retired business people, and/or business professionals, to play a leading role in providing on-going assistance to emerging entrepreneurs who have moved out of the start-up phase and are entering the growth phase. It is hoped that with this network of mentors, mentors could be investors in these emerging businesses, which will serve as a form of access to finance. Further sharing business networks that provide markets, would be further encouraged.

The programme will further add value to public and private sector enterprise development programmes, through the provision of credible and skilled mentors. The sub-programme would be playing a facilitation role in the management of the mentorship programme.

For 2011/12 the sub-programme will therefore:

- Enhance the link between the project and the Enterprise Development Fund in order to increase the resources to expand the project
- Explore linkages between the networks that mentors bring into the project and the need of the mentees for access to funding

**Strategy 2:** Enhancing an enabling environment for businesses to develop and grow: The Enterprise Development Fund Enterprise Development implementation by corporate South Africa has been slow. This is supported by the 2007 Baseline Study on Broad Based Black Economic Empowerment (BBBEE), the KPMG BEE survey and the Empowerdex/ Financial Top Empowered companies 2009. This is despite an estimated excess of R10 billion being available in corporate budgets for enterprise development.

Enterprise Development, from the perspective of economic transformation, presents a fund recruitment opportunity for the Department from the private sector. In view of the key reasons mentioned by the KPMG BEE survey report, the cited challenges mentioned by corporate South Africa are real. Thus, a support intervention is necessary to ensure that a conduit is provided to corporates, to enable them to execute enterprise development interventions.



The department has identified an opportunity of propelling enterprise development in the province by leveraging the funding available in the private sector. This gave effect to establishment of the Enterprise Development Fund, which is a public-private partnership approach supporting emerging enterprises in the province.

The strategy will stimulate growth-oriented enterprises by building systems and addressing the functional business needs of SMME's through procurement. In addition, the Enterprise Development Fund will complement existing support interventions of the Department, based on the requirements of growing SMMEs.

For 2011/12 the sub-programme will:

- Through the leverage of partnerships, enable the Fund to increase the capacity and competitiveness of local suppliers, assist emerging enterprises, and create access to procurement opportunities. Furthermore, the benefit to the private sector is improving their BEE scorecard.
- As far as possible, assist the Fund to ensure that its interventions are linked to preferential procurement of corporate and other large businesses. This leads to a win-win situation with corporates being able to improve their BEE rating and small businesses accessing new markets and/ or growing existing markets.

**Strategy 3:** Facilitating access to small business support programmes

Potential and existing entrepreneurs need access to support organisations that are conveniently located and provide services attuned to the stage of development of their businesses. Critical to the sub-programme's new role is that of migrating from that of active player in the market to facilitating access to services that address the needs of the full spectrum of business. Access to support services is an important contributor to an enabling environment, for businesses to develop and grow.

In ensuring that small businesses have reasonable access to business development services (BDS), the sub-programme will do so by supporting for the 2011/12 period the following three small business support groupings:

- Business associations (e.g. Cape Chamber of Commerce, WECBOF, NAFCOC)
- BDS agencies – government, NGO and private-public organisations
- RED Door centres

The existence of a support network comprising government agencies (e.g. SEDA), private sector initiatives (e.g. ABSA Small Business Centres) and private-public-partnership programmes (e.g. The Business Place) is important to not only ensure accessibility to support services for both start-up and existing businesses, but is equally important to ensure geographical

spread to serve the needs of both rural and urban small enterprises. The rationalisation of the RED Door programme- a reduction of 12 branches to 5 - and the concomitant freeing up of funding means that the sub-programme is able to embark on the following initiatives for 2011/12:

**Business Association Network**

Business associations which comprise chambers of commerce and business forums, provide as part of their services to members, business courses, programmes, and advice and information to principal members and their employees. The programmes offered are driven by the needs of the members. This is critical when adopting the philosophy of providing demand-led services to small businesses, and committing to on-going relationships with business.

The sub-programme will actively support these networks through co-funding, and sponsoring programmes and projects supportive of growth-oriented existing businesses. The networks will include - but not be limited to - all members of Business Western Cape (i.e. Cape Chamber of Commerce, Western Cape Business Opportunities Forum (WECBOF), National African Federated Chamber of Commerce (NAFCOC) and the Afrikaanse Handelsinstituut (AHI)). Projects that will attract support from the sub-programme include:

- Export promotion, value chain opportunities and procurement exploitation
- Training for both business owner and employee
- Productivity improvement
- Business expansion and franchising

Through partnering with these associations, the sub-programme will be able to identify and address the real needs of small business, and also exploit the demand-led support interventions designed by these associations, making them available to small businesses not belonging to business associations and chambers. In addition, the sub-programme will identify best practice among the individual networks and extend these to others.

**Partner Network**

Currently there are at least 14 prominent service points (e.g. centres) that serve potential and existing small businesses in the Cape Town central business district. Most have one thing in common - serving pre-start up and informal segments of the small business market. This duplication has not only limited adequate provision of needs of the various segments (e.g. existing growth-oriented businesses) of the small business market, but has also resulted in support organisations existing and operating in isolation of each other.

The importance of these organisations operating in the pre



start-up and start-up market can never be over-emphasised. They provide the vital support that enables these enterprises to graduate to the existing segment of the market. The challenge in the province is that there is insufficient support for businesses that have graduated into this segment of the market

Rationalisation of the RED Door programme will result in reduced and/or non-existent services for clients in affected areas. In order to service these areas, the Department of Economic Development and Tourism (DEDAT) will embark on partnerships with existing agencies. Agreements (funding and operational) will be concluded with SEDA, The Business Place and the West Coast Business Centre.

Support of these agencies/partners will be based on two factors:

- Ensuring that service delivery to areas where RED Door centres previously existed, is continued through outreach by the selected organisations
- Encouraging (through funding) these organisations to address the needs of existing businesses through programmes and interventions that focus on:
  - Accessing and exploiting new markets or expanding into existing markets
  - Productivity and capacity improvements to improve exploitation of procurement and value chain opportunities
  - Improving management expertise as the business moves from one stage of development to another
  - Improving access to finance and market linkages

#### RED Door Network

The reality of the small business support network is that these centres are mostly concentrated in the greater Cape Town area. In attempting to serve the small business needs of these areas, 60% of RED Doors were located outside the greater Cape Town area, i.e. in rural areas. The rationalisation of the RED Door programme means - inter alia - that service quality be improved, and the focus is only on the pre-start up and start-up market. In addressing the geographic spread, the following 5 RED Doors will be retained; Atlantis, Hermanus, Mossel Bay, Knysna and Oudtshoorn.

The core focus is the repositioning of RED Door to provide assistance to growth-oriented businesses. The intended outcome of this will be the acceleration of enterprises via competitive enhancement for expansion, which leads to employment growth.

The RED Door's business support services would have a strong technical and industry bias, and would co-ordinate interventions to enterprises through industry bodies operating in a sector.

Programme support will be aimed at the more established and sophisticated small business segment, strengthening the effectiveness and increasing the impact of the service offerings.

The alignment of LED plans of municipalities to reflect SMME Development as part of their developmental plan is key in positioning entrepreneurship. This would ensure that financial resources are made available for SMME development by each municipality. RED Door would thus be promoted as an SMME development strategy which municipalities can adopt to address entrepreneurship promotion. The benefits would include cost sharing and co-ownership. A greater emphasis will be placed on ensuring co-funding of the RED Door with municipalities by buy-in and dual ownership

**Strategy 4:** Improving performance of priority sectors through small business support

The combination of the new focus on supporting existing businesses and the centralisation of enterprise development across the department into the programme has necessitated the allocation of dedicated resources to assisting small businesses within the priority sectors and tourism.

Support to sector small businesses will be done in close partnerships with the sector units (e.g., oil and gas ), the SPVs (e.g. SAOGA) and expertise small business support organisations. The support provided by the sub-programme will be two fold – project-specific support as requested by the sector units and generic support to sectors. The former will be focussed on ICT and tourism. Outputs in both cases will be in terms of the number of businesses assisted and the type of assistance provided to these businesses.

Generic support to sectors will include:

- one-on-one engagements with individual businesses in order to diagnose problems for solution
- providing access to the Technical Support Programme
- linking sector small businesses to sources of expertise support (e.g. Productivity SA, SEDA)
- linking sector small businesses to sources of finance
- linking sector small businesses to procurement and other value-chain opportunities
- inclusion of sector small businesses into support programmes of the programme, e.g. mentorship,

#### Information Communication Technology (ICT) Enterprise Development

The role played by ICT in globalisation and being competitive in a global environment is unmistakable. At the regional level the Western Cape accounts for approximately 15% of the South African market. According to the ISETT SETA South Africa has about 2 400 IT firms of which 85% is regarded as being small



(less than 50 employees). This statistic seemingly contradicts a recent finding that the Western Cape is estimated to have about 3 000 firms.

Irrespective of the dispute regarding the number of firms in existence, it is clear that the sector is dominated by small enterprises. The Western Cape ICT sector provides significant regional economic development potential. The province is highlighted as one of the most entrepreneurially active in SA, with Cape Town exhibiting not only high levels of start-up entrepreneurship, but significantly higher levels of activity motivated by the willingness and attention by entrepreneurs to seizing an unexploited opportunity.

The support that the department has been providing to the ICT sector has been primarily through the Bandwidth Barn – arguably the most successful technology-based incubator in Africa. Since 2004 more than 100 start-up firms have been assisted via tailor-made mentorship and incubation programmes. Today more than 80% of these are still in existence with turnover increases of more than 40% employing more than 550 fulltime and 136 part time employees.

For the coming year the intervention in this sector will comprise 3 components:

- business creation and pre-incubation via Velociti
- business support and incubation via Velociti
- business growth via My Mentor

#### Tourism Enterprise Development

Tourism is a growth industry in South Africa that is considered as the potential source of income and employment. The tourism industry is exposed to increasing global competition. It is also a complex service sector requiring high levels of skills and resources. As a result, extending the growth of the sector and its rewards to businesses presents major developmental challenges.

The promotion of entrepreneurship and small business remains an important priority of the Provincial Government. Government

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Budget Speech 2011  
Minister Pravin Gordhan

and private sector need to work together in partnership to grow an economy ripe with opportunities for all citizens especially those that have been denied access to jobs and life changing opportunities. The Western Cape Micro-Economic Development Strategy (MEDS) identifies SMMEs as critical “creators” of economic opportunities for the previously disadvantaged and those excluded from the mainstream economy. The department has over the past 7 years identified the need for tourism business management training sessions for entrepreneurs in all the regions of the Western Cape.

For the coming year the focus in terms of enterprise development in tourism will be the following:

1. Business skills development for existing businesses
  - a. Intermediate: Aimed at equipping business owners in the tourism, craft and film sectors to manage and grow their businesses. The focus here is on business strategy, marketing, customer service and human resources development.
  - b. Advanced: Aimed at mainstream entrepreneurs and more needs-based and customised for individuals. Selection of participants is based on profitability and potential for growth.
2. Mentorship: This intervention is linked to the advanced business skills development programme and sees successful participants of the programme mentored by experts in the tourism field.

<b>Strategic Objective</b>	To create and promote an enabling business environment through facilitation of support and development of new and existing businesses through the provision of non-financial support.
<b>Objective statement</b>	To facilitate support and development of 4 170 new businesses, 4170 existing businesses, leveraging of partnerships that translate to R50.5 million being leveraged, and the unlocking of business opportunities for SMMEs to the value of R85m, which result in 16 680 jobs being facilitated.
<b>Baseline</b>	South Africa ranks 38 <sup>th</sup> out of 43 countries with a new business prevalence of only 2.1% - sustainability of new enterprises is therefore low. In terms of prevalence of existing businesses, SA ranks 41 out of 43 countries with an established business rate of 2.3%.





<b>Justification</b>	The prevalence of small businesses is vital to the growth and development of the economy. The support and assistance to small businesses contributes not only to increased small business establishment, but importantly to the growth of existing businesses and overall sustainability of new and existing businesses.
<b>Links</b>	Medium term Strategic Framework, MEDS and Small Business Act 2004 (as amended)

#### 4.4.1 Strategic objective annual targets for 2011/12

Strategic objective (outcome indicator)		Audited/Actual performance			Estimated performance	Medium-term targets		
		2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
1.1	Number of new businesses established	-	-	-	720	300	350	400
1.2	Number of businesses expanded/sustained	-	-	-	720	600	700	800
1.3	Value of funds leveraged	-	-	-	R5.5m	R 2m	R3m	R 5m
1.4	Value of economic opportunities for businesses realised	-	-	-	R20m	R10m	R20m	R 30m
1.5	Number of jobs facilitated/sustained	-	-	-	2 880	1500	2 200	2 500

#### 4.4.2 Programme performance indicators and annual targets for 2011/12

##### Nationally agreed sector specific performance indicators

Programme performance indicator (output indicator)		Audited/Actual performance			Estimated performance	Medium-term targets		
		2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
1.1	Number of existing SMME's supported	-	-	-	720	4009	5335	5975
1.2.1	Number of new SMMEs developed (through RED doors)	-	-	-	6250	660	700	730
1.2.2	Number of new SMMEs developed (through Partnership)	-	-	-	-	800	1000	1200
1.3	Number of existing cooperatives supported	-	-	-	15	30	40	50
1.4	Number of new co-ops developed	-	-	-	15	20	30	40



#### Provincial performance indicators

Programme performance indicator (output indicator)		Audited/Actual performance			Estimated performance	Medium-term targets		
		2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
1.5	Number of walk-ins	10769	20 514	10 000	25 000	10 000	15 000	20 000
1.6	Number of businesses assisted				6310	4009	5335	5975

#### 4.4.3 Quarterly targets for 2011/12

##### Nationally agreed sector specific performance indicators

Programme performance indicator (output indicator)		Reporting period	Annual target 2011/12	Quarterly targets			
				1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup>	4 <sup>th</sup>
1.1	Number of existing SMME's supported	Quarterly	4009	780	980	1210	1039
1.2.1	Number of new SMMEs developed (through RED doors)	Quarterly	660	160	190	150	160
1.2.2	Number of new SMMEs developed (through partnerships)	Quarterly	800	200	250	250	100
1.3	Number of existing cooperatives supported	Quarterly	30	4	10	10	6
1.4	Number of new co-ops developed	Quarterly	20	4	6	6	4

#### Provincial performance indicators

Programme performance indicator (output indicator)		Reporting period	Annual target 2011/12	Quarterly targets			
				1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup>	4 <sup>th</sup>
1.5	Number of walk-ins	Quarterly	10 000	3000	3500	2000	1500
1.6	Number of businesses assisted through the legacy mentorship programme	Quarterly	50			25	25
1.7	Number of businesses assisted through the RED Door	Quarterly	990	230	280	250	230
1.8	Number of businesses assisted through Partnerships	Quarterly	1500	500	450	300	250
1.9	Number of businesses assisted through the Enterprise Development Fund	Quarterly	19	-	-	5	14
1.10	Number of businesses assisted through sector development	Quarterly	1150	50	125	505	470
1.11	Number of businesses assisted through the Business Association Network	Quarterly	300	-	125	125	50



#### 4.5 SUB-PROGRAMME 2.2: REGIONAL AND LOCAL ECONOMIC DEVELOPMENT

In the Province the work of the Regional and Local Economic Development (RLED) sub-programme is informed by the Province's 12 Strategic Objectives. Specifically, RLED is informed by Strategic Objective 1 - "Creating opportunities for growth and jobs" and to a lesser extent, Strategic Objective 11 that address "development of vibrant, sustainable rural communities". Strategic Objective 1 has 2 key areas in its approach to economic development namely, the creation and maintenance of an enabling environment for business and demand-led, private-sector driven government support for growth sectors, industries and businesses. RLED initiatives aimed at rural development will be consistent with the approach and sentiment of Strategic Objective 1.

This means that actions for growth will support (a) an enabling environment for business, (b) support to growth sectors and businesses that are underpinned by the Micro Economic Development Strategy (MEDS), and (c) local economic development.

The approach adopted by RLED dovetails and is aligned to Strategic Objective 11 which emphasises three key principles – economic growth is the foundation for all successful development growth is primarily driven by private sector business and the role of the state is to create an enabling environment and provide demand-led support for growth industries and businesses. The link between Strategic Objective 1 and 11 is clear and the RLED strategy and its implementation plans have been developed to contribute to the creation and maintenance of a sustainable basis upon which to deliver on both rural and urban interventions.

To promote common understanding, the premise of the departmental strategy is that RLED is defined as an ongoing process by which key stakeholders and institutions from all spheres of society, the public and private sector as well as civil society, work jointly to create a unique advantage for the locality and its firms, tackle market failures, remove bureaucratic obstacles for local businesses and strengthen the competitiveness of local firms. (GTZ: Rucker and Trah: 2007)

When developing strategy and interventions for RLED it has to consider the character and complexities of urban and rural development for the sustainable growth of the provincial economy.

The RLED strategy aims to support processes that are consistent with the creation and protection of an enabling environment for business, and demand-led, government

support for growth sectors, industries and businesses. Local Economic Development efforts will therefore be demand-led and private sector-driven.

The goal of the strategy is to increase opportunities for growth and jobs that positively affects the growth and development trajectory of localities that contribute to the regional economy as a whole.

The RLED unit will aim to do this through supporting a strategic framework for RLED that ensures more holistic and integrated efforts for regional and local economic development that enhances business support and sectoral development approaches by making business and community environments more conducive to economic development.

The framework speaks directly to developing and sustaining competitive (individual) regions, and will specifically focus on providing a competitive local business environment; encouraging and supporting collaboration between business and public/private and community partnerships; facilitating workforce development & education; focusing inward investment to support cluster growth; and, supporting quality of life improvements.

The framework is characterised by a move away from identifying and developing local economic projects with limited resources, toward RLED facilitation and supporting local economic role-players and stakeholders to accelerate meaningful delivery based on credible economic plans.

The guiding principles to this strategy include: promoting stakeholder participation and networking; pursuing a market-driven approach; focusing on opportunities; and pursuing process orientation and incrementalism

There are 4 RLED sub-strategies that will support the framework, along with a number of intervention areas, proposed. Intervention areas are identified to promote that practical approaches are taken, and that relevant plans and tools are developed to support intervention.

The specific strategies to effect delivery are:

##### **Strategy 1: Support and mobilize RLED Actors to RLED process**

The objective of this strategy is to have competent and capacitated RLED actors (role-players and stakeholders) that are key, and committed, to processes that deliver regional and local development.

Economic development geared at localities is a complex



process and involves a number of stakeholders and role-players. It is therefore important that a clear understanding of roles and responsibilities towards processes is determined, and that collective efforts are not hampered by a misinterpretation of roles and mandates.

RLED is about bringing the right actors together in the right pattern of roles, which is based on the specific skills and capabilities of the different role-players.

The following is therefore proposed. First, that local and provincial government should focus on the creation of favourable enabling conditions that allow the private sector to thrive. Furthermore, government has to play an important role in addressing market failures such as barriers to entry for new businesses and introducing a longer-term strategic and developmental perspective that goes beyond the planning horizon and capacity of most individual businesses. Secondly, that the private sector and civil society (businesses, chambers and trade/professional organisations, as well as other stakeholders such as NGOs and community organisations) should articulate their interests and commit to the creation of income and employment. Third, that the exploitation of business opportunities lies best in the hand of the private sector. Finally, that cooperation is reached by enabling markets mechanisms and RLED initiatives to complement each other, hence allowing processes of an active economic development and locational strategies to evolve. The management and moderation of such processes plays an important role and can be the responsibility of any role player (public administration, organised business or civil society organisations) as long as all sides agree.

**The key intervention areas for this strategy are:**

- Building Government Capacity
- Strengthening Local/Regional Private Sector Institutions
- Building Organisational and Entrepreneurial Capacity in Poor Communities [ED]
- Strengthening RLED Intermediary Institutions

For the period 2011/12 the RLED unit will focus on the first key intervention as listed above, namely “Building Government Capacity”.

The RLED unit has developed an intervention that addresses “Building Government Capacity” and will specifically focus on local government. This is aligned to Strategic Objective 10, that aims to provide provincial mechanisms and processes that will coordinate the planning, budgeting, and implementation of the three spheres of government and the municipal support programmes of national and provincial government.

To improve municipal capacity to support an enabling environment for LED, the RLED unit through its **Municipal Capacity Support Programme (MCSP)** and, within the context of existing, new or revised Integrated Development Plans (IDPs), provides hands-on expertise, assistance and support to boost local government’s capacity to promote LED. It intends to address challenges and facilitate the creation of an environment conducive to economic growth.

For the period 2011/12 the RLED unit will undertake **Capacity Building interventions** that will look to develop and empower local government officials and local economic role-players by addressing training gaps. This will increase their technical skill requirements; decrease the quantity of consultant-driven services; increase their ability to access information; increase their ability to project manage and monitor implementation; and, improve their ability to engage with the private sector and others, on the direction of LED efforts in a region, etc. Capacity building interventions will also be geared at challenges faced in facilitating the creation of an environment conducive to economic growth.

**Strategy 2: Facilitate and Support RLED Governance and Management Structures to maximise the potential of economic development**

Sustainable RLED requires clear economic thinking and acting, it is based on economic dynamics and business principles, and local government is neither best-equipped nor does it have the necessary capacity to solely drive it. In addition, business that represents the “economic brain” of the area is more often than not, sidelined and forgotten as active participants in local economies. Similarly, civil society organisations in their role in ensuring the broader acceptance and support of processes undertaken, is also overlooked in economic participation.

The diversity of RLED processes - where the specific potential of all stakeholders is utilised in an optimal way - can only be fruitful in a climate of constructive and trustful communication and collaboration between all role-players. In other words, a pattern of cooperative governance is needed, where network structures complement and replace traditional and isolated decision making and implementing patterns. Supporting cooperative governance - and the development of effective communication, networking and management patterns as a core to cooperative governance - is therefore a key task for RLED facilitation.

There is a need to build the necessary “soft factors” for cooperation - trust and social capital, which are the basis for effective networking, and a need to look at possible institutional management structures through which an RLED process can be steered in a cooperative way.



**The key intervention areas for this strategy are:**

- Promoting Multi-stakeholder Trust and Networking
- Building adequate Management Structures for RLED Processes

For the period 2011/12 the RLED unit will through the **Municipal Capacity Support Programme (MCSP)** address the two key interventions areas above. The MCSP will aim to provide expertise, assistance and support to boost municipalities and other local actors' capacity to promote LED to address challenges and facilitate the creation of an environment conducive to economic growth. Specifically, a second intervention under MCSP which aims to build adequate management structures for RLED processes and strive to promote stakeholder trust and networking, is proposed. This second intervention for the period 2011/12 under MCSP will be specifically aimed at supporting:

Well-functioning **LED Forums** at district level, and one at provincial level, will also be supported to ensure: that sound local Government LED strategies and implementation plans are pursued which are sustainable and responsive to local level priorities; that reliable economic information/data is established and maintained to promote economic development in localities; support for effective Government coordination of support services and interventions; implementation of awareness initiatives to improve coordination, alignment and effectiveness of Government policies and programmes; it addresses challenges and facilitates the creation of an environment conducive to economic growth; and dissemination of good practice in LED.

**Strategy 3: Strengthening Locational Factors for competitiveness in support of growth and jobs**

The reference framework for successful RLED in an open economy is the globalized economic system. If the bigger picture is neglected, any RLED initiative is bound to fail regardless of the local character of interventions and objectives. The objectives of RLED - growth, jobs and income - can only be reached and sustained if RLED initiatives concentrate on increasing the competitiveness of their locality. Strengthening the locational factors of an area is the key to strengthening its competitiveness.

Tangible locational factors include: geographic location, access to land, transport and communication infrastructure, access to finance, skilled workers, energy and environment, subsidies, etc. Intangible factors include: efficiency of government rules and regulations, availability of related industries, supporting institutions, etc.

The intervention areas below have been identified for consideration on how to improve an area's locational quality and competitiveness.

**The key intervention areas for this strategy are:**

- Promoting Clusters, Sub-sectors and Financial Services
- Creating a Favourable Business Climate

For the period 2011/12 the RLED unit will address the first key intervention area, namely "Promoting Clusters, Sub-sectors and Financial Services" through the establishment and implementation of a regional LED Growth Fund that supports demand-led, private sector-driven government support for growth sectors, industries and businesses.

There will be limited, but focused marketing of the fund through organised information sessions so as to increase private sector awareness for a greater demand-driven response. A more detailed marketing plan is envisaged in subsequent years to ensure the **LED Growth Fund** is aligned to the Future Cape and more specifically, the Western Cape Economic Development Agency.

The Fund will serve the full spatial spread of the province with a bias towards rural areas and areas with significant economic challenges. It will provide access to funding for industry-specific publicly funded goods, which may include infrastructure, research and development, training, fast-tracking bureaucratic procedures, property rights, market studies and support to gain market access, etc.

Business proposals would be invited from across sectors and enterprise sizes, and would be submitted directly from a grouping/cluster of businesses that would need to self-organise. Government would not predetermine the nature of the support and applicants would in fact advise/ inform as to the support they require. The private sector grouping will need to match the financial investment into the "project".

Partnerships with government departments, its agencies like Wesgro, parastatals such as the Industrial Development Corporation (IDC) and Development Bank of South Africa (DBSA), will also be key, especially on large-scale catalytic projects for regions. The second key intervention area under this strategy is "Creating a Favourable Business Climate". We know that business operates often within a complicated business climate. A conducive local business climate reduces the costs of doing business, unleashes economic potential and attracts investment.

The major challenge when talking about improving the business climate is the complexity of issues involved. By way of example, in the area of policies, rules and regulations, government is confronted with a number of interests and policy goals, which might even be competing with each other. Improving the local business climate requires a set of processes and strategies interlinked with each other.



For the period 2011/12 the RLED unit proposes an intervention that looks at one aspect of how to improve the local enabling environment and promote a more favourable and conducive business climate. This intervention centres around the establishment of economic intelligence of regions - where locational information and data is gathered, analysed, packaged and distributed. The objective of establishing local economic intelligence to assist roleplayers in making informed decisions that impact on the RLED. To influence business decisions taken in localities, carries considerable responsibility as there are financial implications to business decision taken. The RLED unit would therefore support and fully participate in a transversal provincial initiative that establishes and maintains sound, credible economic data at both regional and local level for the province.

For the period 2011/12 the RLED unit will have one LED project

- The project is to undertake a **Local Business Climate Survey** in districts. Such a survey will help identify key issues in the LED environment which hamper economic development, and will include interviews of relevant stakeholders from the public and private sector. This project will drill down on the desktop economic profiles of districts done.

For this intervention to be meaningful and add value, substantial consultation and participation is envisaged with relevant roleplayers.

#### **Strategy 4: Support Mechanisms for longer-term strategic thinking and learning for RLED facilitation**

A dynamic RLED process creates momentum, commitment and learning. Channeling this creative mixture into a structured pattern of strategic action and learning requires the design of strategy and learning mechanisms. The task of doing this is not simple, but the risks are clearly outweighed by the benefits of institutionalizing strategy and learning mechanisms: synergies can be used better, learning gets fed back into the system and utilized, and the process can be directed and steered towards longer-term development goals.

The creation of a learning culture and learning mechanisms that guarantee the constant improvement of the process and the development and implementation of a strategic orientation for the diverse activities within the overall process is therefore an important task of RLED facilitation.

Key Intervention areas for this strategy:

- Fostering a Learning Culture and Learning Mechanisms
- Increasing the Strategic Orientation of LRED

There are a number of practical tools for implementing RLED initiatives and processes, and reflect the LRED approach as stated above.

These include:

- **Conceptual and Analytical Tools:** These are analytical tools and workshop formats that provide general guidance for an LRED process and help to analyse the local/regional economy.
- **RLED Training and Capacity Building Tools:** These include training formats and tools that have been developed and applied in order to deepen the understanding of facilitators and stakeholders around the core issues in RLED.
- **Communication and Networking Tools:** These tools are for fostering communication and networking in RLED processes. However, as communication and networking should be part of all RLED initiatives, all other tools mentioned here, are also suitable for strengthening stakeholder communication and networking.
- **Tools for Strengthening Locational Factors:** These are tools that specifically look at core locational factors, such as the availability of business services.
- **Tools for Strategy and Learning:** This covers tools which can be specifically applied to strengthen the monitoring and learning element of RLED processes and help to sharpen their strategic orientation.

For the period 2011/12 the RLED unit will have **one LED project** that will specifically look at the above. The Economic Enabling Environment intervention will be focussed around provision of **RLED tools**, as mentioned above.

The project will entail exploring current global programmes aimed at promoting LED and investigate potential of these programmes to impact on our local economies in a manner that translates into regional economic growth. The aim of the project will be providing access to marketing and programme support on the RLED tools.

The RLED programme for the 2011/ 2012 financial year will action specific projects to deliver on Strategic Objective 1. It will also fully align with Strategic Objective 11 through: the RLED Enabling Programme where the Business Climate Survey and the RLED Tools will support the private sector with identification and increased capacity to act on opportunities; the Municipal Capacity Support Programme related to the capacity building and forum projects that will support municipalities with intervention for increased capacity and access (IGR platforms to share and disseminate) to act on opportunities; and, the LED Growth Fund which will provide financial assistance to private sector to act on opportunities of growth and development in rural areas.



<b>Strategic Objective</b>	Strategic LED support to local economic role-players
<b>Objective statement</b>	To provide strategic economic development support to local coalitions (including the 30 Western Cape municipalities, local business chambers and organisations, etc) in terms of capacity building, strengthening inter-governmental relations and projects that support an enabling environment for growth, as well as projects supported that contribute to employment expansion of 50 businesses and investment recruited to the value of R 10 million into localities to promote regional economic growth and development.
<b>Baseline</b>	No verified baseline data is available
<b>Justification</b>	The department aims to influence and make a positive impact on the growth and development trajectory of localities that contribute to the regional economy as a whole, through greater economic participation and an increase in the capacity of local government to make this happen. To contribute to local economic growth and development, supporting and building the strength of municipalities who are on the coalface of service delivery can achieve this. The department will provide tailored municipal support and engender and supporting municipalities. Municipalities need to consider how to create an environment supportive of private sector investment, link suitable public sector investment, and address the needs of communities within the development potential of regions with local projects and programmes.
<b>Links</b>	The goal is to support municipalities to improve their capacity to contribute to local economic growth and development within the context of existing, new or revised IDPs. With support directed at: spatial policy and implementation alignment, focused resource allocation, provision of hands-on expertise, capacity building training, suitable IGR vehicles and development of local participation projects, inclusive economic growth and job creation for the province will be achieved.

#### 4.5.1 Strategic objective annual targets for 2011/12

Strategic objective (outcome indicator)		Audited/Actual performance			Estimated performance	Medium-term targets		
		2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
2.1	Number of local coalitions provided with access to improved capacity/opportunity to contribute to growth, given a more conducive enabling economic environment	-	5	6	6	6	6	6
2.2	Value of funds leveraged	-	-	R2 million	R2 million	R2 million	R2 million	R2 million
2.3	Number of businesses expanded/sustained	-	-	10	10	10	10	10

#### 4.5.2 Performance indicators and annual targets for 2011/12

##### Nationally agreed sector specific performance indicators

Programme performance indicator		Audited/Actual performance			Estimated performance	Medium-term targets		
		2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
2.1	Number of economic development projects supported at local and regional level	-	3	5	5	5	5	5
2.2	Number of capacity building interventions to municipalities	-	1	2	3	4	5	6



#### Provincial performance indicators

Programme performance indicator		Audited/Actual performance			Estimated performance	Medium-term targets		
		2007/08	2008/09	2009/10		2010/11	2011/12	2012/13
2.3	Number of LED Forums supported	-	-	5	6	6	6	6
2.4	Number of Business Climate projects	-	-	-	1	1	2	2
2.5	Number of local coalitions with access to RLED tools	-	-	-	2	4	5	6

#### 4.5.3 Quarterly targets for 2011/12

##### Nationally agreed sector specific performance indicators

Performance indicator		Reporting period	Annual target 2011/12	Quarterly targets			
				1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup>	4 <sup>th</sup>
2.1	Number of economic development projects supported at local and regional level	Quarterly	5	-	1	2	2
2.2	Number of capacity building interventions to municipalities	Quarterly	3	-	1	1	1

#### Provincial performance indicators

Performance indicator		Reporting period	Annual target 2011/12	Quarterly targets			
				1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup>	4 <sup>th</sup>
2.3	Number of LED Forums supported	Quarterly	6	-	2	2	2
2.4	Number of Business Climate projects	Annual	1	-	-	1	
2.5	Number of Local Coalitions with access to RLED tools	Quarterly	2	-	-	1	1

#### 4.6 SUB-PROGRAMME 2.3: ECONOMIC EMPOWERMENT

The identification of procurement opportunities and the realisation thereof in both the public and the private sectors will become the focus for the Economic Empowerment unit in the 2011/2012 financial year.

##### Strategy 1: Improving the enabling environment through Business-Government interaction

Government's 12 Strategic Objectives with Strategic Objective 1, "Increasing Opportunities for Growth and Employment"

and with specific reference to Enterprise Development, has once again highlighted the crucial issue of government-business relations. If one accepts that it is the private sector that creates and sustains employment, then the creation of an enabling environment for this to occur becomes one of government's critical roles. For government to play this role successfully it requires regular structured (and at times unstructured and informal) interaction with business in order to precisely determine what it should be doing to contribute to an enabling environment in which business is able to grow and thrive.





Governments across the world interact with business primarily through business or sector organisations. Business associations are collective bodies that are intermediary between individual business action and state action. As such they are one of a number of organisations that may influence the development of individual businesses and the wider competitiveness of a nation.

Basically, two broad categories of demand for business associations can be differentiated. Firstly, the logic of services leads associations to respond to member's individual and specific demands leading to a service oriented association in which staff respond to individual business requests and enquiries. In effect the association becomes a business service company. This may allow it to contribute to the competitiveness of its members by filling specific niche markets for business services. Secondly, the logic of influence focuses the role of an association to act collectively on behalf of all, or at least the majority, of its members' interests. The practical advantages for member small businesses thus comprise an array of services which could include:

- networking with other businesses that belong to the association
- access to government, international business associations
- notification of expos, trade exhibitions, etc.
- seminars, training and workshops for both the owner and his/her staff
- access to information and key issues
- import and export opportunities

In the Western Cape there exist both formal and informal business associations that range from organisations comprising of members across different business sectors to associations that are sector or industry specific that limit membership to businesses within the specific sector. The recent establishment of Business Western Cape has resulted in 7 independent business associations forming this umbrella body. The member organisations represent all the major Western Cape business associations:

1. Afrikaanse Handels Instituut (AHI)
2. Cape Regional Chamber of Commerce and Industry (CRCCI) – comprising 6 regional chapters
3. South African Chambers of Commerce and Industry (SACCI)
4. Western Cape Business Opportunities Forum (WECBOF)
5. National African Federation Chamber of Commerce & Industry (NAFCOC)
6. Cape Coast Chamber (CCC)
7. Foundation for African Business & Consumer Services (FABCOS)

The establishment of this Business Western Cape has ensured that the organisation has positioned itself firmly as a significant lobbyist and voice of business in the Western Cape. The situation has also created an ideal opportunity for government to be engaging with business that is widely representative of formal businesses in the province.

The reality however is that provincial government and business have not been able to sustain regular platforms that allows mutual exchange of information and ideas. The only significant annual exchange has been that of the "Cabinet Meets Business". This can hardly be considered to be sufficient for serious and value-adding interaction between the two parties. The need is therefore for a comprehensive approach to ensuring that the government-business interaction encompasses platforms that range from the strategic to the operational levels.

For the period 2011/12 the sub-programme will ensure the establishment of platforms that facilitate government- business interactions on a regular and sustained basis. The platforms will exist on the following levels:

1. Strategic (macro). Between business leaders of business associations and captains of industry, and the Provincial Cabinet – annually. This will take the form of the existing "Cabinet Meets Business" initiative.
2. Portfolio/Cluster. Between the portfolio committees (of e.g. Cape Chamber) and cluster departments (e.g. economic cluster). Although held on a quarterly basis, ad hoc interaction between individual portfolios (e.g. Energy) and individual departments (e.g. Environmental Affairs and Planning) will be encouraged. This process will be driven through the Provincial Top Management engagements and co-ordinated by the DEDAT. Key to this initiative is business' assistance in:
  - identifying and reducing Red Tape
  - eradicating systemic problems and blockages that hinder business development and growth
3. DEDAT/ Chambers. Between the DEDAT (including the MEC for Economic Development and Tourism) and Business Western Cape – monthly or ad hoc as per need. This includes significant private sector driven business representative organisations such as Accelerate Cape Town and the Central Improvement District.

#### **Strategy 2: Improving access to opportunities through procurement and business linkages**

Among the broad range of mechanisms available to support the growth and development of enterprises into competitive businesses, some of the most effective are private sector led initiatives that broaden big companies' value chains to incorporate small business (SBP 2009). Likewise, the public



sector through its procurement processes can also play a major role in boosting the development and growth of emerging small businesses.

Vertical linkages can involve backward linkages (where large companies acquire goods and services from small enterprises) as well as forward linkages (where large companies sell goods and services to small enterprises or distribute goods and services through them, e.g. franchise or retailing arrangements). Vertical linkages can also be a stimulus for horizontal linkages, where small enterprises work together to increase their capacity to access markets, for example through shared production of large orders, collective purchasing or group leasing equipment.

For the 2011/12 period the sub-programme will:

- Continue improving and expanding on its provincial E-Opportunities Portal
  - The first step in the promotion of procurement (and linkages) as a small business development and growth tool is to ensure that small businesses have decent access to the sources of such opportunities. The collation and collection of all possible public procurement opportunities on this portal will ensure that small enterprises are able to access a single point hosting all these opportunities.
  - The “one-stop-shop” notion can only be successful if it is populated with as many sources of opportunities as possible. Hence, there will be a drive to include the procurement opportunities of all spheres of government – either directly (on the portal) or indirectly through links to other websites.
- Intensify its contact activities with business associations, sector organisations and other business interest groups (e.g. South African Women in Construction) in order to keep these informed of the opportunities available and get feedback on the challenges they face in accessing and executing procurement opportunities.
- Engage with both public and private sector to encourage:
  - Government at all levels to raise awareness of the potential role that public procurement can play in small business growth and development and essentially to “think small business first” (SBP 2009).
  - Local government, chambers of commerce and larger businesses operating in particular localities to collaborate more actively to develop opportunities for business linkages that will expand small business’ participation in local value chains.

### **Strategy 3: Developing and growing businesses through supplier development**

The exposure of procurement opportunities to be exploited by small businesses is but the first step in a programme of developing and growing small enterprises within supply chains. With especially emerging small businesses, the seemingly insurmountable challenge is that of the capability to exploit opportunities as these become available. This development of the capacity of small enterprises to deliver as per order(s) received from larger businesses or government departments is known as supplier development. Supplier development is a broad concept aimed at strengthening the performance of subcontracting firms, not only by enabling them to acquire the skills and capacities required of them by the main contracting (or client) enterprise but also by raising their awareness and assisting them in reducing their costs (and hence increasing competitiveness).

Supplier development will be done in 3 ways:

1. improving the capacity and internal processes of small businesses to deliver on increased orders and improved quality requirements by buyers
2. assisting small businesses to access external resources, especially finance, to deliver on orders as received from large buyers
3. improving collaboration among small businesses to act jointly to deliver on large orders which ordinarily they could not access in the individual capacities

For the 2011/12 period the sub-programme will:

- In collaboration with Provincial Treasury seek to:
  - reduce the Red tape involved in accessing provincial government tenders
  - enhance capabilities of SMMEs to access and execute tender opportunities through linkages with support agencies and financial institutions
- Expand its existing programme to include more corporates seeking to gain BEE points through preferential procurement from small businesses. With the trend to focus on core business, large businesses are increasingly looking to outsource non-core activities (e.g. transport logistics, packaging) to smaller suppliers. The focus of the programme here is to identify possible opportunities for small businesses and to support these businesses in building capacity to deliver on these opportunities.
- Collaborate with the priority sector Special Purpose Vehicles (SPVs) to explore the exploitation of existing supply chains within these sectors, e.g. within Oil and Gas the supply chain of oil giant Chevron presents enormous opportunities for small enterprises who are capable of delivering to the specifications in terms of quality and quantity.



<b>Strategic Objective</b>	To create an enabling business environment for sustainable economic empowerment through promotion of procurement opportunities to local businesses.
<b>Objective statement</b>	To facilitate economic empowerment of emerging entrepreneurs and small businesses and the expansion of small businesses as well as increasing economic opportunities awareness through improving accesses to procurement and business opportunities. This will be done through ensuring 600 economic opportunities realised, valued at R 60 million.
<b>Baseline</b>	Number of economic opportunities realised: 100 Number of job created: 0 Number of companies accessing business opportunities: 100
<b>Justification</b>	Procurement opportunities will be made available through the E-opportunities Portal as well as interventions and supplier development initiatives for small businesses including the targeted groups. The objective is to have a credible, reliable and easy accessible source of information and opportunities on broad based economic empowerment. The Supplier Development Program will develop the beneficiaries of the E-Portal to enable them to enter and participate in the mainstream economy. The Supplier Development Programme will include programmes to improve the business management and project management of the beneficiaries.
<b>Links</b>	National Broad Based Black Economic Strategy, Broad Based Black Economic Act and the Codes of Good Practice, Provincial Preferential Procurement Act

#### 4.6.1 Strategic objective annual targets for 2011/12

Strategic objective (outcome indicator)		Audited/Actual performance			Estimated performance	Medium-term targets		
		2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
3.1	Number of economic opportunities realised	-	-	-	100	100	110	110
3.2	Value of economic opportunities for business realised	-	-	-	R10m	R10m	R12m	R15m
3.3	Number of businesses expanded/sustained	-	-	-	-	20	25	30

#### 4.6.2 Performance indicators and annual targets for 2011/12

##### Nationally agreed specific performance indicators

Programme performance indicator (output indicator)		Audited/Actual performance			Estimated performance	Medium-term targets		
		2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
3.1	Number of target group specific opportunities identified	-	-	-	1 000	500	600	700
3.2	Number of target group specific interventions	-	-	-	100	100	100	100



### Provincial performance indicators

Programme performance indicator (output indicator)	Audited/Actual performance			Estimated performance	Medium-term targets		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
3.3 Number of private sector engagements to support economic empowerment	-	-	-	5	10	15	17
3.4 Number of inter-Departmental and municipal engagements promoting economic empowerment	-	-	-	17	17	17	20
3.5 Number of visits/hits to the E-Opportunities Portal	-	-	-	-	500	1000	5000
3.6 Number of stakeholders/partners presented on the E-Opportunities Portal	-	-	-	-	10	20	30
3.7 Number of business assisted through the Supplier Development Programme	-	-	-	-	100	150	200
3.8 Number of business-government interventions	-	-	-	-	17	17	17

### 4.6.3 Quarterly targets for 2011/12

#### Nationally agreed sector specific performance indicators

Programme performance indicator (output indicator)	Reporting period	Annual target 2011/12	Quarterly targets			
			1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup>	4 <sup>th</sup>
3.1 Number of target group specific opportunities identified	Quarterly	500	-	200	200	100
3.2 Number of target group specific interventions	Quarterly	100	20	30	30	20

### Provincial performance indicators

Programme performance indicator (output indicator)	Reporting period	Annual target 2011/12	Quarterly targets			
			1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup>	4 <sup>th</sup>
3.3 Number of private sector engagements to support economic empowerment	Quarterly	10	2	4	3	1
3.4 Number of inter-Departmental and municipal engagements promoting economic empowerment	Quarterly	17	3	6	5	3
3.5 Number of visits/hits to the E-Opportunities Portal	Quarterly	500		100	150	250



Programme performance indicator (output indicator)		Reporting period	Annual target 2011/12	Quarterly targets			
				1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup>	4 <sup>th</sup>
3.6	Number of stakeholders/partners presented on the E-Opportunities Portal	Quarterly	10		2	4	4
3.7	Number of businesses assisted through the Supplier Development Programme	Quarterly	100			50	50
3.8	Number of business-government interventions	Quarterly	17	4	4	4	5

#### 4.7 SUB-PROGRAMME 2.4: MANAGEMENT

##### Strategy 1: Improving the regulatory environment through the reduction of Red Tape

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

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

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

For our purposes Red Tape is defined as:

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

- anything obsolete, redundant, wasteful or confusing that diminishes the province's competitiveness, and stands in the way of job creation or wastes taxpayers' time and money

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

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

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

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

The implementation for 2011/12 includes:

- establishing a dedicated (back-office) Red Tape Reduction unit within the department
- convene and establish a Red Tape High Level Reference Group comprising senior government officials from the selected provincial departments and the City of Cape Town, representatives from organised and corporate business and business academics.
- identification and addressing Red Tape which could include issues related to (and based on the recommendations of the High Level Group):



- provincial procurement by small enterprises
- selected sectors (e.g. green technologies and aquaculture)
- compliance by SMEs with provincial and local authority regulations which result in undue administrative burdens, compliance and efficiency costs

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

#### 4.7.1 Strategic objective annual targets for 2011/12

Strategic objective (outcome indicator)	Audited/Actual performance			Estimated performance	Medium-term targets		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
4.1 Functioning Red Tape High Level Reference Group	-	-	-	-	1	1	1
4.2 Number of Red Tape-related issues resolved	-	-	-	-	5	15	25

#### 4.7.2 Performance indicators and annual targets for 2011/12

##### Provincial performance indicators

Programme performance indicator (output indicator)	Audited/Actual performance			Estimated performance	Medium-term targets		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
4.1 Number of RED Tape-related issues identified	-	-	-	-	10	30	50
4.2 Appointment of Intergovernmental Task Team	-	-	-	-	1	-	-



#### 4.7.3 Quarterly targets for 2011/12

##### Provincial performance indicators

Programme performance indicator (output indicator)	Reporting period	Annual target 2011/12	Quarterly targets			
			1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup>	4 <sup>th</sup>
4.3 Number of RED Tape-related issues identified	Quarterly	10		2	5	3
4.4 Appointment of Intergovernmental Task Team	Annually	1		1		

#### 4.8 RECONCILING PERFORMANCE TARGETS WITH THE BUDGET AND MTEF

##### 4.8.1 Expenditure estimates

Sub-programme	Audited	Audited	Audited	Main appropriation	Adjusted appropriation	Revised estimate	Medium term expenditure		
R'000	2007/08	2008/09	2009/10	2010/11	2010/11	2010/11	2011/12	2012/13	2013/14
<b>1.</b> Enterprise Development	34 591	31 021	35 552	40 170	40 157	40 157	<b>29 751</b>	32 549	32 930
<b>2.</b> Regional and Local Economic Development	22 244	6 327	11 017	9 277	4 660	4 660	<b>9 350</b>	11 203	11 941
<b>3.</b> Economic Empowerment	3 363	4 507	3 330	3 771	3 577	3 577	<b>4 731</b>	5 157	5 876
<b>4.</b> Management: Integrated Economic Development Services	823	180	4 931	1 648	1 256	1 256	<b>7 910</b>	8 565	8 908
<b>Total Payments</b>	<b>61 021</b>	<b>42 035</b>	<b>54 830</b>	<b>54 866</b>	<b>49 650</b>	<b>49 650</b>	<b>51 742</b>	<b>57 474</b>	<b>59 655</b>
Economic classification									
<b>Current payments</b>	18 271	15 924	17 713	16 321	14 645	14 645	<b>24 629</b>	26 574	28 089
Compensation of employees	6 838	9 222	11 067	11 516	10 814	10 814	<b>15 790</b>	16 983	17 876
Goods and services	11 433	6 702	6 646	4 805	3 831	3 831	<b>8 839</b>	9 591	10 213
Interest and rent on land									
<b>Transfers and subsidies to</b>	<b>42 290</b>	<b>25 809</b>	<b>37 100</b>	<b>38 500</b>	<b>34 960</b>	<b>34 960</b>	<b>26 800</b>	<b>30 500</b>	<b>31 241</b>
Provinces and municipalities									
Departmental agencies and accounts	1 500	1 123	1 000				<b>1 000</b>	1 500	1 500
Universities and technikons									
Foreign governments and international organisations									
Public corporations and private enterprises	39 920	24 686	36 100	38 500	34 900	34 900	<b>20 600</b>	23 500	24 241
Non-profit institutions	870						<b>5 200</b>	5 500	5 500
Households					60	60			
<b>Payments for capital assets</b>	<b>444</b>	<b>302</b>	<b>17</b>	<b>45</b>	<b>45</b>	<b>45</b>	<b>313</b>	<b>400</b>	<b>325</b>
Buildings and other fixed structures									



Sub-programme	Audited	Audited	Audited	Main appropriation	Adjusted appropriation	Revised estimate	Medium term expenditure		
R'000	2007/08	2008/09	2009/10	2010/11	2010/11	2010/11	2011/12	2012/13	2013/14
Machinery and equipment	444	302	17	45	45	45	<b>313</b>	400	325
Heritage assets									
Specialised military assets									
Biological assets									
Land and subsoil assets									
Software and other intangible assets									
<b>Payments for financial assets</b>	<b>16</b>	<b>4</b>							
<b>Total economic classification</b>	<b>61 021</b>	<b>42 035</b>	<b>54 830</b>	<b>54 866</b>	<b>49 650</b>	<b>49 650</b>	<b>51 742</b>	<b>57 474</b>	<b>59 655</b>

#### 4.8.2 Performance and expenditure trends

While the Country and Province is in the throes of recovery from the recent global recession, extreme resource pressures still persists within the Province and consequently the department and programme. As a result, the old adage of “getting more bang for your buck” is more relevant.

With the approval of Strategic Objective 1: Creating opportunities for growth and jobs being approved by the Provincial Cabinet in August 2010, a new focus and strategic direction for the Programme was realised. This refocus is a necessary one where the programme will need to streamline interventions from the nice to have to the addressing of market failures within the provincial economy.

As a result, the programmes focus will be shifted from areas where the other enterprise development agencies are playing a role to focus on areas where there is significant demand for intervention by the State.

In lieu of the above, the Programme will be shifting its focus from the crowding in of new SMME's to a more focussed approach of support to existing enterprises. As such, the allocations for the RED Door initiative will be reduced to provide for programmes such as mentorship, the enterprise development fund, business association networking and a more specialised enterprise development approach to sector specific interventions.

In terms of support with regard to Local Enterprise Development, the programme will focus its interventions on developing the

capacity of all Regional and Local Economic Development actors to play a more meaningful role in developing economic activity within the regional localities. Furthermore, the RLED unit will look to strengthen municipalities through the provision of Support for RLED Governance and Management Structures to maximise potential of economic development.

The RLED unit will also look to strengthening locational factors for competitiveness in support of growth and jobs. The objectives of RLED - growth, jobs and income - can only be reached and sustained if RLED initiatives concentrate on increasing the competitiveness of their locality. Strengthening the locational factors of an area is therefore key to strengthening its competitiveness.

In terms of Economic Empowerment, improving access to opportunities through procurement and business linkages and the development and growth of businesses through supplier development is of utmost importance. To this end, the Programme will seek to:

- improve the capacity and internal processes of small businesses to deliver on increased orders and improved quality requirements by buyers
- assist small businesses to access external resources, especially finance, to deliver on orders as received from large buyers
- improve collaboration among small businesses to act jointly to deliver on large orders which ordinarily they could not access in the individual capacities





## 5 PROGRAMME 3: TRADE AND SECTOR DEVELOPMENT

### 5.1 PURPOSE

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

### 5.2 PROGRAMME STRUCTURE:

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

### 5.3 SITUATIONAL ANALYSIS

#### 5.3.1 Performance delivery environment

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

On a provincial level, the key objectives, principles and approach to Economic Development of the Western Cape government are encapsulated within Strategic Objective One: Creating Opportunities for growth and Jobs. The twin thrusts of Strategic Objective One (SO1) are (a) The creation and maintenance of an enabling environment for business, and (b) Demand-led, private-sector driven government support for

growth sectors, industries and businesses. The approach and a significant number of the Growth Action Plans contained within Strategic Objective One are captured and will be implemented and/or supported within Programme 3's core responsibilities. This includes:

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

The establishment of the Economic Development Agency will undoubtedly affect the institution(s) that fall within the Programme's areas at responsibility. Nevertheless, the Department anticipates that the finalisation of the institutional structure and operationalisation thereof will not affect the achievement of the current set of outputs and deliverables for 2011/12.

### 5.4 SUB-PROGRAMME 3.1: TRADE AND INVESTMENT PROMOTION

#### Strategy 1: Investment and Trade Promotion

Through its public entity, Wesgro, and network of internationally-interfacing organisations, the Province will proactively attract, facilitate, and retain foreign investment. Wesgro will promote exports and market access through the application of best practice methodology. The organisation will also provide generic marketing support to the Sector Development Agencies, and boost its cross-cutting facilitation services to investors and to the business entities in the region.

The implementation for 2011/12 includes:

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



<b>Strategic Objective</b>	The stimulation, facilitation and increase of economic growth and opportunities through export and investment promotion.
<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>	<p>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.</p> <p>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.</p>
<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.

#### 5.4.1 Strategic objective annual targets for 2011/12

Strategic objective (outcome indicator)		Audited/Actual performance			Estimated performance	Medium-term targets		
		2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
1.1	Value of investments and trade	R732 million	R3 082 million	R1 000 million	R650 million to R1.3 billion	R742 million to R1.409 billion	R765 million to R1.479 billion	R787 m to R1.552 billion
1.2	Number of jobs facilitated/sustained	5 708	6095	4000	650 to 1300	742 to 1409	765 to 1479	800 to 1500

#### 5.4.2 Performance indicators and annual targets for 2011/12

##### Nationally agreed Sector specific performance indicators

Programme performance indicator		Audited/Actual performance			Estimated performance	Medium-term targets		
		2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
1.1	Number of trade and investments projects realised			12	6	7	10	14
1.2	Number of businesses assisted with exports	249	330	100	183	350	400	450



### Provincial performance indicators

Programme performance indicator		Audited/Actual performance			Estimated performance	Medium-term targets		
		2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
1.1	Number of new investment projects in the pipeline				25	25	27	29
1.2	Number of interventions/projects realised with SDAs					16	20	23

### 5.4.3 Quarterly targets for 2011/12

#### Nationally agreed Sector specific performance indicators

Performance indicator		Reporting period	Annual target 2011/12	Quarterly targets			
				1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup>	4 <sup>th</sup>
1.1	Number of trade and investment projects realised	Quarterly	7	1	1	2	3
1.2	Number of businesses assisted with exports	Quarterly	350	80	80	80	110

### Provincial performance indicators

Performance indicator		Reporting period	Annual target 2011/12	Quarterly targets			
				1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup>	4 <sup>th</sup>
1.3	Number of trade and investment projects realised	Quarterly	25	2	7	8	8
1.4	Number of interventions/projects realised with SDAs	Quarterly	16	-	5	5	6

## 5.5 SUB-PROGRAMME 3.2: SECTOR DEVELOPMENT

### Strategy 1: Clustering

In developing and supporting economic sectors within the Western Cape region, the Department has adopted the clustering methodology and policies. This is primarily because the Department is cognisant that companies move to higher levels of competitive performance when economic foundations (e.g. labour pool, knowledge, physical infrastructure, regulations) are shaped to sector or cluster needs.

The cluster approach is based on the fact that competitive advantage is not created by a single firm, but rather each firm is inherently part of a 'cluster' of activities made up of businesses along the value-chain as well as related and

supporting organisations. As a result of this economic approach to improving competitiveness, the Department supports clustering initiatives, with a specific emphasis on cluster bodies becoming sustainable and self-sufficient in addressing market and network failure. These clusters serve as structured and constructive dialogue platforms between government, and the private sector and other stakeholders. They provide a source of intelligence to Government with respect to trends and challenges experienced within the industry, and through leveraging funding from different sources, the clusters implement sector projects beyond the resource scope of the Department.

Through the cluster approach, the Department develops and grows industries, providing:

- Intensive and comprehensive support to the three priority



sectors namely Oil and Gas Services Industry, Information & Communications Technologies and Business Process Outsourcing, with a more recent addition being the Green Economy.

- Basic support to seven significant sectors, namely clothing, textiles and fashion, tooling, furniture, boat-building, aquaculture, fine food and honeybush.

The implementation for 2011/12 includes:

- Developing and growing industries through supporting 13 clusters within the Province;
- Improving growth and markets through identification of opportunities within the targeted sectors and deepening the value proposition of industries;
- Driving collaboration amongst the clusters towards achieve greater synergies and share best practice through the Cluster Forum and joint initiatives;
- Promoting collaboration with national and international stakeholders such as UNIDO;
- Driving awareness of clustering approach and the benefits of value-chain collaboration across the region and nationally;
- Leveraging R95 million from stakeholders through the departmental support to the clusters to effect sector strategies;
- Assisting sector intelligence and knowledge-sharing in the production of economic sector indicator reports, and
- Developing a model of support and sustainability for cluster support, including exit strategies.

#### **Information and Communications Technology**

The ICT strategy includes clustering and partnerships with the private sector. Given the provincial thrust towards incubation and innovation, this will include the expansion of the successful Bandwidth Barn incubation model. There will also be an emphasis on skills development, given that this is a knowledge-intensive industry which is experiencing a shortage of skills. Over and above this, the unit will assist the Strategic Initiatives unit to act as a catalyst for improving the telecommunication infrastructure environment within the region.

The implementation for 2011/12 includes:

- Concluding feasibility study of the Bandwidth Barn and Shared Services Model;
- Conducting a marketing programme to promote Western Cape to reduce imports and increase FDI/outourcing;
- Providing technical input to the telecommunication infrastructure initiative;
- Investigating strong niches within the ICT industry which demonstrate greater potential for growth;
- Implementing a pilot skills initiative and assessing impact with view to possible expansion;
- Establishing specialist forums within the ICT to improve

industry cohesion and competitiveness; and

- Assisting 55 ICT businesses with mentorship and skills development together with Programme 2: Integrated Economic Development Services.

#### **Business Process Outsourcing**

The two key thrusts of the Business Process Outsourcing strategy revolves primarily around growing this young industry through clustering and investment promotion and supporting this growth with skills development programmes that address both entry level skills and the expansion of managerial talent. Additionally, progress made with regards to the telecommunications infrastructure will have a significant positive impact on the sector.

The implementation for 2011/12 includes:

- Significant ramping up of proactive promotion of investment and outsourcing within the Business Process Outsourcing industry;
- Attracting R250 million investment into the BPO industry with strong collaboration with Wesgro;
- Researching the comparative and competitive advantage and value proposition within vertical markets within the Business Processing Outsourcing sector;
- Pro-active marketing of niche industries within the Business Process Outsourcing sector; and
- Promoting and harnessing value chain synergies within the identified verticals.

#### **Oil and Gas Services Industry**

In addition to supporting the cluster body, tackling the skills shortage within the industry and addressing the infrastructure constraints within the Port of Cape Town will be critical to the growth and development of the Oil and Gas service industries. A system of standards also needs to be developed for the industry, in order to meet strict international compliance certification.

The implementation for 2011/12 includes:

- Addressing operational inefficiencies within the Port of Cape Town to ensure that customers obtain a world class service;
- Positioning the Western Cape as the supply hub for the Upstream Oil and Gas industry through research and the development of business cases and proposals for the relevant infrastructure (e.g. Customs-free Hub);
- Developing an operating model for the Oil and Gas Industry within the larger configuration of the Port of Cape Town;
- Maintaining a supplier directory of Oil and Gas stakeholders to promote Western Cape services within the Oil and Gas industry;
- Benchmarking the Oil and Gas industry together with UNIDO in order to develop supplier capacity and capabilities to attain quality standards;



- Attracting R1.5 billion worth of Oil and Gas projects into the Western Cape;
- Advocating and influencing the development of a national policy and position with respect to Upstream Oil and Gas; and
- Developing the market through export promotion and attracting foreign companies to use Cape Town as a supply base for West and East Africa.

### The Green Economy

Working closely with the Department of Environmental Affairs and Development Planning, the Department will further develop the newly launched GreenCape initiative. Networks will be developed with key stakeholders to facilitate the major wind, solar and waste-to-energy projects that are being envisaged over the next ten years. There is a long-term potential to generate 3000MW of RE in the Western Cape, which equates to well over R60 billion worth of capital investment. The role of the GreenCape Initiative will be to facilitate new power generation projects, but most importantly to maximise local content within each project. The GreenCape Initiative will work with Wesgro to facilitate new investments, with WCED and HEI's to develop

the skills set required by the industry and with defined industry sub-sectors to develop new industrial capabilities to give effect to the vision of the Western Cape becoming the Renewable Energy hub of South Africa.

Key implementation plans for 2011/12 include:

- Strengthening relationships with national and provincial stakeholders in order to lobby effectively in support of the local renewable energy industry;
- Ensuring that the Western Cape benefits through any localisation requirements with a specific emphasis on the manufacture of turbine blades in the Western Cape;
- Playing a central role in ensuring that the appropriate skills development and training facilities for the renewable energy are established in the Western Cape;
- Partnering with the City of Cape Town to implement its plan to facilitate and accelerate the rollout of Solar Water Heaters, with the aim of replicating the roll-out model in other parts of the province; and
- Playing an information dissemination role for the green economy in the Western Cape.

<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 stakeholder contributions = R29.2-million Value of investment and trade = R100-million
<b>Justification</b>	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. 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.
<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.



### 5.5.1 Strategic objective annual targets for 2011/12

Strategic objective (outcome indicator)		Audited/Actual performance			Estimated performance	Medium-term targets		
		2007/08	2008/09	2009/10		2010/11	2011/12	2012/13
2.1	Number of jobs facilitated/sustained	-	-	-	360	3 200	6 177	7 700
2.2	Value of funding leveraged	-	R29.2 million	R29 million	R48 million	R95 million	R38 million	R44 million
2.3	Value of investments and trade	-	-	-	R180 million	R1.7 billion	R4.8 billion	R19.5 billion

### 5.5.2 Performance indicators and annual targets for 2011/12

#### Nationally agreed Sector specific performance indicators

Programme performance indicator		Audited/Actual performance			Estimated performance	Medium-term targets		
		2007/08	2008/09	2009/10		2010/11	2011/12	2012/13
2.1	Number of people trained	1 843	4 926	600	70	30	30	30
2.2	Number of businesses assisted with proactive interventions	3 324	8 204	831	400	55	55	55

NOTE: The shaded targets are contained in the total targets reflected in Programme 2: Enterprise Development and are only reflected here for purposes of clarity.

#### Provincial performance indicators

Programme performance indicator		Audited/Actual performance			Estimated performance	Medium-term targets		
		2007/08	2008/09	2009/10		2010/11	2011/12	2012/13
2.1	Number of clusters supported	13	16	15	11	13	13	8
2.2	Number of members	-	11 200	1 670	1221	1 755	2 138	2460
2.3	Number of economic sector intelligence reports	-	-	-	10	11	2	9
2.4	Number of trade and investment projects realised (BPO)	-	-	5	-	5	10	15
2.5	Number of trade and investment projects realised (Oil and Gas)	-	-	-	-	7	10	12
2.6	Number of trade and investment projects realised (ICT)	-	-	-	-	1	4	7



Programme performance indicator		Audited/Actual performance			Estimated performance	Medium-term targets		
		2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
2.7	Number of Cluster Forum engagements	-	-	-	-	4	4	4

### 5.5.3 Quarterly targets for 2011/12

#### Nationally agreed Sector specific performance indicators

Performance indicator		Reporting period	Annual target 2011/12	Quarterly targets			
				1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup>	4 <sup>th</sup>
2.1	Number of people trained	Annual	30				30
2.2	Number of businesses assisted	Annual	55				55

#### Provincial performance indicators

Performance indicator		Reporting period	Annual target 2011/12	Quarterly targets			
				1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup>	4 <sup>th</sup>
2.3	Number of clusters supported	Quarterly	13	2	8	3	-
2.4	Number of members in BPO cluster	Quarterly	150	150	150	150	150
2.5	Number of members in ICT cluster	Quarterly	200	100	125	150	200
2.6	Number of members in Oil & Gas cluster	Quarterly	132	120	120	125	132
2.7	Number of members in Boat-building cluster	Quarterly	120	80	90	100	120
2.8	Number of members in CMT cluster	Quarterly	430	380	390	400	430
2.9	Number of members in Clothing & Textile Cluster	Quarterly	43	41	41	41	43
2.10	Number of members in Fashion Cluster	Quarterly	320	312	312	312	320
2.11	Number of members in tooling cluster	Quarterly	50	43	45	47	50
2.12	Number of members in Furniture cluster	Quarterly	65	50	55	60	65
2.13	Number of members in honeybush cluster	Quarterly	30	5	15	20	30
2.14	Number of members in fine food cluster	Quarterly	50	30	35	40	50
2.15	Number of members in aquaculture cluster	Quarterly	65	50	55	60	65
2.16	Number of members in renewable energy	Quarterly	100	-	25	50	100



Performance indicator		Reporting period	Annual target 2011/12	Quarterly targets			
				1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup>	4 <sup>th</sup>
2.17	Number of economic sector intelligence reports	Annual	11	-	-	-	11
2.18	Number of investment projects realised (BPO)	Quarterly	5	-	-	2	3
2.19	Number of repair orders conducted (Oil and Gas)	Annual	7	-	-	-	7
2.20	Number of trade and investment projects realised (ICT)	Annual	1	-	-	-	1
2.21	Number of Cluster Forum engagements	Quarterly	4	1	1	1	1

## 5.6 SUB-PROGRAMME 3.3: STRATEGIC INITIATIVES

### Strategy 1: Infrastructure Development

Key economic infrastructure projects have been identified for the creation of an enabling economic environment for businesses and specific industries, to develop and maintain competitiveness and to shift the economic trajectory of the province. Using the economies of localisation rationale, the Department will be investigating a broader set of strategic economic infrastructure projects and will develop a framework for high impact catalyst interventions. The Department will also be enhancing the capacity of the Cape Catalyst Unit, given the scale and scope of the infrastructure initiatives and will deepen the current set of economic infrastructure project.

The implementation for 2011/12 includes:

- Building initial capacity of the Cape Catalyst unit;
- Developing a Framework for Economic Infrastructure Development;
- Expanding the number of infrastructure projects to be explored and investigated;
- Finalising the telecommunication infrastructure framework;
- Developing an implementation plan for

telecommunications;

- Supporting the development of the Cape Health technology hub;
- Finalising the feasibility of the Design Precinct;
- Co-ordinating the Port of Cape Town planning intervention;
- Co-ordinating stakeholders, including local and national players;
- Finalising the feasibility study on Saldanha IDZ; and
- Submission of Saldanha IDZ proposal to Cabinet.

### Strategy 2: Future Cape

The Future Cape will seek to develop a 30 year economic vision and brand for the region through sound economic forecasting and through bringing together relevant stakeholders under the leadership of the Premier. This will create a coherent marketing brand and a shared image of the region. The implementation for 2011/12 includes:

- Supporting the establishment of a Premier's Stakeholders Forum;
- Stakeholder engagement and consultation with respect to economic forecasting; and
- Developing a branding framework for the Western Cape region.

<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.
<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.

### 5.6.1 Strategic objective annual targets for 2011/12

Strategic objective (outcome indicator)		Audited/Actual performance			Estimated performance	Medium-term targets		
		2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
3.1	Number of jobs facilitated/sustained	-	-	-	-	-	-	500
3.2	Value of infrastructure investment	-	-	-	R0	-	-	R170 million
3.3	Western Cape Branding and Vision Framework	-	-	-	-	-	1	-

### 5.6.2 Performance indicators and annual targets for 2011/12

#### Nationally agreed Sector specific performance indicators

Programme performance indicator		Audited/Actual performance			Estimated performance	Medium-term targets		
		2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
3.1	Number of people trained	-	-	-	-	-	-	-
3.2	Number of infrastructure projects supported	-	2	5	5	6	10	10

#### Provincial performance indicators

Programme performance indicator		Audited/Actual performance			Estimated performance	Medium-term targets		
		2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
3.3	Number of Future Cape engagements/ forums	-	-	-	-	3	3	-

### 5.6.3 Quarterly targets for 2011/12

#### Nationally agreed Sector specific performance indicators

Performance indicator		Reporting period	Annual target 2011/12	Quarterly targets			
				1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup>	4 <sup>th</sup>
3.1	Number of infrastructure projects supported	Annual	6				6
3.2	Number of Future Cape engagements/forums	Quarterly	3	-	-	1	2



## 5.7 RECONCILING PERFORMANCE TARGETS WITH THE BUDGET AND MTEF

### 5.7.1 Expenditure estimates

Sub-programme		Audited			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimate		
R' 000		2007/08	2008/09	2009/10	2010/11	2010/11	2010/11	2011/12	2012/13	2013/14
<b>1.</b>	Trade and Investment Promotion	11 714	20 537	16 650	15 000	15 000	15 000	<b>12 750</b>	15 000	16 000
<b>2.</b>	Sector Development	26 275	22 408	26 693	34 072	33 628	33 628	<b>34 457</b>	36 849	37 352
<b>3.</b>	Strategic Initiatives	341	161	3 239	3 440	4 591	4 591	<b>14 279</b>	7 667	7 864
<b>4.</b>	Management: Trade and Industry Development	1 494	3 867	4 239	1 752	1 733	1 733	<b>1 879</b>	2 006	2 081
<b>Total payments</b>		<b>39 824</b>	<b>46 973</b>	<b>50 821</b>	<b>54 264</b>	<b>54 952</b>	<b>54 952</b>	<b>63 365</b>	<b>61 522</b>	<b>63 297</b>
<b>Economic classification</b>										
<b>Current payments</b>		10 329	10 825	10 695	17 074	15 301	15 301	<b>26 221</b>	20 428	21 203
	Compensation of employees	4 337	6 248	6 971	10 952	10 587	10 587	<b>14 960</b>	15 615	16 395
	Goods and services	5 992	4 577	3 724	6 122	4 714	4 714	<b>11 261</b>	4 813	4 808
	Interest and rent on land									
<b>Transfers and subsidies</b>		29 306	35 762	39 989	37 150	39 625	39 625	<b>37 050</b>	41 000	42 000
	Provinces and municipalities									
	Departmental agencies and accounts	10 800	21 856	19 325	15 000	15 000	15 000	<b>12 250</b>	15 000	16 000
	Universities and technikons		37							
	Foreign governments and international organisations									
	Public corporations and private enterprises		69	1 000						
	Non-profit institutions	18 502	13 800	19 664	22 150	24 560	24 596	<b>24 800</b>	26 000	26 000
	Households	4				65	65			
<b>Payments for capital assets</b>		189	369	162	40	26	26	<b>94</b>	94	94
	Buildings and other fixed structures									



Sub-programme		Audited			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimate		
		2007/08	2008/09	2009/10				2010/11	2010/11	2010/11
R' 000										
	Machinery and equipment	189	369	137	40	26	26	<b>94</b>	94	94
	Heritage assets									
	Specialised military assets									
	Biological assets									
	Land and subsoil assets									
	Software and other intangible assets									
	<b>Payments for financial assets</b>		17							
<b>Total economic classification</b>		<b>39824</b>	<b>46 973</b>	<b>50 821</b>	<b>54 264</b>	<b>54 952</b>	<b>54 952</b>	<b>63 365</b>	<b>61 522</b>	<b>63 297</b>

### 5.7.2 Performance and expenditure trends

The programmes budget for the 2011/12 financial year increases significantly from the previous financial years' allocation. During the 2010/11 financial year the Programme's budgetary allocation amounted to R 55,941 compared to the new allocation of R 63, 365 million in 2011/12 financial year. This represents an increase of 13.27%.

The primary factor leading to this significant increase is a strong focus being placed on Infrastructure development. As a result, the Strategic Initiatives sub-programme has been significantly increased from R 5, 580 million in 2010/11 to R 14, 279 million in the 2011/12 financial year. This represents an increase of 155.9%.

In terms of the Sector Support sub-programme, funding has remained relatively constant with a marginal increase in allocation of 2.47% or R 7,424 million. The major contributing factor for this levelling of estimated expenditure can be attributed to the continuing focus on the priority sectors of Oil and Gas, Business processing and Outsourcing (BPO) and ICT. Other significant and watch-list sectors funding will remain constant pending the finalisation of the WCEDA establishment.

**We must provide the infrastructure needed for growth and jobs.**

State of the Province Address 2011  
Premier Helen Zille  
Premier of the Western Cape



## 6 PROGRAMME 4: BUSINESS REGULATION AND GOVERNANCE

### 6.1 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.

### 6.2 PROGRAMME STRUCTURE

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

### 6.3 SITUATIONAL ANALYSIS

#### 6.3.1 Performance delivery environment

Regulation was once generally viewed as anti-development and a negative force in an environment seeking to grow the economy. It has, however, in recent years come to be seen as an enabling factor, ensuring that all the economic role-players (consumers, enterprises and the various levels of Government) co-operate in a legally secure and predictable environment, structured towards economic growth and transformation. There is a growing realisation on the part of the business sector that economic growth should not be at the expense of equity. Fairness to consumers and the espousal of responsible trading and production practices can serve as competitive advantages that will stand them in good stead in a globalised economy, where competition will increasingly be against foreign rivals as opposed to local ones. The approach adopted by Government is to establish and implement mechanisms that will unlock the benefits of the country's robust economic growth, whilst minimising social costs by striving towards social objectives such as:

- Reducing personal debt;
- Providing affordable and transparent access to credit;
- Developing social and economic infrastructure; and
- Putting measures in place to combat the negative social consequences of the regulated industries.

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

- The highest incidence of foetal alcohol syndrome in the world;
- The highest teenage pregnancy rate in the country, often linked to alcohol abuse;

- High levels of substance abuse in the country;
- Very high rates of domestic abuse and violent crime; and
- Its population is, in line with the rest of the country, heavily over-indebted.

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

#### Sub Programme 4.1 Regulatory Services

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

#### Sub Programme 4.2 Office of the Consumer Protector

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

- **Consumer Rights Awareness:** Specific programmes will be implemented to stimulate and enhance the levels of awareness amongst consumers of the Province about a variety of consumer rights and obligation issues. The strategy is also specifically geared at addressing the low levels of financial literacy awareness amongst different categories of consumers in the province.
- **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 therefore be a core focus of the projects of the Consumer Protector.



- **Regional OCP Offices:** This strategy is specifically geared towards enhancing the “footprint” of the OCP in regions across the province. This will ensure that all citizens across the province will have an accessible consumer advisory and redress service within their respective regions. The further roll out of this strategy will form a strong focus of the Consumer Protector.
- **Strategic Partnerships:** The formulation of strategic partnerships with key stakeholders within the consumer protection environment will ensure that key priorities will be achieved consistently. This will contribute towards the enhancement of the role played by the OCP across the province. The Consumer Protection Act, 2008, places a strong emphasis on the need for effective partnerships between government and other role players in the consumer protection arena and as such continued engagements in this regard will be done.

#### Sub-programme 4.3 Liquor Regulation

The strategies of Liquor Regulation are aimed at addressing the following areas:

- **Enhancing public participation in liquor regulation:** The provisions of the new provincial legislation will be used to maximum effect to ensure that all stakeholders (including municipalities, the South African Police Service (SAPS), advocacy groups, affected residents and members of the general public) are given notice of applications for new liquor licences and applications in respect of existing liquor licences and are given an opportunity to comment. The provisions will also be applied to ensure that the manner in which licensed premises are operated can be monitored and reported to the appropriate authorities for effective intervention, where required. The implementation of this strategy will ensure that the sale and consumption of liquor is more effectively regulated in the Province.
- **Maximising the benefits of the industry for the Province and its people, whilst minimising its negative effects:** This will be achieved through responsible and accountable licensing, i.e. the most suitable applicants will be vetted through probity checks and their premises inspected and, where applicable, their past business conduct subjected to scrutiny to ensure that the most responsible traders are licensed and be placed in a position to contribute to the economy of the Province, whilst limiting potential harmful effects of the trade on the Province and its people. BBEEE principles will be applied to make ownership in the industry more racially representative. Negative effects of liquor abuse will be addressed through both major mass-media initiatives and targeted, face-to-face engagements, all aimed at raising awareness of liquor-related harms and inculcating behaviour-change. The Authority will seek to reduce the availability of liquor, through shortening of trading

hours (in conjunction with municipalities, which will use their constitutional power to determine trading days and times for liquor outlets), the implementation of a density policy and better law enforcement. The unit will seek to align its strategy with those incorporated in the Provincial Strategy on Substance Abuse (PSSA), particularly in regard to supply reduction (to be led by the SAPS) and demand reduction (to be led by the DSD and WCED). A large proportion of the population of the Province remains in the grip of poverty, illness and desperation. This strategy will contribute to the reduction of these negative socio-economic effects of the liquor industry.

#### 6.4 SUB-PROGRAMME 4.1: REGULATION SERVICES

##### **Strategy 1: The enhancement of systems and procedures in respect of business regulatory improvement and development within the Province.**

In terms of Provincial Strategic Objective 1 which is: “**Creating Opportunities for Jobs and Growth**” the reduction of so called red tape that hinders business development and growth in the province is considered to be one of the key areas that must be addressed. Red tape (unnecessary regulation) is an insidious threat to business and especially inhibits smaller enterprises of the sort that are so important to the Western Cape economy. While most of the business-constraining red tape originates at national level, provincial and city governments have a considerable role to play. The department will:

- Establish through research and consultation which regulations most constrain the private sector;
- Act as an advocate of regulatory best practice in the national and local spheres of government, and in the case of State Owned Enterprises;
- Draw on and act in concert with regulatory best practice initiatives supported by inter alia, the World Bank and the International Finance Corporation (IFC);
- Appoint an inter-governmental working group to identify key regulatory bottlenecks at both Province and City and then tackle them one-by-one over a multi-year period;
- Significantly improving the efficiency and customer service of planning processes both within the City of Cape Town and the Western Cape government.

The Regulatory Services unit will therefore be responsible for assisting with the coordination of all departmental activities that are aimed at identifying and ultimately proposing interventions or strategies to address the regulatory barriers to business development and growth. It must be noted that “red tape reduction” will be a focal area of the transversal management system and this will result in close cooperation between Programme 4 and Programme 2 since the “red tape unit” will



be located within Programme 2. This approach will furthermore necessitate the establishment of firm working relationships with the various other government departments and/or structures e.g. provincial departments, municipalities and national government departments. This approach will be necessary since a vast portion of the relevant legislation is administered by either national or local government.

In addition to the above, the legislation developed by municipalities in the area of business development will also be monitored. For example, municipalities are, in terms of the Constitution, as well as the Municipal Structures Act, empowered to pass legislation on matters related to the informal economy. This would include implementing by-laws which regulate the businesses of vendors, street traders or hawkers. The Regulatory Services unit is thus responsible for ensuring that legislation that is proposed by municipalities

promote the strategic vision and objectives of the Department. This will be an important intervention as the informal sector is becoming increasingly important within the developing business sector.

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

<b>Strategic Objective</b>	An effective provincial trading environment facilitated through a reduction in regulatory barriers and inhibiting compliance requirements.
<b>Objective statement</b>	To identify and reduce regulatory barriers that inhibit business formation and growth, through a process of scanning all relevant legislation, analysing it with a view to simplify, shorten and where possible, eliminate business processes, amending and repealing legislation and taking any other measures required to achieve this objective. To ensure that a total of 10 policy, legislative and operational barriers are reduced over the next 5 years.
<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). .



#### 6.4.1 Strategic objective annual targets for 2011/12

Strategic objective (outcome indicator)		Audited/Actual performance			Estimated performance	Medium-term targets		
		2007/08	2008/09	2009/10		2010/11	2011/12	2012/13
1.1	Number of identified regulatory barriers reduced.	-	1	1	1	2	2	3

#### 6.4.2 Performance indicators and annual targets for 2011/12

##### Nationally agreed Sector specific performance indicators

Programme performance indicator		Audited/Actual performance			Estimated performance	Medium-term targets		
		2007/08	2008/09	2009/10		2010/11	2011/12	2012/13
1.1	Number of barriers identified	-	1	1	2	2	2	3
1.2	Number of barriers addressed	-	1	1	1	2	2	3

#### 6.4.3 Quarterly targets for 2011/12

##### Nationally agreed Sector specific performance indicators

Performance indicator		Reporting period	Annual target 2011/12	Quarterly targets			
				1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup>	4 <sup>th</sup>
1.1	Number of barriers identified	Quarterly	2		1		1
1.2	Number of barriers addressed	Annually	2				2

### 6.5 SUB-PROGRAMME 4.2: CONSUMER PROTECTION

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

The vision of this strategy on Consumer Protection is that consumers within the Western Cape will become well informed and self-determined individuals and have a self-confident manner when entering into transactions within the market place.

The activities that will be embarked upon are as follows:

#### Proactive information and education policy

The education and information activities carried out in the previous years have shown that the OCP's activity in this area brings positive results and is received with great interest by consumers and entrepreneurs. Consumer education is a long-term and continuous process, especially in a country whose market is growing intensively, adapting itself to the functioning of the free market system. At the same time there is a need

to expand the information and education activity, covering new thematic areas and using new communication methods. Considering the changing market situation and an increasingly widespread application of new communication techniques by businesses, it seems necessary to strengthen the activities of the OCP aimed at educating consumers with regard to the traps and risks they face. The impact of new technology in the transactional process between consumer and business also dictates that new strategies must be developed and implemented in order to maintain the trend with this new form of consumerism.

In the 2011/12 financial year, the OCP intends to continue basing consumer protection policy on regularly obtained and reliable information about South African, and specifically Western Cape consumers. The most important objective of the OCP's research activities is to obtain background for designing its educational and information programmes. Social research will be undertaken in the OCP's direct communication with consumers and entrepreneurs. The results of the research will be used in the framework of information campaigns,



public relations activities and working meetings, which aim to strengthen the social dialogue. The data acquired will constantly be used by the OCP in its communication with other Government agencies, regulatory bodies, as well as Non Governmental Organisations (NGOs), academic circles and the media. The OCP will be embarking on regular research initiatives to, amongst others, address the following:

- A survey of the level of consumer awareness within the province i.e. how many consumers are aware of the provincial government services in this regard;
- The areas of improvement within the service offerings of the OCP;
- The levels of service satisfaction amongst consumers that have utilized the services of the OCP;
- Defining Western Cape entrepreneurs' knowledge of consumer protection law and the state agencies providing redress services to consumers.

#### **Specific consumer education activities**

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

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

- The Consumer Protection Act and the benefits to a consumer ;
- Benefits and risks related to the use of the latest technologies (concluding distance contracts, via the Internet, the phone, mail orders, etc.);
- Product safety. The objective of this campaign will be to

draw consumers' and entrepreneurs' attention to the factors that determine the safety and quality of products;

- Advertising. Campaigns concerning this issue will inform consumers of the specificity of this media message (e.g. the marketing techniques used in advertising, misleading advertising, etc.);
- Consumer rights and obligations. The OCP's research shows that consumers still need to be educated on the scope of basic consumer information. That is why, in the coming years, the OCP will continue the information and education activities concerning specific consumer issues such as: prohibited contractual clauses applied in particular market sectors; the rights of consumers as provided for in the Consumer Protection Act, the types and methods of concluding consumer credit agreements; and
- Consumer services addressed to children.

The educational and information campaigns will be addressed to various social groups: youth, adults, the elderly, and the business sector. The Office will continue its cooperation with consumer organisations, regulatory bodies, ombudsmen and the mass media, through which it will try to reach society. In this respect, the expert support of academic circles will also be very important.

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

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

- Brochures and leaflets concerning practical consumer issues;
- Publications for the youngest consumers, consumer handbooks;
- Reports summarising investigations of particular market segments;





- Reports presenting the results of social research;
- Books summarising the conferences organised or co-organised by the OCP; and
- Reports on the Office's activity.

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

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

#### **Financial Literacy Education Campaigns**

The advent of the global recession has led to a greater need for consumer protection agencies to focus on providing consumers with adequate and relevant information, which will assist them in meeting the challenges posed by the recession.

In South Africa the lack of financial literacy has long been recognised as a major problem in poor households and communities. This is not only because of the generally lower levels of access to, and inferior standards of, formal education, but also because of a lack of access to information. It must be noted that it is not only low income communities that demonstrate low levels of financial literacy in South Africa. Various studies (including the Finscope report) outline the fact that the lack of financial literacy remains a major challenge in South Africa. It appears that the low income households, farm workers, and pensioners remain the economic citizens most vulnerable to exploitative schemes.

Research conducted in South Africa on the issue of personal savings has also indicated that we are a country with low household savings rates. The research indicates that personal savings dropped from 8% of personal income in the 1970s to around 2% by the early 1990s, while indebtedness has increased amongst the most vulnerable, as well as amongst the most affluent income groups. A major behavioural shift is therefore required, away from a consumer and credit-oriented mindset, toward one of financial prudence. The need for saving is more important today than ever before, especially considering the HIV/AIDS epidemic now ravaging the nation. The low level

of financial literacy in South Africa has been recognised by various community-based organisations, the financial industry, the Government and other organisations, many of which have launched financial education projects. Financial literacy is also being incorporated into curricula developed by the Departments of Education and Labour.

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

#### **Strategy 2: Provision of a consumer redress service:**

##### **2.1 Consumer Tribunal and Alternative dispute Resolution**

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

In addition to the Consumer Tribunal, the OCP will continue to enhance the Alternative Dispute Resolution (ADR) services it provides to consumers. In terms of the operational practice of the OCP, all consumer disputes are first channeled via ADR in an attempt to amicably resolve matters between the two disputing parties. In order to continue providing a high quality service to the public, the OCP will enhance and refine its ADR processes which will include the refinement of management processes, advanced training for staff and the extension of the scope of services rendered. The resolution of consumer complaints is aligned with the Five year Strategic Plan. The activities of the Tribunal will contribute



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

The development of the systems of amicable dispute resolution is, however, not possible without the cooperation and willingness to collaborate from the businesses. Consequently, the development of amicable dispute resolution systems must be included in the concept of developing Corporate Social Responsibility. It is impossible to ensure high level consumer protection without building appropriate standards common for all the bodies involved in out-of-court dispute resolution.

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

## 2.2 Implementation of Regional OCP Offices

The OCP will also continue to refine its strategy of providing a quality and accessible service to consumers across the province. Previously the Consumer Advice Office project was a vehicle through which the department provided consumer protection services to members of local communities. This approach, as per the department's five year strategy has changed and a greater emphasis will be placed on the department rendering this service itself. This development will be specifically supported by the extension of the regional

based consumer protection service. The 2010/2011 financial year has seen the introduction of this service in the West Coast (Vredenburg), Southern Cape (Mossel Bay) and the Overberg. Positive results have been achieved both in the arena of raising awareness levels amongst communities and the improved functioning of advice offices. This addition will see the extension of the OCP's "footprint" within the 6 regions of the Province, as each region will have a representative from the OCP that will manage and supervise consumer protection related matters within that specific region. This development will furthermore enhance the quality of consumer services provided by advice offices within regions and also assist with the monitoring and evaluation of such offices.

### Strategy 3: The Enhancement of Strategic Partnerships

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



<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 at least 60% of public in the Province are aware of the OCP and services it offers and the establishment of 25 Consumer NGO's partnerships. Save consumers at least R10m through successful complaints resolution.
<b>Baseline</b>	Low levels of awareness, where only approximately 3 in 10 consumers are aware of basic consumer rights. A highly effective complaints management and resolution mechanism at head office with low level service delivery through NGO structures in rural areas.
<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.

#### 6.5.1 Strategic objective annual targets for 2011/12

Strategic objective (outcome indicator)		Audited/Actual performance			Estimated performance	Medium-term targets		
		2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
2.1	Awareness levels	-	-	20%	30%	40%	50%	60%
2.2	Number of strategic consumer NGO partnerships established	-	-	6	11	15	20	25
2.3	Monetary value saving to consumers	-	-	R500 000	R1 million	R1,5 million	R3 million	R4 million
2.4	Percentage of consumers indicating satisfaction with the level and standard of service provided by OCP	-	-	-	-	40%	60%	70%
2.5	Percentage of consumers indicating a change in financial behaviour subsequent to OCP intervention.	-	-	-	-	25%	40%	70%

#### 6.5.2 Performance indicators and annual targets for 2011/12

##### Nationally agreed Sector specific performance indicators

Programme performance indicator		Audited/Actual performance			Estimated performance	Medium-term targets		
		2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
2.1	Number of consumer education programmes conducted	-	100	128	128	150	200	250
2.2	Number of complaints received	-	6 716	7 051	7 000	8 000	9 000	9 500
2.3	Number of complaints resolved	-	4 701	4 935	5 429	6 000	6 500	7 000



### Provincial performance indicators

Programme performance indicator		Audited/Actual performance			Estimated performance	Medium-term targets		
		2007/08	2008/09	2009/10		2010/11	2011/12	2012/13
2.4	Number of complaints forwarded to the Tribunal for hearing and formal adjudication	-	-	4	10	50	100	300
2.5	Number of matters forwarded to Tribunal for resolution by way of a consent order	-	-	-	-	50	100	300
2.6	Average Number of days taken to resolve complaints by way of adjudication by Tribunal.	-	-	-	-	70	50	30
2.7	Number of people reached by way of awareness events and initiatives	-	-	4 million	5 million	5 million	5.5 million	6 million
2.8	Number of Regional offices operationalised	-	-	4	4	4	4	4
2.9	Number of consumer complaints lodged by consumer NGO's for formal adjudication or consent order by tribunal	-	-	6	10	15	20	100
2.10	Number of financial literacy workshops conducted	-	-	35	40	40	50	100
2.11	Number of attendees at financial literacy workshops	-	-	-	-	500	1000	1500

### 6.5.3 Quarterly targets for 2011/12

#### Nationally agreed Sector specific performance indicators

Performance indicator		Reporting period	Annual target 2011/12	Quarterly targets			
				1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup>	4 <sup>th</sup>
2.1	Number of consumer education programmes conducted	Quarterly	150	25	25	50	50
2.2	Number of complaints received	Quarterly	8 000	1 500	2 000	2 000	2 500
2.3	Number of complaints resolved	Quarterly	6 000	1 000	1 500	1 500	2 000



### Provincial performance indicators

Performance indicator		Reporting period	Annual target 2011/12	Quarterly targets			
				1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup>	4 <sup>th</sup>
2.4	Number of complaints forwarded to the Tribunal for hearing and formal adjudication	Quarterly	50	5	10	15	20
2.5	Number of matters forwarded to Tribunal for resolution by way of a consent order	Quarterly	50	10	15	10	15
2.6	Average number of days taken to resolve complaints by way of adjudication by Tribunal	Quarterly	70	70	70	70	70
2.7	Number of people reached by way of awareness events and initiatives	Quarterly	5 m	1 m	1 m	1.5 m	1.5 m
2.8	Number of Regional offices operationalised	Quarterly	4	4	4	4	4
2.9	Number of consumer complaints lodged by consumer NGO's for formal adjudication or consent order by tribunal	Quarterly	15	2	2	6	5
2.10	Number of financial literacy workshops conducted	Quarterly	40	10	10	10	10
2.11	Number of attendees at financial literacy workshops	Quarterly	500	125	125	125	125

### 6.6 SUB-PROGRAMME 4.3: LIQUOR REGULATION

#### Strategy 1: Enhancing public participation in liquor regulation

This strategy is designed to address the main deficiency of the current legislation, the Liquor Act, 1989, namely that it makes inadequate provision for notification to members of the public, civil society structures and local authorities of an applicant's intention to apply for a liquor licence. Accordingly, the Act expands public notification channels from the current two (publication of a notice in the Government Gazette and lodgement for public inspection at the relevant magistrate's court for a period of 28 days) to five (publication in the Provincial Gazette; lodgement at both the Liquor Authority – as it has been renamed by the Western Cape Liquor Amendment Act, 2010 – and the local police station; service of the application on the municipality; notification of the application to ward councillor by the municipality; and notification of the community policing forum by the designated liquor officer).

Furthermore, a long-standing criticism by communities of the application process, namely that the lodgement of liquor licence applications over the prime holiday period (December – January) precludes them from commenting on such applications, has been addressed by the provision in section 36(2) of the Act that no application for a licence may be advertised during the period from 1 December to 15 January of the following year. The Act also allows the liquor authority to condone non-material defects in or late submission of objections to applications and to take into account, within its discretion, any facts or circumstances in considering an application for, or related to, a liquor licence.

The strategy extends beyond the promotion of participation in the liquor licence application process – it also includes enforcement, i.e. the monitoring of the manner in which liquor licensed establishments conduct business, and awareness of and education around liquor-related harms, as well as responsible trading and consumption. Accordingly, programmes will be launched to create broad, general awareness of aspects such as the prevalence of violent crime resulting from liquor abuse, domestic violence, units of liquor ("standard drinks"),



foetal alcohol syndrome (FAS) and the like. The mass-media awareness initiatives of preceding financial years will be used as a base on which to build a deepening awareness and knowledge of liquor-induced harms. Community policing forums (CPFs), rates and residents associations (R&RAs) and other civil society groupings will be targeted for participation in workshops and information sessions. The approach, encapsulated the slogan of a campaign which was rolled out in 2009-10, is that "liquor regulation is everybody's business". It finds further expression in the secondary tagline, exhorting communities to "comment, monitor and report" on licence applications and the conduct of retail liquor outlets.

This strategy must, and will be, supported by the Authority's Inspectorate (it enforcement and compliance unit), which has been increased in size to effectively discharge its mandate to monitor the business practices of licensed establishments. The aforementioned tagline of "Comment, monitor, report" would be of little consequence if either of, or both, the police and the Inspectorate fail to respond to complaints and if requests for intervention that are lodged with them go unattended. The unit, with its staff complement duly increased, is now vastly more responsive to complaints by members of the public.

### **Strategy 2: Maximising the benefits of the industry for the Province and its people, whilst minimising its negative effects**

The liquor industry is a major contributor to the economy of the Province, which is the country's prime vine-growing and wine-producing region. On the other end of the scale, there exists a vast body of evidence that indicates the massive negative impact of liquor on the Western Cape economy and population. Much of the industry's positive contribution to the regional economy, in particular the agricultural, hospitality and tourism sectors, is off-set by the toll that liquor abuse continues to exact.

The unit's strategic interventions for addressing this problem, which costs the economy billions of Rands annually, consist of the following:

#### **Strategic intervention 1: Maximising industry benefits through responsible, accountable licensing**

The provincial government and the public at large benefit through the economic activity and concomitant benefits of the industry (job creation, infrastructure development, earning of foreign currency through exports, and wine tourism) and the collection of revenue from applicants and licensees (consisting of application, licence and renewal fees). The Authority will therefore seek to licence, in an efficient and morally accountable manner, establishments which demonstrate commitment to the provincial government's goal of "creating economic opportunities for all". Licensed establishments that fail to adhere

to the law or the conditions of their licences will be dealt with harshly, also the extent of revoking their licences, in order to create opportunities for new players that are prepared to do so. Job-creation claims by applicants will be recorded and actual job-creation monitored to ensure that promised benefits for the provincial economy are materialised.

#### **Strategic intervention 2: Maximising industry benefits through transformation**

National government-sponsored research into the industry ("The South African Liquor Industry – An Industry Study", 2005 CCRD, the dti) as well as an analysis of the Authority's licence database, indicates that the industry remains largely untransformed, in spite of 15 years of democratic government and several years of BBBEE initiatives in the industry. In deciding on the granting or refusal of licence applications, the Authority will be accordingly cognisant of – and, within the law, make allowance for – specific challenges experienced by particular sectors of the industry, for example the dearth of commercial trading spaces in traditionally African and Coloured residential areas in the Province. The licensing of establishments owned and operated by HDIs will be prioritised with a view to addressing the fact that the majority of licences in the province are in White hands. The creation of co-operative and juristic business entities, through which HDIs may maximise the benefits of collective buying power and capital investment, will be pursued in conjunction with industry associations and major industry players.

The transformation of the industry with regard to empowerment will be driven through the following means:

- **The growth and development of targeted HDI outlets through the provision of training and mentorship, the facilitation of access to finance, and the restructuring of operators into business entities such as closed corporations, co-operatives and even companies, that will better place them to gain competitive advantages**

HDI-owned liquor outlets in townships, even licensed ones, continue to suffer from a lack of support at local government level. They are generally not recognised by municipalities and not given the appropriate land use approvals they need. The assistance they do (or did) receive from the mainstream sector of the liquor industry seems fragmented and uncoordinated. The Authority will develop training interventions or, in conjunction with industry, revive earlier training interventions to improve the situation. It will also engage the mainstream industry with proposals to assist in the creation of the business entities aforementioned. This will be aimed not only at gaining the competitive advantages mentioned above, but also at rationalising the informal (township) sector of the industry. If some of those township-based operators who, according to research



commissioned by the Authority (see below), should qualify for licensing, were to combine their businesses, they would be in a better position to obtain a licence, whilst reducing the overall number of outlets competing for licensing.

- **Engagement with municipalities and their representative body, the South African Local Government Association (SALGA), with a view to creating more trading areas in HDI residential areas**

It has been acknowledged, from the first stages of the public participation on the Liquor Bill in 2004, that the lack of trading areas in townships would present an obstacle to the legitimisation of the township-based liquor outlets. In response to this, the so-called “shebeen clause” was inserted into the 2008 version of the Liquor Bill, but subsequently removed as a result of public pressure. With this option for legitimisation no longer available, local governments need to be engaged to acknowledge their pivotal role in addressing the inadequate provision of commercial trading spaces in Coloured and African residential areas. The Provincial Government, through the Liquor Authority, will drive this engagement.

In addition to addressing racial inequalities, the industry also needs to be transformed with regard to the lack of regulation. There were approximately 7 400 licensed outlets in the Province as at August 2010. According to research commissioned in 2009, there were an estimated 22 500 unlicensed liquor outlets in the Province at the time. Whilst it is evident that not all these unlicensed outlets will be able to be licensed, the Authority will seek to select, through a probity process, the most suitable applicants. According to the research report, the provincial government, through the Authority, should engage with approximately 8 000 of the said unlicensed outlets with a view towards their legitimisation (through licensing) and development (through provision of training, mentorship, and where needed, be access to finance). This initiative (which will be limited to a lesser number of outlets than the aforementioned 8 000) is to be accompanied by an intensification of enforcement activity against unlicensed outlets that do not qualify for licensing, whether through unsuitability of the applicant, the premises or its location, or any other reason, with the objective of reducing the percentage of unlicensed liquor outlets and eventually achieving full (100%) regulation of the retail industry in the Province.

**Strategic Intervention 3: Minimising the negative impact of the industry by raising awareness of alcohol related harms**

This intervention will be driven on two levels: Mass-media campaigns and face-to-face engagements. For the mass-media interventions, all available channels will be considered and a selection will be made subject to available funding and

resources. Partnerships, joint ventures and sponsorships will be investigated and pursued to leverage additional resources. Channels that will be investigated include newspaper advertisements and articles, commuter-targeted notices on trains and taxis and at terminals for these transport services (train stations and terminuses), billboards, flier distribution (so-called “knock and drops”), pre-recorded radio inserts, public service announcements (PSAs) on television and so-called viral campaigns through social media (Facebook, Twitter, Mxit and the like).

Unlike the extensive approach of the mass-media interventions, the face-to-face engagements will be intensive and targeted, rather than extensive. The recipient base (target market) will be substantially smaller and will be engaged through workshops, information sessions and radio talk programmes (often of phone-in format, as opposed to pre-recorded messages, so as to maximise interaction). It is envisaged that the face-to-face engagements should result in debate on, rather than mere awareness of, the issues concerned. In this way, the Authority will seek to establish the building blocks for communities and individuals to change attitudes and behaviour in relation to liquor. This strategy will draw on and be aligned with the demand reduction sub-strategy of the PSSA (driven by the WCED and DSD), the target market will co-incide to a large extent with that identified by this unit, namely:

- Primary school learners, especially with regard to FAS, since they are, from the experience gained in previous initiatives, keen to share information with their parents.
- High school learners, many of whom have already experimented, or are prone to experiment with alcohol, drugs and sex – a combination which often results risky sexual behaviour, teenage pregnancies and transmission of sexual diseases. The older learners will also have started driving, which provides a further point for engagement.
- Students at tertiary institutions, for the same reasons as set out with regard to high school learners.
- Drivers, especially those visiting places that sell liquor for consumption on the licensed premises (bars, pubs, clubs).
- Pregnant women. This intervention is a long-term one with ongoing, focused and intensive awareness initiatives culminating in changing perceptions about liquor. It is hoped that it will eventually result in broad behaviour change across communities, with a concomitant large-scale reduction of the dangerous and harmful conduct generally associated with liquor, i.e. binge drinking, under-age drinking, drinking during pregnancy and the resultant FAS, endemic drunk driving, liquor-induced violence (domestic and otherwise), crime and absenteeism (both from places of learning and work).
- Traders. The industry players will be engaged to foster and ethos of responsible trading.



**Strategic Intervention 4: Reduce liquor availability**

Reduction in availability of liquor to high-risk sectors of the population is an intervention proposed by health and statutory regulatory institutions in the liquor arena, but for obvious reasons not supported by the industry. The strategy is, however, supported by the PGWC and finds expression in the following:

- Higher levels of public participation in the liquor licensing application process are likely to produce more objections and, therefore, a lower rate of approval of applications. In the longer term, it is likely to produce a lower rate of new applications, because of the risk or even likelihood of rejection. This, together with an increased rate of attrition due to the high costs of liquor licences under the new Act (application, licence and annual renewal fees), is likely to contain the recent proliferation of liquor outlets seeking licences.
- Shorter trading hours and a prohibition on liquor sales on Sundays and certain public holidays, to be imposed by municipalities (in terms of powers afforded them in the Constitution, and confirmed in the new Act), will reduce the availability of liquor through licensed outlets. The City of Cape Town has already issued such a by-law, and other municipalities are to follow suit.
- Sustained monitoring and, where appropriate, closure of licensed liquor establishments that breach the conditions of their licence. This is of particular relevance in regard to the one of sub-strategies of the PSSA, that of supply reduction, as the provisions of the Act will be used to cut off supply to unlicensed outlets at source, namely the licensed outlets that are only allowed to sell for retail purposes but continue to supply to other (unlicensed) outlets (i.e., engage in wholesale supply). This will be achieved through the imposition and, more specifically, enforcement of limits imposed in respect of the maximum quantity of liquor that may be sold to a single person per day.

- Devising a strategy around density, in terms of geographical spread, of licensed outlets. There are wide discrepancies in the density of liquor outlets in formerly White residential and mixed-land use areas, compared with traditionally Coloured and African townships across the Province. This situation is an inheritance of apartheid land use planning and is often used by the industry to advocate a rapid and more lenient licensing regime in respect of the latter-mentioned areas. Research will be undertaken, including into international best practice in this regard, to ensure that a less unequal distribution of outlets is achieved in the longer term. This will be done whilst taking cognisance of all the competing interests, such as economic development, industry transformation, communities' right to a safe living environment and socio-economic harms generated by liquor abuse.

**Strategic Intervention 5: Better law enforcement**

This intervention will be driven by a general approach seeking closer and more efficient co-operation with other liquor regulators and law enforcement agencies. This will result in better application of limited resources through joint projects and initiatives with other liquor authorities (both provincial and national), the SAPS, municipal law enforcement units and the Department of Justice. It will seek to ensure faster turn-around times in legal proceedings involving liquor, e.g., drunken driving, alcohol related domestic abuse and other violent crime. Its further goal is the imposition of harsher sentences (already provided for in current legislation), and quicker, more efficient intervention by the Authority to suspend or withdraw liquor licences, as the circumstances may dictate.

<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.

#### 6.6.1 Strategic objective annual targets for 2011/12

Strategic objective (outcome indicator)		Audited/Actual performance			Estimated performance	Medium-term targets		
		2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
3.1	Percentage liquor outlets licensed	-	-	27%	26,0% (baseline: 30 000)	28,5% (baseline: 28 000)	32,6% (baseline: 26 000)	37,5% (baseline: 24 000)
3.2.1	Number of jobs facilitated	-	-	4 160	4 160	4 680	4 680	4 680
3.2.2	Number of jobs sustained	-	-	31 200	36 400	36 920	39 520	42 120
3.3	Awareness level (as a percentage of beneficiaries of awareness initiatives amongst whom the level of awareness is raised)	-	-	30%	40%	50%	60%	65%

#### 6.6.2 Performance indicators and annual targets for 2011/12

##### Nationally agreed Sector specific performance indicators

Programme performance indicator (output indicator)		Audited/Actual performance			Estimated performance	Medium-term targets		
		2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
3.1	Number of applications received (new licences and secondary applications)	-	2 170	2 200	1 800	3200	3200	3200
3.2	Number of licenses issued	706	624	800	800	900	900	900



Programme performance indicator (output indicator)		Audited/Actual performance			Estimated performance	Medium-term targets		
		2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
3.3	Number of awareness interventions conducted	-	90	200	220	100	235	270
3.4	Number of people reached through awareness programme interventions	-	320,339	2,000,000	2,500,000	2,500,000	7,500,000	10,000,000
3.5	Number of inspections conducted	-	-	1000	2000	2 000	3 500	4 500
3.6	Number of social responsibility programme conducted	-	-	-	-	4	5	6

### 6.6.3 Quarterly targets for 2011/12

#### Nationally agreed Sector specific performance indicators

Programme performance indicator (output indicator)		Reporting period	Annual target 2011/12	Quarterly targets			
				1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup>	4 <sup>th</sup>
3.1	Number of applications received (new licences and secondary applications)	Quarterly	3200	800	800	800	800
3.2	Number of licenses issued	Quarterly	900	225	225	225	225
3.3	Number of awareness interventions conducted	Quarterly	100	25	25	25	25
3.4	Number of people reached through awareness programme interventions	Annual	2,500,000				2,500,000
3.5	Number of inspections conducted	Quarterly	2 000	500	600	400	500
3.6	Number of social responsibility programme conducted	Quarterly	4	1	1	1	1

## 6.7 RECONCILING PERFORMANCE TARGETS WITH THE BUDGET AND MTEF

### 6.7.1 Expenditure estimates

Sub-programme		Audited			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimate		
R' 000		2007/08	2008/09	2009/10	2010/11	2010/11	2010/11	2011/12	2012/13	2013/14
1.	Governance				1	1	1			
2.	Regulation Services					213	213			
3.	Consumer Protection	5 649	7 803	10 598	11 871	10 031	10 031	<b>11 551</b>	13 182	14 348
4.	Liquor Regulation	5 778	7 483	9 245	8 921	8 298	8 298	<b>9 029</b>	10 070	10 408
	<b>Total payments and estimates</b>	<b>11 427</b>	<b>15 286</b>	<b>19 843</b>	<b>20 793</b>	<b>18 543</b>	<b>18 543</b>	<b>20 580</b>	<b>23 252</b>	<b>24 756</b>
<b>Economic classification</b>										
	<b>Current payments</b>	<b>9 427</b>	<b>12 280</b>	<b>17 319</b>	<b>19 943</b>	<b>17 593</b>	<b>17 593</b>	<b>19 874</b>	<b>21 852</b>	<b>23 356</b>



Sub-programme		Audited			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimate		
		2007/08	2008/09	2009/10				2010/11	2010/11	2010/11
R' 000										
	Compensation of employees	5 191	6 993	8 277	12 621	11 161	11 161	<b>15 701</b>	16 485	17 237
	Goods and services	4 236	5 287	9 042	7 322	6 432	6 432	<b>4 173</b>	<b>5 367</b>	<b>6 119</b>
	Interest and rent on land									
<b>Transfers and subsidies to</b>		<b>1 000</b>	<b>2 529</b>	<b>2 408</b>	<b>750</b>	<b>750</b>	<b>750</b>	<b>500</b>	<b>1 350</b>	<b>1 350</b>
	Provinces and municipalities									
	Departmental agencies and accounts			758						
	Universities and technikons									
	Foreign governments and international organisations									
	Public corporations and private enterprises									
	Non-profit institutions	1 000	2 529	1 650	750	750	750	<b>500</b>	1 350	1 350
	Households									
<b>Payments for capital assets</b>		<b>1 000</b>	<b>457</b>	<b>103</b>	<b>100</b>	<b>200</b>	<b>200</b>	<b>206</b>	<b>50</b>	<b>50</b>
	Buildings and other fixed structures									
	Machinery and equipment	1 000	457	103	100	200	200	<b>206</b>	<b>50</b>	<b>50</b>
	Heritage assets									
	Specialised military assets									
	Biological assets									
	Land and subsoil assets									
	Software and other intangible assets									
<b>Payments for financial assets</b>			<b>20</b>	<b>13</b>						
<b>Total economic classification</b>		<b>11 427</b>	<b>15 286</b>	<b>19 843</b>	<b>20 793</b>	<b>18 543</b>	<b>18 543</b>	<b>20 580</b>	<b>23 252</b>	<b>24 756</b>

### 6.7.2 Performance and expenditure trends

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

The regional office initiative will proceed, albeit at a slower pace. Non-critical posts will, in the short term, be sacrificed to ensure that additional inspectors can be employed to address the critical area of inspections, coupled with the implications for monitoring, enforcement and compliance.

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



## 7 PROGRAMME 5: ECONOMIC PLANNING

### 7.1 PURPOSE

The purpose is to provide high level support to the leadership i.e. Minister, HOD and the Departmental Top Management (DTM), 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 the long-term perspective, to inform shorter term plans, resource allocation, trade-offs and the sequencing of policies.

### 7.2 PROGRAMME STRUCTURE:

- Sub-programme 1: Policy and Planning
- Sub-programme 2: Research and Development
- Sub-programme 3: Knowledge Management
- Sub-programme 4: Monitoring and Evaluation
- Sub-programme 5: Management Economic Planning

To give effect to the above, the main functions of this Programme are:

- Co-ordination of the evidence-based economic planning;
- Conducting of research and development for sound economic intelligence in the Western Cape; and
- Monitoring and evaluation for continuous organisational learning and improvement

### 7.3 SITUATIONAL ANALYSIS

#### 7.3.1 Performance delivery environment

For 2011/12 the work of this programme will be guided by the Strategic Objective 1 that provides overall policy and strategic direction on all DEDAT's programmes and projects. To support effective implementation of Strategic Objective 1, the programme will investigate the development and establishment of a single economic intelligence repository system for the Western Cape with a view to positioning the Department to be a credible institution for the provision of economic intelligence for business development. The single economic repository intelligence system will be designed to house credible economic data for economic planning initiatives within government (all spheres of government in the Western Cape), non-governmental and private sector institutions based in the Western Cape region.

Having completed an extensive research programme focusing on micro-economic development policies (MEDS), the Western Cape government believes that a shift in focus is now called for. The shift is twofold: the new approach would, to begin with, analyse and assess the Western Cape

(WC) economy from a macroeconomic perspective, looking at the latest global, national and regional (provincial) forecasts and identifying those sectors and industries in the Western Cape economy that are expected to grow rapidly, as well as industries that have the potential to grow more rapidly within the broad macro-economic context. In addition to forecasts based on the 'standard classification', it is also intended to apply appropriate econometric techniques to forecasting those clusters/sectors/industries uniquely defined by DEDAT through its MEDS programme and Statistical Baseline project.

Secondly, the economic research unit will conduct research to inform and support policy priorities and monitor and evaluate departmental priorities i.e.:

- Future Cape 2030 vision and brand
- Provincial Skills Development Forum
- Red Tape to Red Carpet unit:
- Development and establishment of the Western Cape Economic Development Agency;
- MEDS sector support; and
- Asset and infrastructure development strategy.

To achieve the above-mentioned strategic outputs, the DEDAT will embark on the transversal management system adopted by the provincial cabinet. The transversal management system seeks to promote seamless government that functions coherently within the province and other spheres. It will promote efficiency and eliminate duplication and will therefore enable government to achieve the overall objectives of economic growth and creation of employment opportunities.

### 7.4 SUB PROGRAMME 5.1: POLICY AND PLANNING

The lack of coherent cross-cutting provincial wide economic planning and lack of strategy coherence with other spheres of government results in a silo effect and problems of scale, reach, speed and quality of delivery.

The leadership of the Department - the Minister, the Head of Department and the Departmental Top Management - need support in undertaking planning processes that provide a coherent vision and strategic outcomes around which policies and programmes are developed, enhanced or applied to attain their intended objectives. This is the role to be fulfilled by the Strategic Planning unit.

**Strategic Objective 1** has been defined as **“Creating opportunities for growth and jobs”** and the Department is the lead department in the Economic Cluster fulfilling this directive. The Policy and Planning unit's function is to translate Strategic Objective 1 into the core business of the Department,



and ensure that all the Department's programmes and projects support and are aligned to Strategic Objective 1, and that it underpins all the Department's undertakings.

#### **Strategy 1: Co-ordination of strategic planning processes**

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

#### **Strategy 2: Co-ordination of the Provincial Transversal Management System**

The Province has introduced a Transversal Management System and will address the management of strategic issues which cut across departments and institutions in a structured way. The Department will be the lead department of the Economic and Infrastructure Strategic Sector Committee, and the sub-programme Policy and Planning will be the governance secretariat for the Department, in terms of the Provincial Transversal Management System.

Implementation in the Department will be through the following structure:

A **Steering Committee**: this will be chaired by the Head of Department and it will oversee the development of transversal strategic directive on specific strategic economic policy issues. The Working Groups which, in turn, will report to the Steering Committee will consist of four **Working Groups i.e:**

- Red Tape to Red Carpet;
- Provincial Skills Development Forum;
- Future Cape vision 2030 and branding;
- Asset Development Strategy and infrastructure.

The secretariat's role in the Steering Committee and Working Groups will be to:

- Co-ordinate and support the development of strategic Directive(s) for the Committee;
- Support the development of the operational programmes/projects for the Strategic Directive(s),
- Monitoring and reporting to the Steering Committee/ Working Group(s),
- Provide professional, technical and administrative guidance/ advice as required,
- Co-ordinate transversal research and analysis as requested by the Steering Committee/Working Group(s), budget for the day-to-day functioning of the Committee/Group(s), and

- Act as the secretariat for the Committee/Group(s).

#### **Strategy 3: Establishment of the Western Cape Economic Development Agency**

Strategic Objective 1 states that support for economic growth sectors and enterprises is best driven and managed by an agency that is external to government and which is staffed with the appropriate business and entrepreneurial skills needed successfully to promote growth in the Western Cape.

Currently, there is a plethora of Special Purpose Vehicles and Public Entities in operation in the Western Cape dedicated to economic development. These include Wesgro, Cape Town Routes Unlimited, Casidra and 16 Sector Development Agencies set up to operationalise the MEDS recommendations.

However, the work of these organisations is not co-ordinated nor aligned in accordance with a clear strategy. Moreover, they do not all operate as successfully as they should, and they do not enjoy the freedom and flexibility they require to deliver value-for-money results.

Cabinet agreed that these will therefore be collapsed into a Western Cape Economic Development Agency (WCEDA). A Ministerial Task has been appointed by the Minister of Economic Development and Tourism to do the following:

- Investigate best practice examples of such agencies
- Recommend the mandate of the Agency
- Recommend the most appropriate legal vehicle for the Agency
- Recommend an institutional design for the Agency

It is envisaged that the mandate of the Agency would cover the following:

- Destination marketing for tourism and major events
- Investment and trade promotion
- Enterprise development
- Local economic development
- Skills development, as a participant in the Provincial Skills Development Forum
- Growth sector support informed by the MEDS research and including support for the Tourism and Agriculture sectors
- Asset development

The Agency's mandate would entrench a demand-led, private sector driven approach to economic development.

For 2011/2012 financial year this unit will work towards the establishment of a legal entity, determine the functions of the WCEDA, including the project plans / phases for roll-out, for implementation on 1 April 2012. The establishment of the agency will consist of the following phases:



**Project initiation – September – December 2010 (completed)**

- Drawing up of a Business Case for establishment of WCEDA based on SO1
- Drawing up of a Project plan
- Appointment of a Reference Group
- Conducted Study Tours and engaged OECD review of agencies

**Planning Phase - January – April 2011**

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

**Legislative Review - January – December 2011**

- Review of legislative and statutory regulations
- Embarkation on the process of dismantling old legislation and draft new legislation to take to Cabinet

**Implementation Phase – June 2011 – March 2012**

- WCEDA business plan (including resource requirements) should be submitted to Cabinet for approval in time for appropriate budget planning

- DEDAT to prepare MTEC documents for funding in 2012/2013
- Implementation of legislative review should be completed no later than 31 December 2011
- Restructuring of institutions according to recommendations of CTP – December 2011
- Appointment of the Board in terms of the new legislative framework – April 2012
- Appointment/secondment of the CEO and staff of the Agency – April 2012

**Strategy 4: Management of High Level Strategic Projects through the Executive Dashboard**

The unit monitors the Department's activities at a strategic level, to ensure alignment of programmes and projects with the broader departmental and provincial strategic agenda. This is done by means of the Executive Projects Dashboard, the project tracking performance monitoring system, which closely monitors the progress of departmental projects. Programme managers are responsible for the loading and updating of their projects and budgets, and the system enables the HOD, Minister, and Premier to keep track of progress and to be alerted to challenges and delays timeously.

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

<b>Strategic Objective</b>	Strengthening institutional governance for improved service delivery
<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 outcomes, which will include the formulation of the broad provincial economic agenda.
<b>Baseline</b>	Strategic Objective 1, IPAP, reviewed sector and theme strategies
<b>Justification</b>	To provide guidelines and influence the economic agenda of the Province.
<b>Links</b>	SO1 to SO12, IPAP and other economic policies and strategies developed and implemented to achieve sustainable economic development.



#### 7.4.1 Strategic objective annual targets for 2011/12

Strategic objective (outcome indicators)		Audited/Actual performance			Estimated performance	Medium-term targets		
		2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
1.1	Updated Provincial Economic Development Strategy	-	-	1	1	1	1	1

#### 7.4.2 Performance indicators and annual targets for 2011/12

##### Nationally agreed sector specific performance indicators

Programme performance indicator (output indicator)		Audited/Actual performance			Estimated performance	Medium-term targets		
		2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
1.1	Number of economic strategies developed	-	-	2	2	2	2	2
1.2	Number of economic strategies reviewed	-	-	3	3	3	3	3

##### Provincial performance indicators

Programme performance indicator (output indicator)		Audited/Actual performance			Estimated performance	Medium-term targets		
		2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
1.3	Number of transversal economic working groups established and coordinated				Development of strategic directives	3	Fully functioning transversal system	Fully functioning transversal system
1.4	Number of WCEDA planning and implementation reports				Initiation of the WCEDA	4	Fully functioning WCEDA	Fully functioning WCEDA
1.5	Number of Strategic Planning sessions			14 Matrix Planning Sessions	2	2	2	2
1.6	Quarterly Project Dashboard Analysis			4 Quarterly Reports	4 Quarterly Reports	4 Quarterly Reports	4 Quarterly Reports	4 Quarterly Reports

#### 7.4.3 Quarterly targets for 2011/12

##### Nationally agreed sector specific performance indicators

Programme performance indicator (output indicator)		Reporting period	Annual target 2011/12	Quarterly targets			
				1st	2nd	3rd	4th
1.1	Number of economic strategies developed	Annually	2	-	-	-	2
1.2	Number of economic strategies reviewed	Quarterly	3	-	1	1	1



### Provincial performance indicators

Programme performance indicator (output indicator)	Reporting period	Annual target 2011/12	Quarterly targets			
			1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup>	4 <sup>th</sup>
1.3 Number of transversal economic working groups established and coordinated	Quarterly	3	1	-	1	1
14 Number of WCEDA planning and implementation reports	Quarterly	4	1	1	1	1
15 Number of Strategic Planning sessions	Quarterly	2	-	1	-	1
1.6 Quarterly Project Dashboard Analysis	Quarterly	4	1	1	1	1

### 7.5 SUB PROGRAMME 5.2: RESEARCH AND DEVELOPMENT

The Economic Research unit is used to inform the economic development planning framework and provides overall coherence to the work of the Provincial Government of the Western Cape and, more specifically, the Department of Economic Development and Tourism. The economic research unit will take into account environmental factors such as national policies and strategies, the global economy, climate change, demographic trends etc. Long term cross-cutting issues such as food, energy and water security are factored in.

In 2011/2012, the Department will appoint full-time Chief Economist to provide leadership on how best to strategically position economic research to enable the unit to synthesise economic data into economic intelligence for policy makers, business community and the general public. The Chief Economist will guide departmental research and provide strategic input in the economic research working group. The focus of the Chief Economist will be mainly identifying international and national economic trends and their implications on the economic structure of the province and provide credible economic policy options for the Department. To achieve this, the Chief Economist will lead the following initiatives:

#### Strategy 1: Investigate the development and establishment of a single economic repository intelligence system for the Western Cape

The Department seeks to create single economic repository intelligence as the basis for all spheres of government and private sector planning of all aspects of economic initiatives. Once this single repository of economic intelligence has been created, verified and continuously updated it should be the

only acceptable data system for all economic development. Credible single economic intelligence for the Western Cape/ Cape Town region will be created through collaborative effort with government institutions in all spheres of government, (i.e. City of Cape Town, Provincial Treasury, Department of the Premier, Department of Agriculture, Department of Environment and Development Planning, Department of Transport and Public Works, Wesgro, Cape Town Route Unlimited, National Government Departments etc), semi-government institutions (all Universities in the Western Cape, HSRC, Stats SA) and private sector institutions. This approach to economic research and information dissemination seek to eliminate all duplication and wastage within government and align all provincial government economic research initiatives to those of institutions of higher learning and the private sector institutions. Most importantly, the single economic repository intelligence system will forge a common point of departure for all economic planning initiative i.e. government, NGOs, private sector institutions in the Western Cape.

For 2011/2012, the unit will develop a business case with clear budgetary requirements for a single provincial economic repository intelligence system as the basis for all economic development planning initiatives in the Western Cape. The implementation of the single provincial economic repository intelligence system will be implemented in 2012/2013 financial year.

#### Strategy 2: The Provincial Economic Advisory Group for Sector Determination

**Strategic Objective 1** of the Province's Strategic Agenda has been defined as "Creating opportunities for growth and jobs". The Micro Economic Development Strategy (MEDS) approach has been adopted by the Strategic Objective 1 and





it has been regarded as represents best practice in ensuring business-led support to growth sectors. However, and as part of the establishment of a WCEDA, a Working Group is recommended to be established to review the following:

- The identification and prioritisation of growth sectors
- The institutional arrangements and systems that give effect to the MEDS strategy, including in respect of Tourism Development (as opposed to destination marketing) and rural growth sectors (such as the wine industry).

The economic advisory working group will also provide high level input into strategic research and policy processes of the DEDAT. For 2011/2012, the unit will provide a strategic support in the formation of the MEDS working group.

In support of the above, the MEDS will undertake research into sectors. There is a dearth of data that allows for a detailed analysis of sectors and sub-sectors, and to fill the gaps in the existing data.

### **Strategy 3: Provincial Economic Forecast**

The 2011/2012 proposed modus operandi can be summarised as follows:

- **Global and national economic forecasts.** The Department will consider work done by the IMF, the SARB and the National Treasury. The Bureau for Economic Research (BER) has recently completed a 15-year forecast for the national economy based on global conditions and several “political economic” assumptions (Economic Research Note, No 11, 2009). Their “baseline scenario” will be a good starting point.
- **Western Cape economic forecasts.** The BER currently performs 5-year forecasts (updated twice a year) for the WC Treasury. While these are probably the most authoritative ones, incorporating the standard macroeconomic magnitudes, they are based on the ‘standard classification, rather than DEDAT’s unique definitions, and are not sufficiently disaggregated for DEDAT’s purposes.
- It is however possible to use the prevailing econometric infrastructure to forecast most of DEDAT’s unique clusters/sectors/industries, either directly or by proxy; while it may also be possible to use supplementary sources in respect of highly disaggregated industries.
- **Western Cape (and other provincial) disaggregated forecasts.** Based on the results obtained under points 1 and 2 above, it should be a relatively easy task to identify the high growth clusters, sectors and industries in the Western Cape. But here one might wish to go a little further, both vertically and horizontally. As far as the vertical dimension is concerned, it may be worth considering the (more disaggregated) intra-provincial supply / demand chains, i.e.

Western Cape industries, small and large, supplying inputs to the fast growing WC clusters, sectors and industries (as determined above), as well as the potential forward linkages within the Western Cape economy.

- As far as the horizontal dimension is concerned, one could look at the existing as well as potential (backward and forward) linkages between (growing) WC industries on the one hand, and industries in other provinces and other African countries. For these disaggregated forecasts the Department will use CGE-based information supplied by Quantec (also used by BER) or Global Insight.

In addition to macro-economic research outlined in the above-sectioned, the Department will also conduct micro-economic research in support of line function programmes of the Department. The micro-economic research for each programme is as follows:

#### **For Integrated Economic Development Services: the following research will be undertaken:**

- Red Tape - Investigative reports
- RLED - Spatial/economic information
- Enterprise Development - State of SMMEs in Western Cape

#### **For Trade and Sector Development: the focus of research will be on the following:**

- Future Scenario Projection Modeling for Future Cape Vision 2030
- Sector Intelligence Reports
- Value-chain analysis
- International Benchmarking Analysis with respect to MEDS sectors
- International trend analysis with respect to MEDS sectors
- Conduct primary and secondary research support with respect to new sector opportunities (e.g. health technology, financial services)

#### **For Tourism Arts and Entertainment, the focus of the research will be on the following:**

- The Western Cape 5-year baseline study for tourism economic empowerment.

#### **For Provincial Skills Development Forum: the focus of research in this programme will be on the following:**

- Conduct firm studies to identify the demand for skills
- Conduct research on life long learning indicators that will be used to measure the extent to which learning contributes towards economic growth, within strategic objective 1
- Conduct research on artisan training requirements
- Research on current pockets of innovation and challenges priority sectors



- Conduct relevant research from relevant academic/research institutions that support Regional Innovation Forum's strategic direction

**Strategy 4: Quarterly economic review**

The Department will monitor the performance of the provincial economy on a quarterly basis. This requires the continuous collection of data and analysis. The quarterly economic review will focus on short term initiatives to further assist investment i.e. pulse-taking and forecasting bulletin for investors and a user-friendly citizens' guide to economic opportunities in top industries in the region".

The Department in partnership with Provincial Treasury and the Bureau for Economic Research will therefore produce relevant economic reviews on a quarterly basis.

**Strategy 5: Annual in-house Publications and Workshops/ Conferences with civil society and business community**

All research reports will be published and stored in the shared drive. This information will be used to inform the departmental programmes and projects. This information will also be shared in the departmental learning networks through the knowledge management unit.

<b>Strategic Objective</b>	To provide research that informs the strategic objective of the Department
<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

**7.5.1 Strategic objective annual targets for 2011/12**

Strategic objective (outcome indicators)		Audited/Actual performance			Estimated performance	Medium-term targets		
		2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
2.1	Established economic repository of Provincial economic intelligence	-	-	-	-	Economic intelligence repository proposition.	Implementation of the economic intelligence repository system.	Fully functioning economic intelligence repository system



### 7.5.2 Performance indicators and annual targets for 2011/12

#### Nationally agreed sector specific performance indicators

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

#### Provincial performance indicators

Programme performance indicator (output indicator)		Audited/Actual performance			Estimated performance	Medium-term targets		
		2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
2.3	Development of credible provincial economic repository intelligence system	-	-	-	-	Development of Economic intelligence repository proposition.	Implementation of the economic intelligence repository system.	Fully functioning economic intelligence repository system.
2.4	Number of Annual In-house Economic Publications	1	1	1	1	1	1	1
2.5	Number of quarterly economic reviews	-	-	4	4	4	4	4
2.6	Number of capacity building partnerships with institutions of higher learning maintained	-	-	3	3	3	3	3

### 7.5.3 Quarterly targets for 2011/12

#### Nationally agreed sector specific performance indicators

Programme performance indicator (output indicator)		Reporting period	Annual target 2011/12	Quarterly targets			
				1st	2nd	3rd	4th
2.1	Number of research reports	Quarterly	10	-	3	4	3
2.2	Number of Research and Development initiatives supported	Annually	1	0	0	0	1



### Provincial performance indicators

Programme performance indicator (output indicator)	Reporting period	Annual target 2011/12	Quarterly targets			
			1st	2nd	3rd	4th
2.3 Development of credible provincial economic repository intelligence system	Annually	Development of Economic intelligence repository proposition	-	-	-	Development of Economic intelligence repository proposition
2.4 Number of In-house Annual Economic Publications	Annually	1	-	-	-	1
2.5 Number of quarterly economic reviews	Quarterly	4	1	1	1	1
2.6 Number of capacity building partnerships with institutions of higher learning maintained	Annually	3	0	0	0	3

### 7.6 SUB-PROGRAMME 5.3: KNOWLEDGE MANAGEMENT

The IT Modernisation Work stream has approved the enterprise content management system for all provincial departments and the implementation of the e-filing system Livelink in 2011/2012 has been prioritized by the Department of the Premier. The Centre for e-Innovation has covered the cost of the Livelink licenses but Departments have to carry the cost of implementation.

#### Strategy 1 Implementation Plan

A detailed business requirement case is being drafted by a service provider in 2010/2011 in order to detail the Department's user requirements specification. Implementation in 2011/2012 will be in 4 phases as follows:

- Requirement Analysis and Procurement
- Testing Environment Installation and System Testing
- Implementation
- Post-Implementation

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

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

The unit is also responsible for the efficient management of the Resource Centre, the departmental hub of relevant economic information, which captures stores and shares relevant economic data with all departmental staff. As part of learning, the unit will continue to facilitate departmental learning networks through the resource centre.



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

### 7.6.1 Strategic objective annual targets for 2011/12

Strategic objective (outcome indicators)		Audited/Actual performance			Estimated performance	Medium-term targets		
		2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
3.1	Level of staff awareness increased	-	-	-	50% of staff informed and effective – to be measured by internal annual survey	60% of staff informed and effective – to be measured by internal annual survey	70% of staff informed and effective – to be measured by internal annual survey	80% of staff informed and effective – to be measured by internal annual survey

### 7.6.2 Performance indicators and annual targets for 2011/12

#### Nationally agreed sector specific performance indicators

Programme performance indicator		Audited/Actual performance			Estimated performance	Medium-term targets		
		2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
3.1	Number of provincial economic intelligence reports produced	-	-	1	4	4	4	4

#### Provincial performance indicators

Programme performance indicator (output indicator)		Audited/Actual performance			Estimated performance	Medium-term targets		
		2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
3.2	Fully functioning resource centre	-	-	Refurbishing of the resource centre	100% functioning resource centre	100% functioning resource centre	100% functioning resource centre	100% functioning resource centre
3.3	Fully functioning e-filing in accordance with Provincial guidelines	-	-	-	Establishment of e-filing system within the Department	Capacitating of the DEDAT to be able to use the system	100% functional e-filing system	100% functional e-filing system
3.4	Number of learning networks facilitated	-	-	2	4	4	4	4



### 7.6.3 Quarterly targets for 2011/12

#### Nationally agreed sector specific performance indicators

Programme performance indicator (output indicator)	Reporting period	Annual target 2011/12	Quarterly targets			
			1st	2nd	3rd	4th
3.1 Number of provincial economic intelligence reports produced	Quarterly	4	-	-	2	2

#### Provincial performance indicators

Programme performance indicator (output indicator)	Reporting period	Annual target 2011/12	Quarterly targets			
			1st	2nd	3rd	4th
3.2 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
3.3 Fully functioning e-filing in accordance with Provincial guidelines	Annually	Capacitating of the DEDAT to be able to use the system	-	-	-	Capacitating of the DEDAT to be able to use the system
3.4 Number of learning networks facilitated	Quarterly	4	-	-	2	2

## 7.7 SUB-PROGRAMME 5.4: MONITORING AND EVALUATION

### Strategy 1: Develop Monitoring and Evaluation framework and system for the DEDAT

Currently, the DEDAT's 5 year Strategy is not accompanied by an M&E framework or system. This means that there is no overall strategy on the implementation (output targets) of the DEDAT's 5 year strategy through high level monitoring, and on the effect of the strategy in the form of (outcomes and impact) except the stated monitoring and evaluation report targets in the Annual Performance Plan. The focus of the monitoring and evaluation unit will be on the implementation the following priority projects:

- Future Cape 2030 vision and brand
- Provincial Skills Development Forum
- Red Tape to Red Carpet:
- Development and establishment of the Western Cape Development Agency;
- MEDS sector support; and
- Asset development strategy and infrastructure.

The unit will also identify mature ongoing departmental programmes that best achieve Strategic Objective 1 as benchmarks and best practice models to be replicated in

other programmes. As part of learning, evaluation will also put corrective measures in place where necessary.

By so doing the sub-programme will forge a uniform approach and shared standard practice on how M&E should be undertaken within and across the DEDAT. In order to embed Monitoring and Evaluation within the DEDAT, an organisational wide M&E framework needs to be developed, a central data repository established and awareness and capacity to be raised around M&E.

### Strategy 1.1 Develop M&E framework

The development of a Monitoring and Evaluation framework needs to be done collaboratively to ensure ownership of the framework. This is in line with the provision of the Constitution of the Republic, in particular Section 195. The information collected during the situational assessment step will be used as input into this step as it will be possible to develop a draft framework. The Strategic Objective 1, Provincial Monitoring and Evaluation Framework, APP and five year strategic plan will be the foundation for the DEDAT M&E framework.

As part of this process, all existing indicators will be revisited to ensure adherence to the outcomes based approach as prescribed. Whilst government understands the significance



of output indicators (implementation focus), there is a move towards developing robust and relevant outcome (medium term effects of strategy) and impact indicators (long term effects of strategy). The development of these high level indicators is crucial to measuring the achievement of success as it determines the focus of the monitoring and evaluation efforts.

#### **Strategy 1.2 Build a central data repository/ M&E system**

M&E system is a set of organisational structures, management processes, standards, strategies, plans, indicators, information systems, reporting lines and accountability relationships which enables organisations or institutions to discharge their M&E functions effectively. In order to ensure that M&E is institutionalised within the DEDAT, the department plan to introduce this system into manageable phases.

It should be noted that the M&E Unit will be dealing with vast amounts of data. This includes the beneficiary database, the project dashboard information, and monitoring and evaluation information to name a few. This data needs to be stored on a system that will allow for easy analysis and reporting. The MS ACCESS platform will be adopted to house the M&E system and to store all programme performance data. The relational nature of the MS ACCESS programme is useful for the following reasons:

- It is a database management house where multiple databases can be stored and easily accessed
- It contains a very good reporting functionality (through queries)
- Its filter functionality allow for easy generation and analysis of data
- It can generate summary reports
- Compatibility with EXCEL and WORD which means that programme level frameworks can be generated in EXCEL/ WORD and data in turn can be imported into the database

#### **Strategy 1.3 Create awareness and undertake capacity building to encourage uniform M&E practices**

Whilst it is noted that M&E is a specialised function, it is important to institutionalize it within DEDAT. M&E processes advocate for change management. In order to have a buy-in and full implementation of M&E there is a need to train staff members across the Department on M&E. This will help staff members to understand the value of M&E and to standardize M&E practices within the department. The learning network platform is just one of the existing ways in which this will be done.

#### **Strategy 1.4 Indicator Development**

Indicators in government are used as measurements of performance and are essential tools for both monitoring and evaluation. Amongst other things, they are used to assess the progress that is made by government institution in meeting its goals and targets, they are central in good governance and in promoting effective and efficient service delivery, it is therefore imperative for M&E unit to play a central role in this process. In the coming financial year the M&E unit will work towards ensuring that DEDAT has credible indicators. This task will include amongst others, working a plan to assess the alignment of strategic objectives of the province (SO1) and APP indicators of DEDAT, train staff on indicator development.

#### **Strategy 2: Conduct Monitoring and Evaluation in the DEDAT**

##### **Strategy 2.1 Provision of high level oversight on the monitoring of strategy and implementing agents**

The monitoring activity of the M&E unit will consider accessibility, scale, reach, effectiveness, relevance, efficiency (value for money) and sustainability of all DEDAT priority projects. It will also provide high level oversight over public entities and implementing Agents<sup>1</sup>.

The services of the DEDAT are run through partnerships with other service providers. A large chunk of the Departments' resources is spent on these partnerships. This has led to doubts on matters such as the impact of the Department on service delivery, value for money and good governance.

Continuous project monitoring will assist in establishing the contribution made by these partnerships towards service delivery and whether the principles of good governance are being adhered to. The function furthermore contributes to the overall improvement of programme design and implementation in that it highlights the areas where changes need to be made. Through this process knowledge is generated and decision making can take place on the hand of concrete evidence.

##### **Strategy 2.2 Provision of high level oversight on the effects of strategy (outcomes and impact)**

The M&E unit will conduct evaluations of DEDAT programmes to assess whether they achieve the outcomes that have been set. The recommended model mirrors the outcomes based approach which is followed at national and provincial levels. In essence, the approach underpins the following principles:

- A more prominent consideration of outcomes as opposed to outputs and implementation issues

<sup>1</sup> According to S38 (j) of the PFMA, before transferring any funds ( other than grants in terms of the annual Division of Revenue Act or to a constitutional institution) to an entity within or outside government, must obtain a written assurance from the entity that the entity implements effective, efficient and transparent financial management and internal control systems, or, if such written assurance is not or cannot be given, render the transfer of the funds subject to conditions and remedial measures requiring the entity to establish and implement effective, efficient and transparent financial management and internal control systems.



- A strong learning and capacity building focus as programme staff are capacitated on good M&E practices throughout the process
- A collaborative approach which entails the involvement of programme staff and the Finance department throughout the process
- A strong utilisation focus in that findings and recommendations from the evaluation are discussed with the programme staff and a way forward is drafted collaboratively

**For 2011/2012, the department will amongst others focus on the following:**

- Awareness survey: This will plot the level of awareness about the existence of our office across the province; this will become an annual survey.
- Redress survey campaign: This will be multi faceted research on the people that have used our service: it will trace customer satisfaction levels, provide input on areas of improvement needed etc.

The M&E Unit will also encourage programme staff to collect data on a continuous basis in an effort to instil the value that can be added by Monitoring and Evaluation.

**Strategy 2.3 Forge partnerships with institutions of higher learning**

M&E is regarded as one of the scarce skills in the country. DEDAT has taken a conscious position to forge mutual beneficial partnerships with institutions of higher learning. The aim is to promote exposure to M&E, expose government officials and students to the cutting edge information on M&E, to advocate and lobby for massive or rigorous M&E studies.

Adaptation to the disciplines and the productive possibilities of a new global economy opens up new vistas of opportunity for improving the living standards and expanding employment.

Budget Speech 2011  
Minister Pravin Gordhan

<b>Strategic Objective</b>	Strengthening institutional governance for improved service delivery
<b>Objective statement</b>	To strengthen institutional governance for improved service delivery through conducting 100 Monitoring and 20 evaluations across the Department's programmes and projects, thereby facilitating organisational learning.
<b>Baseline</b>	5 evaluation reports and 20 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





### 7.7.1 Strategic objective annual targets for 2011/12

Strategic objective (outcome indicators)		Audited/Actual performance			Estimated performance	Medium-term targets		
		2007/ 08	2008/ 09	2009/ 10		2010/11	2011/12	2012/13
4.1	Learning organisation results utilised throughout the Department	-	-	-	100% learning results utilised throughout the Department <sup>2</sup>	100% learning results utilised throughout the Department	100% learning results utilised throughout the Department	100% learning results utilised throughout the Department <sup>3</sup>

### 7.7.2 Performance indicators and annual targets for 2011/12

#### Nationally agreed sector specific performance indicators

Programme performance indicator (output indicator)		Audited/Actual performance			Estimated performance	Medium-term targets		
		2007/08	2008/ 09	2009/ 10		2010/11	2011/12	2012/13
4.1	Number of monitoring reports produced		13	20	20	10	20	20
4.2	Number of evaluation reports produced	1	2	5	5	5	5	5

#### Provincial performance indicators

Programme performance indicator (output indicator)		Audited/Actual performance			Estimated performance	Medium-term targets		
		2007/ 08	2008/09	2009/ 10		2010/11	2011/ 12	2012/ 13
4.3	Establishment of a M&E System	-	-	Establishment of the beneficiaries database	Review of DEDAT data base system	Development of draft M&E framework system	Finalisation of a M&E framework system	Establishment of the M&E framework system
4.4	Number of capacity building partnerships with institutions of higher learning maintained	-	-	-	2	2	4	4

<sup>2</sup> This will encompass learning results that have been agreed upon by programme staff to be suitable for implementation

<sup>3</sup> This will encompass learning results that have been agreed upon by programme staff to be suitable for implementation



### 7.7.3 Quarterly targets for 2011/12

#### Nationally agreed sector specific performance indicators

Programme performance indicator (output indicator)	Reporting period	Annual target 2011/12	Quarterly targets			
			1st	2nd	3rd	4th
4.1 Number of monitoring reports produced	Quarterly	10	-	-	5	5
4.2 Number of evaluation reports produced	Quarterly	5	-	-	2	3

#### Provincial performance indicators

Programme performance indicator (output indicator)	Reporting period	Annual target 2011/12	Quarterly targets			
			1st	2nd	3rd	4th
4.3 Establishment of a M&E System	Annually	Development of draft M&E system	-	-	-	Development of a draft M&E system
4.4 Number of capacity building partnerships with institutions of higher learning maintained	Annually	2	-	-	-	2

## 7.8 Reconciling performance targets with the Budget and MTEF

### 7.8.1 Expenditure estimates

Sub-programme		Audited			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimate		
R '000		2007/08	2008/09	2009/10	2010/11	2010/11	2010/11	2011/12	2012/13	2013/14
1.	Policy and Planning	1		926	717	770	770	1 078	1 136	1 183
2.	Research and Development	2 570	3 584	5 186	3 514	4 345	4 345	5 205	6 591	6 324
3.	Knowledge Management	1	637	776	270	776	776	2 826	2 596	2 689
4.	Monitoring and Evaluation	340	850	1 301	1 859	2 631	2 631	3 047	3 155	3 254
5.	Management	350	774	1 872	3 527	4 115	4 115	4 876	5 075	5 189
<b>Total payments and estimates</b>		<b>3 262</b>	<b>5 845</b>	<b>10 061</b>	<b>9 887</b>	<b>12 637</b>	<b>12 637</b>	<b>17 032</b>	<b>18 554</b>	<b>18 639</b>
<b>Economic classification</b>										
	<b>Current payments</b>	3 262	5 246	9 646	9 847	12 528	12 528	<b>16 943</b>	18 504	18 600
	Compensation of employees	1 261	2 509	4 151	7 548	7 029	7 029	<b>9 575</b>	10 922	11 424
	Goods and services	2 001	2 737	5 495	2 299	5 499	5 499	<b>7 368</b>	7 582	7 185
	Interest and rent on land									
	<b>Transfers and subsidies to</b>		500	317		9	9			
	Provinces and municipalities									



Sub-programme		Audited			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimate		
		2007/08	2008/09	2009/10				2010/11	2010/11	2010/11
R '000										
	Departmental agencies and accounts		500	300						
	Universities and technikons									
	Foreign governments and international organisations									
	Public corporations and private enterprises									
	Non-profit institutions									
	Households			17		9	9			
<b>Payments for capital assets</b>			99	98	40	100	100	<b>89</b>	50	30
	Buildings and other fixed structures									
	Machinery and equipment		99	98	40	100	100	<b>89</b>	50	30
	Heritage assets									
	Specialised military assets									
	Biological assets									
	Land and subsoil assets									
	Software and other intangible assets									
<b>Payments for financial assets</b>										
<b>Total economic classification</b>		<b>3 262</b>	<b>5 845</b>	<b>10 061</b>	<b>9 887</b>	<b>12 637</b>	<b>12 637</b>	<b>17 032</b>	<b>18 554</b>	<b>18 639</b>

### 7.8.2 Performance and expenditure trends

The impact of reduced funding is being felt throughout the Department, but particularly in this Programme. This is because part of this Programme is relatively new (Economic Planning and Monitoring and Evaluation) and because it has been significantly understaffed and under-resourced since its inception.

In an attempt to address the shortfall, the Department has changed its intervention strategy quite significantly. The approach followed for years was to outsource all research projects. The Department has undertaken a process of capacitating the research unit with a high calibre of economists, so that they can conduct research internally. This new approach is going to save resources and more importantly will ensure that research is prioritised and during the implementation phase.

In 2011/2012 the department intends to appoint a fulltime Chief Economist to guide the department on economic strategies as well as investigate the development of a single repository intelligence system for the Western Cape.

With regard to skills development, the Department will form partnerships with universities to capacitate the current staff, and also to shape the economic research that is currently undertaken.

The programme's original budget will increase by 70% in 2011/12 in comparison to 2010/11 original budget.



## **8 PROGRAMME 6: TOURISM, ARTS AND ENTERTAINMENT**

### **8.1 PURPOSE**

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

### **8.2 PROGRAMME STRUCTURE**

The Programme is structured as follows:

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

### **8.3 SITUATIONAL ANALYSIS**

#### **8.3.1 Performance delivery environment**

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

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

Further to the above, the Provincial approved Strategic Objective 1: Creating opportunities for growth and jobs reaffirms that a key feature of the provincial economy is "a thriving multi-dimensional international tourism industry with strong links to the creative and cultural sectors. This is another sector that has, until the downturn that started in 2008, shown a

strong increase in contribution to the Western Cape economy". Strategic Objective 1 emphasises destination marketing for tourism, destination marketing for major events, and growth sectors supported and informed by the MEDS research, including support for the Tourism sector.

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

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

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

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

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

In order to ensure that "the destination experience" is high quality, we need to help firms to become globally competitive,



bring new goods and services to the market (innovation), ensure they have the right skills when they need them, and ensure a “service excellence” orientation.

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

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

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

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

All of the detailed interventions are carefully developed by a Partnership who informs this strategy, namely the Western Cape Tourism Development Framework.

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. It is envisaged that all tourism interventions will be implemented by the yet to be established Western Cape Economic Development Agency (WCEDA).

The Programme also facilitates opportunities for sector development in Commercial Arts and Entertainment. For the 2011/2012 financial year, the following SPVs (Special Purpose Vehicles) for the Commercial Arts and Entertainment sectors will be engaged with regard to participation in the newly formed WCEDA:

- The Cape Craft and Design Institute (CCDI) for the craft sector.
- The Cape Film Commission (CFC) for the film sector.
- The Cape Music Industry Association (Cape Mic) for the music sector.
- The Performing Arts Network of South Africa (PANSA) for the performing arts sector.
- The Visual Arts Network of South Africa (VANSA) for the visual arts sector.

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

##### **Strategy 1: Development and coordination of the programme strategic agenda**

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

- Updated tourism, arts and entertainment sector strategies to reflect the current status in the sectors and to include any new developments, innovation, global best practice and the necessary interventions.
- The co-ordination and facilitation of the Western Cape Tourism, Arts and Entertainment Partnership to ensure consultative and co-operative governance. Stakeholder engagements are structured in the following manner:
  - Sector meetings – Sector meetings chaired by the Minister, including plenary sessions and intense engagement with the private sector.
  - Tourism HRD Sub-committee – This sub-committee is mandated to address all matters related to Tourism Human Resources Development.
- Scanning the global and domestic environment for the latest developments in the tourism, arts and entertainment sectors.
- Monitoring and evaluation of efficiency, effectiveness, impact and sustainability of the programmatic performance for Programme 6: Tourism, Arts and Entertainment.



<b>Strategic Objective</b>	To achieve global best practice in public sector organisation delivery.
<b>Objective statement</b>	To provide effective, integrated and co-operative planning for the tourism, arts and entertainment sectors by maintaining the Western Cape Tourism, Arts and Entertainment Partnership and by establishing sector qualitative and quantitative profiles in order to ensure improved interventions and measurement at impact level.
<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, Arts and Entertainment sectors through policy and strategy development, legislation, research, and monitoring and evaluation. Policy and strategy development are critical for firms and citizens to be effective players in the global economy.
<b>Links</b>	Medium Term Strategic Framework, MEDS, Workforce Development Strategy, JIPSA, National Skills Development Framework, Small Business Act, Western Cape Tourism Development Framework.

#### 8.4.1 Strategic objective annual targets for 2011/12

Strategic objective [outcome indicators]		Audited/Actual performance			Estimated performance	Medium-term targets		
		2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
1.1	Percentage of stakeholders successfully engaged in the WC Tourism, Arts and Entertainment Partnership	-	-	-	80%	85%	90%	92%
1.2	Qualitative and quantitative profiles for Tourism, Arts and Entertainment	-	-	-	2	2	2	2

#### 8.4.2 Performance indicators and annual targets for 2011/12

##### Provincial Performance indicators

Programme performance indicator [output indicators]		Audited/Actual performance			Estimated performance	Medium-term targets		
		2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
1.1	Number of members engaged in the WC Tourism, Arts & Entertainment Partnership	-	-	-	700	750	800	850
1.2	Number of Strategic Support interventions for Tourism, Arts & Entertainment	Updated WC Tourism Development Framework	WC Tourism Development Framework reviewed and updated	6 – 5 year Sector Strategies	2 annually updated Sector Strategies	2 annually updated Sector Strategies	2 annually updated Sector Strategies	2 annually updated Sector Strategies



Programme performance indicator [output indicators]	Audited/Actual performance			Estimated performance	Medium-term targets		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
	1 research paper and 3 position papers completed	3 research/ position papers completed	4 position papers completed	2 research papers (baseline)	2 position papers	2 position papers	3 position papers
		M&E system in line with Departmental M&E System	1 Project evaluated	2 Outcome indicators monitored	2 Outcome indicators monitored and evaluated	2 Outcome indicators monitored and evaluated	2 Outcome indicators monitored and evaluated

### 8.4.3 Quarterly targets for 2011/12

#### Provincial Performance indicators

Performance indicator [output indicators]		Reporting period	Annual target 2011/12	Quarterly targets			
				1st	2nd	3rd	4th
1.1	Number of members engaged in the WC Tourism, Arts & Entertainment Partnership	Annually	750	-	-	-	750
1.2	Number of Strategic Support interventions for the Tourism, Arts & Entertainment	Annually	2 annually updated Sector Strategies	-	-	-	2
		Quarterly	2 position papers	-	-	1	1
		Annually	2 Outcome indicators monitored	-	-	-	2

## 8.5 SUB-PROGRAMME 6.2: TOURISM GROWTH

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

### Strategy 1: Tourism Development

Growth in the tourism industry is focused on playing an aggressive and proactive role in the development of tourism niche markets, routes, infrastructure, sites, attractions and

facilities, the environment in general as well as the expansion of tourism products. This is formalised in the Western Cape Tourism Development Plan. The Western Cape Tourism Development Plan emphasises a wider distribution of visitors throughout the province and the identification of economic opportunities especially with regard to local tourism development. The Western Cape Tourism Development Plan is updated on an annual basis and there is extensive consultation to identify areas and products for tourism development.

### Development of tourism niche markets

The following tourism niche markets will be investigated and prioritised for implementation over the MTEF period:



### Cruise Liner Tourism

The National Department of Tourism has recognised the importance and urgency of unlocking the opportunity for Cruise Liner Tourism and to this end have established a national committee and conducted a research study. The City of Cape Town has been a lead participant in this process. The Department will focus on developing a position statement and identifying key deliverables for implementation.

### Health Tourism

Increasingly travellers are choosing to venture to another destination in search of medical treatment. The National Department of Tourism has recognised the importance and urgency of unlocking the opportunity for South (and Southern) African tourism through the development of Health Tourism. While the strategy is currently being developed, it is vital that the Western Cape starts the process of identifying the prospects of Health Tourism as a sub-sector for Tourism. The Department will identify key stakeholders to form a provincial steering committee.

### Sport and Mega Events Tourism

Mega events include world exhibitions, international sporting events, carnivals, cultural festivals, anniversary celebrations, political events, agricultural and business shows and exhibitions. There is a need for the Department to lead discussions in the development of a strategy on mega-events that will assist in positioning the province to increase Business Tourism.

### Cultural and Heritage Tourism

A Cultural and Heritage Tourism position statement will be drafted, with a sample audit of cultural and heritage products available in the West Coast.

## **Development of tourism routes**

### Development of new tourism routes

There is a need to develop tourism routes that flow from Cape Town as the hook to spread visitor flow to the regions. The development of these tourism routes needs to transcend municipal boundaries and lead to the development and marketing of new packaged value-for-money visitor experiences. The following routes have been identified: Route 1: City to West Coast; Route 2: City to Cape Winelands to Central Karoo; and Route 3: City to the Garden Route through the Overberg. The development of these tourism routes must fundamentally happen at local level with active participation and buy-in from the private sector (suppliers of the tourism offerings) and local government. The Department will facilitate engagements with all relevant stakeholders, and be the lead facilitator for private sector involvement in tourism route development.

Furthermore, as a starting point, the City to West Coast route will consider the rich cultural and heritage aspects of the region. The West Coast is regarded as a place of origin and the area has a rich culture and history on San Rock Art. There is a wealth of products on San Rock Art but it is overlapping and not well co-ordinated. The Department will co-ordinate the current San Rock Art product offerings as well as develop more products that will culminate in a West Coast San Rock Art Route in the short- to medium-term. This will be extended to other regions in the Western Cape in the medium- to long-term.

### Further development of existing tourism routes

The Department has over the past few years been involved in tourism route development, including the tourism road signage of these routes. The routes are: Route 62, the Whale route, the Wine route, the False Bay route and the Cape to Namibia route. The Department will focus on further development of these tourism routes. This will include private sector participation as well as important inter-linkages across these routes which can lead to increased visitor flow. The Department will engage with stakeholders and conduct appropriate scoping exercises with regard to tourism route development.

## **Development of tourism infrastructure, sites, attractions and facilities**

There is a need to expand the development scope for tourism and to ensure that delivery is against big impactful projects with regard to tourism infrastructure, sites, attractions and facilities. The criteria for identifying provincial projects that can leverage funds from the private sector as well as the national Tourism EPWP ring-fenced funds will be refined. Projects will be identified, scoped and finalised for implementation over the MTEF period. This will include identification and development of new and existing tourism areas/infrastructure such as Agulhas, the False Bay coastline and the George-Knysna line as well as the CTICC phase 2 expansion. Also, there will be a review of the national parks and nature reserves in the Western Cape with a view to better leverage these assets as a tourism product offering.

In addition, Tourism Development will address various blockages, constraints, including developmental and other aspects with regard to tourism infrastructure, sites, attractions and facilities. These include Robben Island Museum, Signal Hill and the Castle of Good Hope.

## **Strategy 2: Tourism Destination Global Competitiveness**

Tourism Global Competitiveness is a new area that will focus on innovation and technology for the destination as a whole, especially in terms of tourism marketing and the competitiveness of tourism businesses.





In light of the global economic recession, the Western Cape tourism industry needs to fully explore innovative methods of attracting visitors, new tourism product development and front-line service in order to counteract negative growth of the industry. Tourism innovation and product development should constitute unique selling propositions and a strategy towards gaining new tourism markets.

The tourism industry has become a very mature market requiring innovation and/or new tourism attractions to remain globally competitive. In today's saturated markets customers look for 'experiences' rather than destination specific products. It will therefore become increasingly important to use innovation and product development to create rewarding tourism experiences. Experience-based holiday proposals will become the main motive for the holiday decision. Therefore continuous learning and acquisition of knowledge is essential.

The availability of the Internet and information technology tools play an increasingly important role, both for the visitor and tourism businesses. Furthermore, in respect of tourism enterprises the new IT tools enable smaller players to compete on an equal footing with larger players thereby increasing their competitiveness.

The Western Cape tourism industry is still lagging behind in terms of tourism technological development. There needs to be an examination of international best practice in terms of innovative methods of marketing tourism and driving productivity with technology.

The focus for tourism innovation and technology:

- Scoping exercise to fully understand and learn from global best practice with regard to tourism innovation and technology in terms of destination marketing.
- Investigate innovative tourism business concepts that will allow tourism enterprises to be exposed to cutting-edge production, service and work organisation systems, ICT and other appropriate technology.

### Strategy 3: Tourism Support Services

Standard supply-side support services to create an enabling environment for consumers.

#### Tourism Safety and Support

The Western Cape Tourism Safety and Support programme aims to counter the negative perceptions of the safety of the destination and create a positive and caring atmosphere for tourists in distress. The programme manages any unfortunate incident involving tourists, and has both re-active and pro-active components. The re-active component responds to

tourists in distress in the form of the 24/7 tourism victim support programme. Implementation of the pro-active programme includes:

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

The Department has formed key partnerships with the SAPS and SATSA's Tourism Safety Initiative (TSI).

#### Tourism Quality Assurance

The Western Cape Tourism Quality Assurance programme, in partnership with the Tourism Grading Council of South Africa, is a mechanism that assesses and re-assesses establishments in the following tourism categories:

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

Assessment Criteria include:

- General Category – statutory requirements, insurance, management, training, etc.
- Safety and security – facility, guests, and procedures.
- Environmental (greening) factors – awareness, recycling, water, power, etc.
- Community Engagement – “local is lekker” and involvement.
- Buildings and Surrounds – exterior, interior, garden, parking, etc.
- Vehicles – license, permit, insurance, appearance.
- Bedrooms.
- Ablution facilities.
- Public areas.
- Kitchen facilities and equipment (self-catering).

Tourism Greening will be incorporated into the Tourism Quality Assurance programme in phases. Phase 1 is to include greening criteria as an add-on and not an enforced minimum requirement.

Universal Accessibility has been identified as an intervention under social tourism. Previous studies revealed that Universal Accessibility is considered a contributing factor to a destination's global competitiveness. Universal Accessibility is a programme aimed at the inclusion of disabled tourists. The programme offers recommendations to establishments on how to become Disabled-friendly. The National Department of Tourism has



included Universal Accessibility in its Responsible Tourism Strategy. The Tourism Grading Council of South Africa has also acknowledged it as an important component of the assessment process.

### Tourism Road Signage

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

### Locals provided with tourism destination exposure

#### – Access the Cape

A well-rounded tourism sector strategy necessitates inclusion of the host community at the destination to ensure a welcome and friendly citizenry that will enhance the visitor experience. Social Tourism aims to involve communities in tourism who do not usually take part in the tourism experience. Examples are senior citizens, persons with disabilities and children and young people. Interventions are focused on promoting awareness by citizens of their role in tourism; providing access to the residents of the Western Cape to experience tourism; and promoting participation of the host communities in all aspects of tourism.

We must work with the private and higher education sectors to build a brand that attracts investors, tourists and students to our region.

State of the Province Address 2011

Premier Helen Zille

Premier of the Western Cape

<b>Strategic Objective</b>	The achievement of above average sustainable economic growth (measured by output and by value) which gives rise to significant numbers of new sustainable employment opportunities.
<b>Objective statement</b>	To develop the destination to globally competitive standards by facilitating R50-m value of infrastructure invested. 100% tourism establishments maintained to minimum standard.
<b>Baseline</b>	No baseline.
<b>Justification</b>	Development and enhancement of the destination is fundamentally linked to tourism destination marketing in terms of 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.



### 8.5.1 Strategic objective annual targets for 2011/12

Strategic objective [outcome indicators]		Audited/Actual performance			Estimated performance	Medium-term targets		
		2007/08	2008/09	2009/10		2010/11	2011/12	2012/13
2.1	Value of tourism infrastructure investment	-	-	-	-	R5 million	R10 million	R15 million
2.2	Percentage of tourism establishments maintaining minimum standards	-	-	-	70%	80%	80%	90%

### 8.5.2 Performance indicators and annual targets for 2011/12

#### Provincial performance indicators

Programme performance indicator [output indicators]		Audited/Actual performance			Estimated performance	Medium-term targets		
		2007/08	2008/09	2009/10		2010/11	2011/12	2012/13
2.1	Number of tourism niche markets, developed and supported	-	-	-	-	1	2	2
2.2	Number of tourism routes developed and supported	-	-	-	-	1	1	2
2.3	Number of tourism infrastructure projects supported	3	6	-	1	2	2	2
2.4	Number of investigative reports (tourism global competitiveness)	-	-	-	-	2	-	-
2.5	Number of tourism organisations/ associations provided with safety information	-	100	200	200	90	100	106
2.6	Number of individuals assisted by the tourism safety and support programme	76	79	103	30	30	30	30
2.7	Number of tourism establishments inspected (tourism quality assurance)	535	442	1 078	415	624	624	630
2.8	Number of tourism major icons/ attractions assessed (tourism quality assurance)	-	2	4	4	2	2	2



Programme performance indicator [output indicators]		Audited/Actual performance			Estimated performance	Medium-term targets		
		2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
2.9	Number of individual tourism road sign applications processed	162	73	153	50	30	30	30
2.10	Number of tourism route road signage assessed	-	1	1	2	2	2	2
2.11	Number of locals provided with tourism destination exposure (Access the Cape)	226	905	558	585	560	600	600

### 8.5.3 Quarterly targets for 2011/12

#### Provincial performance indicators

Performance indicator [output indicators]		Reporting period	Annual target 2011/12	Quarterly targets			
				1st	2nd	3rd	4th
2.1	Number of tourism niche markets, developed and supported	Annually	1	-	-	1	-
2.2	Number of tourism routes developed and supported	Annually	1	-	-	1	-
2.3	Number of tourism infrastructure projects supported	Annually	2	-	-	-	2
2.4	Number of investigative reports (tourism global competitiveness)	Quarterly	2	-	1	1	-
2.5	Number of tourism organisations/associations provided with safety information	Quarterly	90	20	20	25	25
2.6	Number of individuals assisted by the tourism safety and support programme	Annually	30	-	-	-	30
2.7	Number of tourism establishments inspected (tourism quality assurance)	Quarterly	624	174	200	150	100
2.8	Number of tourism major icons/attractions assessed (tourism quality assurance)	Quarterly	2	-	1	1	-
2.9	Number of individual tourism road sign applications processed	Annually	30	-	10	10	10
2.10	Number of tourism route road signage assessed	Annually	2	-	1	1	-
2.11	Number of locals provided with tourism destination exposure (Access the Cape)	Quarterly	560	60	200	200	100



## 8.6 SUB-PROGRAMME 6.3: TOURISM PARTICIPATION

The aim of the Participation Directorate is to increase participation by citizens of the province in the tourism industry.

### Strategy 1: Tourism Human Resources Development

The Western Cape Micro-economic Development Strategy's Synthesis Report 2008, places emphasis on the need for the Department to increase skills and employability in designated sectors, including a skills' focus in the tourism industry. The Western Cape Tourism HRD Implementation Plan is aligned to the national Tourism HRD Strategy and THETA's Sector Skills Plan (SSP). Its vision is to ensure that the Western Cape is a destination of choice and that it offers the highest standards of service and quality to all its visitors.

There is a crucial need for new entrants to gain access to career, training and development and employment opportunities, and for the current workforce to gain access to training and development in order to advance their skills level for career progression within the tourism industry.

The Western Cape Tourism HRD Implementation Plan has the following strategic focus:

- Provide Tourism HRD intelligence in the Western Cape.
- Promote Tourism Service Excellence.
- Increase the supply of appropriate skills to meet current and future skills' demands.
- Provide access to quality tourism career training and development.
- Facilitate quality tourism training and career mobility for the current workforce.
- Broker influence and ensure co-ordination between all tourism education and training institutions.

The Western Cape Tourism HRD Implementation Plan highlights that a critical factor in the successful implementation of the plan is the increased partnerships between key role-players in the industry namely employers, prospective employees and tertiary institutions.

### Tourism HRD Sub-committee

The Tourism HRD Sub-committee in the Western Cape Tourism, Arts and Entertainment Partnership is an exemplary example of intense stakeholder engagements for Tourism Human Resources Development. Priority areas for the 2011/2012 financial year include:

- The development of HE (Higher Education) and FET (Further Education and Training) curricula offered at Western Cape educational institutions and THETA accredited training

aimed at improving quality, responsiveness and relevance of courses offered to meet industry needs.

- Access to on-the-job training to increase the number of new entrants absorbed and upskilling of the current workforce which will contribute to the overall productivity and competitiveness of the province as a destination.

There is participation from the National Department of Tourism, THETA, the national Department of Labour, the Western Cape Education Department, HEIs, FETs and private training providers, Regional and Local Tourism Organisations as well as other relevant stakeholders. The most important deliverable of the Tourism HRD Sub-committee is to provide stakeholder input into the execution of the Tourism HRD Implementation Plan.

### Tourism HRD Intelligence

Provide Tourism HRD intelligence that is focused on current and on-going research and best practice studies to ensure informed decision-making with regard to Tourism Human Resources Development for the Western Cape.

### Tourism Job Shadow

The Tourism Job Shadow programme responds to the gap between the school system and the workplace. It exposes educators and learners currently studying tourism or hospitality subjects and learners that need to decide on subject choices at secondary school level to the tourism industry in terms of occupations, career opportunities and awareness of post-school education and training. Learners are monitored during the programme roll-out and progress is tracked over a five-year period.

### Tourism Collective Bursary programme

The Tourism Collective Bursary programme responds to the gap between the school system and HEIs by providing access to education and employment opportunities in the tourism industry. The programme provides bursaries to full-time students studying Events' Management, Tourism Management and Hospitality Management with accredited HEIs to meet the demand for high-level skills within the Western Cape Tourism industry. Bursaries (registration and tuition fees) are awarded for one year only, with students re-applying each year. The programme seeks co-funding towards the registration and tuition fees and other costs incurred by students during the academic year. The return on investment is that exiting students gain HE qualifications within priority skills areas within the industry and they have to work back each year that the bursary was provided for, either to the Department or an appropriately approved workplace. Learners are monitored during the programme roll-out and progress is tracked over a five-year period.



### **Tourism Internship Placement programme**

The Tourism Internship Placement programme responds to the gap between HEIs and FETs and the workplace. The programme addresses the increasing need to provide youth with access and awareness to employment opportunities in the labour market. The programme assists students currently studying Tourism HE and FET qualifications and unemployed graduates that have exited their studies to gain access to on-the-job training and employment opportunities. The Department co-funds, with the private sector, monthly stipends for the student placements. The project is implemented in partnership with HEIs, FETs, the Western Cape Education Department, the National Department of Tourism, THETA and private and public sector partners. Learners are monitored during the programme roll-out and progress is tracked over a five-year period.

### **Tourism Skills programme – training for current workforce**

The Tourism Skills programme for the current workforce responds to the gap within the workplace. The programme addresses up-skilling and career development of the current workforce within the tourism industry. The Department, in partnership with THETA and private sector, aims to increase the number of employers reporting on workplace training activities and money spent on training. This includes levy-funded companies within the industry to access the skills development levy available for qualifying companies and to utilise funds for training the current workforce.

In 2011/2012, the Department aims to improve the partnership between the National Department of Tourism, THETA and the private sector. There is a need to improve the inputs provided by the private sector with regard to critical skill demands within the province and to increase access to the funding available to the industry through funding grants (discretionary grants and catalytic grants). The Department will monitor the number of new employers that register and assist with the roll-out of skills training within the financial year.

### **Tourism Service Excellence up-skilling**

The Service Excellence programme responds to improving service excellence across the Tourism value chain within the province. The programme will develop a blueprint for tourism service excellence and roll-out a service excellence brand within the province that encourages world class service by the current workforce in the tourism industry.

Tourism customer service training will up-skill the current workforce in order to improve customer service standards in line with the provincial Tourism Quality Assurance programme. The Department will enhance tourism service excellence within the province by leveraging the private sector to provide input on the current service levels within the various service

entry points of the tourism industry. The programme is implemented in partnership with the National Department of Tourism, THETA and private and public sector partners. The development of the brand and blueprint will be implemented in-house and the customer service training outsourced to accredited training providers.

### **Strategy 2: Tourism Enterprise Development**

Tourism is a growth industry in South Africa that is viewed as a strong potential source for income generation and employment. The tourism industry is exposed to increasing global competition. It is also a complex services sector requiring high levels of skills and resources. As a result, extending the growth of the sector and its rewards to businesses present major developmental challenges.

The promotion of entrepreneurship and small business remains an important priority of the Provincial Government. Government and private sector need to work together in partnership to grow an economy ripe with opportunities for all citizens especially those that have been denied access to jobs and life-changing opportunities. The Western Cape Micro-economic Development Strategy identifies SMMEs as critical “creators” of economic opportunities for the previously disadvantaged and those excluded from the mainstream economy. The Department has over the past 7 years addressed the need for tourism business management training sessions for entrepreneurs in all the regions of the Western Cape.

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

Tourism enterprise development forms an essential part of the provincial tourism strategy. The transversal management arrangement within the Department is that Programme 6: Tourism, Arts and Entertainment is responsible for the provincial tourism strategy (including tourism enterprise development) and outlining the key interventions, while Programme 2: Integrated Economic Development Services is responsible for the delivery component of tourism enterprise development in terms of budget and project implementation.

### **Supporting and expanding existing tourism businesses:**

The focus in this area is on businesses that have been operating in the tourism industry for at least two (2) years and more. The following support is provided to existing businesses:



### **Tourism Enterprise Development – Intermediate**

The Tourism Enterprise Development Intermediate programme is a business skills programme aimed at equipping entrepreneurs to manage and grow their businesses. The Tourism Enterprise Development Intermediate programme focuses on development of business strategy and plans, marketing, customer service, human resources management and portfolio development. Entrepreneurs eligible to participate in this programme should have registered a tourism business through the dti. The programme comprises modules which are accredited by the Services Seta at NQF level. Services Seta accredited facilitators are sourced to facilitate the programme.

### **Tourism Enterprise Development – Advanced**

The Tourism Enterprise Development Advanced programme is a needs-based business skills programme aimed at mainstream entrepreneurs. The selection criterion for participation includes profitability of tourism businesses and evidence of potential to grow or diversify. The Tourism Enterprise Development Advanced programme focuses on business strategy, marketing, tender processes, human resources management, business plans and financial management. These sessions are accredited by the Services Seta at NQF level 4. Services Seta accredited facilitators are sourced to facilitate the programme.

### **Tourism Enterprise Development – Mentorship**

The Tourism Mentorship programme is based on the linkage between selected participants of the Tourism Enterprise Development Advanced programme and Mentors from the private sector in the province.

### **Tourism Enterprise Development: Access to finance**

Advice is provided to entrepreneurs on where to access funding for tourism enterprise development. Funding is available from private sector, banks, the dti, SEDA, Khula Enterprise, etc.

### **Tourism Enterprise Development: Access to markets**

Interventions to address meaningful and sustainable participation of tourism businesses to marketing platforms will be addressed.

### **Tourism Economic Empowerment**

Section 12 of the Broad-based Black Economic Empowerment (BBBEE) Act of 2003 makes provision for the development of the transformation charter for the various sectors of the South African economy. The Tourism Charter was developed in response to BEE legislation, with the tourism sector codes gazetted in May 2009. In order to address transformation, the Department provides sessions on tourism BEE compliance.

### **Tourism Sector Code Compliance:**

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

Business Support: In order to offer businesses support, Exempted Micro Enterprises (EMEs) are assisted with the verification process. EMEs are provided with opportunities, one of which to being able to tender for government contracts.

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

### **Tourism Enterprise Partnership (TEP)**

TEP was established by the Business Trust and the National Department of Tourism to support, guide and assist small and medium enterprises in the tourism sector. TEP focuses on increasing the business activities of small businesses in tourism by providing greater market access opportunities. The Department has a long-standing relationship with TEP since 2003, when the Tourism Enterprise Development Programme was first introduced by the Department. Areas of collaboration with TEP include co-funding arrangements for the Tourism Mentorship programme and the Tourism Enterprise Development Advanced programme. TEP provides toolkits to help tourism businesses to get information and skills they need.

### **Strategy 3: Tourism Regulation**

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

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



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

Tourist guides in many countries are regulated either through legislation or through professional guiding bodies. Tourist guides play a pivotal role in the tourism value chain and have the difficult task of ensuring that visitors leave their holiday destinations with memorable and unforgettable experiences. They contribute significantly in creating a positive image of a destination which could be a contributing factor for increased repeat visitor arrivals to a destination.

Over the past 10 years, provinces have implemented a range of training and development programmes for tourist guides. During this period, new guiding programmes were also being implemented as a result of the South African Qualifications Authority Act, 1995, which stipulated that National Qualifications would be developed for all components of the education and training systems in South Africa. This effectively meant that the tourist guiding sector also needed to develop a set of national qualifications that tourist guides would be expected to achieve.

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

The question that arises 10 years later is, "Is there a need for more individuals to be trained as tourist guides?" The Department has approximately 3 000 registered tourist guides on its database. Those who are currently not registered simply do not receive enough work to sustain themselves as tourist guides. Those who are registered as tourist guides struggle to compete for more business. For most guides, guiding is the only source of revenue and a means to survive. Registered guides do not only compete for more business but also compete with the growing numbers of illegal individuals operating in the sector.

Projects to be implemented in the 2011/2012 financial year:

**Registration of Tourist Guides and maintenance of the database**

**Monitoring compliance of illegal guiding activities**

The lack of an effective policing and monitoring system to identify and take action against individuals guiding illegally has resulted in large numbers of illegal guiding throughout South Africa. Illegal guides include South African and foreign tour leaders that accompany foreign tour groups visiting South Africa. In the Western Cape there are many cases of illegal guiding reported to the tour guide registration office. Illegal guiding inspections engage individuals operating illegally. It also creates awareness amongst the general public, visitors and tourism companies with regard to the implications of utilising the services of individuals who are guiding illegally.

**Development of the tourist guiding sector – upskilling programmes:**

- Foreign language skills required to adequately service the core international tourist markets of the Western Cape. Currently on the tourist guide database, some 300 tourist guides speak German, some 200 guides speak French, 90 speak Dutch, 88 speak Chinese, 70 speak Spanish and 69 speak Italian.
- Entrepreneurial/business skills for existing guides. Although most tourist guides are self-employed, many lack skills in running a business, marketing themselves and expanding their offering to include other aspects of the tourism industry.
- Upgrading qualifications from level 2 to 4 to enable tourist guides to guide through the entire province.
- A lecture series for existing tourist guides to remain up to date with product and knowledge developments in the province and to refresh their existing knowledge and skills on other guiding specialties that exist.
- Voice and pronunciation skills targeting guides whose first language is not English.
- Training of nature guides in the Western Cape.





<b>Strategic Objective</b>	The achievement of a situation in which opportunity exists of participating in the economy, through employment and business ownership, for all who seek such opportunity
<b>Objective statement</b>	To facilitate economic empowerment of individuals/small businesses by facilitating/sustaining 2 408 jobs in Tourism Human Resources Development (+ 3 130 jobs in Tourism Enterprise Development = 5 538 jobs); and 1 565 businesses expanded in Tourism Enterprise Development. To achieve a regulatory environment where 75% of all tourist guides are registered/ regulated.
<b>Baseline</b>	Number of jobs facilitated/sustained = 0. Percentage tourist guides registered = 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 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

### 8.6.1 Strategic objective annual targets for 2011/12

Strategic objective [outcome indicators]		Audited/Actual performance			Estimated performance	Medium-term targets		
		2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
3.1	Number of jobs facilitated/sustained: Tourism human resources development	-	-	-	-	397	583	680
	Number of jobs facilitated/sustained: (Tourism enterprise development)	-	-	-	-	1 150	630	650
3.2	Total Number of existing businesses expanded through tourism enterprise development	-	-	-	-	575	315	325
3.3	Percentage of tourist guides registered	-	-	-	50%	60%	65%	70%

### 8.6.2 Performance indicators and annual targets for 2011/12

#### Provincial performance indicators

Programme performance indicator [output indicators]		Audited/Actual performance			Estimated performance	Medium-term targets		
		2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
3.1	Number of people trained in Tourism (tourism human resources development)	297	183	468	1 294	1 670	1 870	2 030
3.2	Number of businesses supported through tourism enterprise development	200	190	390	1 150	630	650	700
3.3	Number of individuals registered (tourist guides)	2 585	1 531	3 012	1 829	2 000	2 000	2 000
3.4	Number of individuals inspected (tourist guides)				971			



### 8.6.3 Quarterly targets for 2011/12

#### Provincial performance indicators

Performance indicator [output indicators]	Reporting period	Annual target 2011/12	Quarterly targets			
			1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup>	4 <sup>th</sup>
3.1 Number of people trained in Tourism (tourism enterprise development)	Quarterly	1 670	125	665	680	200
3.2 Number of existing businesses supported through tourism enterprise development	Quarterly	630	85	165	260	120
3.3 Number of individuals registered (tourist guides)	Quarterly	2 000	500	500	500	500
3.4 Number of individuals inspected (tourist guides)	Quarterly	900	200	250	250	200

**NOTE:** The shaded Tourism Enterprise Development targets are contained in the total targets reflected in Programme 2: Enterprise Development and are only reflected here for purposes of clarity.

### 8.7 SUB-PROGRAMME 6.4: DESTINATION MARKETING ORGANISATION

Tourism Marketing will develop and implement a co-ordinated tourism marketing strategy between provincial and local government; and develop a single tourism Brand for the destination (encompassing the city and the regions). Implementation of tourism destination marketing will be in a single structure. This will be realised in the yet to be established Western Cape Economic Development Agency (WCEDA). The effective transition of Cape Town Routes Unlimited (CTRU) into the WCEDA will be managed.

The refined and focused Tourism Marketing Strategy will:

- Enhance Tourism Competitive Marketing.
- Position tourism marketing for the whole destination. The City will serve as the “hook” to encourage regional spread.
- Lobby for alignment with national and local government, so that there is delivery against a whole picture of tourism marketing needs.
- Understand that at national level, South African Tourism is the main player and that tourism marketing effort must not be duplicated.
- Understand the role and effort of local government and that effort must not be duplicated.
- Leverage off the collective marketing effort of the destination brand by the Western Cape Economic Development Agency (WCEDA), when it is established.

Delivery must fundamentally be based on:

1. Review of geographic and psychographic target market

segmentation in direct response to Cape Town and the Western Cape and in line with South African Tourism.

2. Major shift from traditional tourism marketing methods to full exploitation of new media for tourism marketing opportunities.
3. Demonstrate return on investment of all tourism marketing effort and spend in terms of a pre-agreed measuring instrument.

The above must be fully consulted with role-players in the tourism industry.

Key deliverables for Tourism Competitive Marketing:

Maximise International Leisure Marketing:

- Single streamlined international tourism marketing strategy between provincial and local government.
- Development and execution of international tourism marketing campaigns.
- Increased marketing leverage from South African Tourism’s efforts in international markets, especially in the traditional tourism markets.
- Focused engagement and direct tourism marketing at relevant international trade shows and roadshows.
- Targeted tourism marketing and advertising.
- Partnership arrangements with South African embassies based overseas, the dti, the International Marketing Council, industry associations and overseas based agencies.

Deepen Domestic Leisure Marketing:

- Single streamlined domestic tourism marketing strategy between provincial and local government.



- Development and execution of domestic tourism marketing campaigns.
- Increased marketing leverage from South African Tourism's efforts in the domestic market such as the Sho't Left Campaign.
- Focused engagement and direct tourism marketing at local trade shows.
- Targeted tourism marketing and advertising.
- Partnership arrangements with provinces and neighbouring countries.

Maximise Business Tourism opportunities:

- Dedicated funding, including co-funding from local government and the private sector, to ensure successful bidding.
- Increased bidding to secure major international events, conferences, meetings and incentive business to the destination.
- Focused engagement and direct tourism marketing at relevant business tourism trade shows and relevant platforms.
- Targeted tourism marketing and advertising.
- Provisioning of effective media promotion, delegate boosting services and conference support services.
- Partnership arrangements with international professional event co-ordinators, destination marketing companies, association and academic hosted buyers, incentive houses and corporate buyers.
- Tourism co-marketing agreements with relevant role-players such as South African Tourism and the Cape Town International Convention Centre.

Enhance support to develop and Market Events originating at the destination by:

- Establishing a dedicated Events Fund for the funding of events.
- Developing and meaningfully engaging in the planning of events.
- Growing and promoting a portfolio of events that support the Cape Town and Western Cape brand, values and needs, and enhances the destination image.
- Facilitating tourism infrastructure development to support large events.
- Streamlining stakeholder and community partner roles and responsibilities to better serve events.

Tourism marketing support services:

- Media and stakeholder relations.
- Hosting of VIP delegations, etc.
- E-commerce (E-business platform/website; membership base).
- Marketing collateral.

- Market Intelligence.
- Income generation.

While CTRU will proceed with the above, it is the Shareholder's intention to integrate the functions performed by CTRU into the WCEDA. This means that CTRU needs to proceed with preparations for the 2011/2012 financial year on the basis that it operates at the moment. However, CTRU also needs to ensure that the Shareholder's intention is not contradicted. For example, in terms of the WCEDA it is envisaged that there will be centralised units with regard to Finance and HR. On this basis, CTRU cannot plan beyond the 2011/2012 financial year with regard to support services staffing contracts or any other service provider contracts.

**The Destination Marketing Organisation trading as Cape Town Routes Unlimited (CTRU):**

Cape Town Routes Unlimited (CTRU) is a section 3C Provincial Public Entity that was established in April 2004 to market and promote Cape Town and the Western Cape as a preferred leisure, business tourism and events destination. CTRU is responsible for:

- Co-delivery with local, national and international tourism partners in the private and public sectors on the single tourism marketing strategy for the destination.
- Marketing and promoting the Western Cape, with emphasis on:
  - Leading and implementing the international tourism marketing strategy, aligned to the international tourism marketing strategy of South African Tourism.
  - Overseeing and co-ordinating the domestic tourism marketing strategy in the province.
  - Tourism Brand development.
  - Business Tourism, with a fully functional Cape Town and Western Cape Convention Bureau.
  - Events (with a global footprint in terms of media coverage and/or attendance).
  - Media Relations that conform to an agreed upon Tourism Marketing Media Strategy.
  - Tourism e-Marketing.
  - Tourism Market Intelligence.
- Interfacing with South African Tourism and Local Government.

For 2011/2012 CTRU will

- Maximise penetration in high yield overseas tourism markets, specifically in relation to Europe and the USA by leveraging fully off the efforts of South African Tourism, Embassies and other international agencies.
- Intensify effort and investment in the emerging tourism markets of Africa, the Middle East, China, Brazil and India.
- Mine opportunities to penetrate new and developing tourism



- markets, including niche tourism markets.
- Strengthen efforts in domestic tourism marketing with emphasis on the Sho't Left campaign.
  - Optimise business tourism opportunities with a key focus on bidding and hosting international events and developing and promoting events originating at the destination.
  - Execute jointly funded tourism marketing campaigns with private and public sector bodies via dedicated channels

- and protocols in the form of Joint Marketing Agreements, Service Level Agreements and Memoranda of Agreement. Cost sharing arrangements with regard to participation at Local and International Trade and Consumer Shows will be outlined under agreed upon criteria in MOAs.
- Embrace new / social media in the tourism marketing approach.

<b>Strategic Objective</b>	The achievement of above average sustainable economic growth (measured by output and by value) which gives rise to significant numbers of new sustainable employment opportunities.
<b>Objective statement</b>	To open new markets and generate demand from business and consumers with 459,764 international arrivals, R6bn Foreign Direct Spend and 2,216,273 domestic visitors attributed to tourism marketing efforts by CTRU.
<b>Baseline</b>	2008/2009: Total international arrivals to the Western Cape was 1,529,832 of which 81,081 is attributed to the marketing efforts of the DMO. 81,081 translates into 2 800 direct jobs and 4 000 indirect jobs Total domestic visitors to the Western Cape was 3,600,000 of which 360,000 is attributed to the marketing efforts of the DMO. Foreign Direct Spend in 2008 was R20.8bn of which R1bn visitor spend is attributed to the marketing efforts of the DMO. Note: the calculation of visitor arrivals and Foreign Direct Spend attributed to the marketing efforts of the DMO are conservative calculations in line with international standards for calculating the performance of destination marketing organisations.
<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.

### 8.7.1 Strategic objective annual targets for 2011/12

Strategic objective [outcome indicators]		Audited/Actual performance			Estimated performance	Medium-term targets		
		2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
4.1	Number of international arrivals to the Western Cape	1 630 611	1 529 832	1 500 515	1,646,917	1,679,855	1,730,251	1,782,159
	Number of international arrivals attributed to the marketing efforts of CTRU	86 422	81 081	79 527	87,287	89,032	91,703	94,454
4.2	International Foreign Direct Spend	R17,9bn	R20,8bn	R20bn	R21,3bn	R22,04bn	R22,8bn	R23,6bn
	International Spend attributed to the efforts of CTRU	R895m	R1bn	R1bn	R1,1bn	R1,2bn	R1,2bn	R1,3bn



Strategic objective [outcome indicators]		Audited/Actual performance			Estimated performance	Medium-term targets		
		2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
4.3	Number of domestic visitors	4 100 000	3 600 000	4 000 000	4,182,000	4,265,640	4,393,609	4,569,353
	Number of domestic visitors attributed to the marketing efforts of CTRU	410 000	360 000	400 000	418,200	426,564	439,360	456,935

### 8.7.2 Performance indicators and annual targets for 2011/12

#### Provincial performance indicators

Programme performance indicator [output indicators]		Audited/Actual performance			Estimated performance	Medium-term targets		
		2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
4.1	Number and value of Joint Marketing Agreements secured	15	7	7	4	6	10	12
		R800m	R62,7m	R126,4m	R27m	R45m	R60m	R65m
4.2	Number and value of Conference Bids secured	10	19	9	11	16	20	16
		R306m	R244m	R55m	R210m	R360m	R400m	R420m
		29 350	19 600	5 650	15 000	33 000	36 000	38 000
4.3	Number and value of events supported	24	18	19	10	6	14	16
		R952m	R1,2bn	R1,3bn	R950m	R1bn	R1,2bn	R1,4bn

### 8.7.3 Quarterly targets for 2011/12

#### Provincial performance indicators

Performance indicator [output indicators]		Reporting period	Annual target 2011/12	Quarterly targets			
				1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup>	4 <sup>th</sup>
4.1	Number and value of Joint Marketing Agreements secured	Quarterly	6	3	1	-	2
		Quarterly	R45m	R22,5m	R11,25m	-	R11,25m
4.2	Number and value of Conference Bids secured	Quarterly	16	4	4	4	4
		Quarterly	R360m	R85m	R85m	R95m	R95m
		Quarterly	33 000	8 000	8 000	8 500	8 500
4.3	Number and value of events supported	Quarterly	6	1	2	1	2
		Quarterly	R1bn	R250m	R250m	R250m	R250m



## 8.8 SUB-PROGRAMME 6.5: COMMERCIAL ARTS AND ENTERTAINMENT

The policy recommendations of the Western Cape Micro-economic Development Strategy states that the Commercial Arts and Entertainment sector “has the potential to be an important contributor to the provincial economy, displaying the following characteristics: thriving and fast-growing commercialised sub-sectors, particularly in film, craft, music, performing arts and visual arts; significant export earnings through Intellectual Property rights, travelling shows and exhibitions; large scale consumption of indigenous commercial arts and entertainment products; a rich source of new tourism products; and a major contributor to the attractiveness of the Western Cape as a tourism destination”. On this basis, support is provided for the commercialisation and internationalisation of the film, craft, music, performing arts and visual arts sectors.

The two key interventions are:

- 1] Commercialise Arts and Entertainment, including sector development support for all five sectors and enterprise development for film and craft.
- 2] Increase trade to global markets, including market access and new product development (innovation) for film and craft.

On this basis, the strategic imperatives for the Commercial Arts and Entertainment sectors are:

- Concentrate on the commercialisation and globalisation of product offering as part of the Cape Town and Western Cape brand.
- Refined focus in Film and Craft.
- Emphasis on product offering to the tourism industry.

The Department has, for the past 10 years, invested effort and resources into the Film and Craft sectors. This has resulted in sector maturity and significant growth as well as cohesion and increased export earnings. Furthermore, growth and positive economic potential for the Western Cape is expected from the Film and Craft sectors. Budgetary allocation to the Main Focus area of Trade and Export Promotion in Film and Craft has been increased.

Film and Craft enterprise development forms an essential part of the provincial film and craft strategies. The transversal management arrangement within the Department is that Programme 6: Tourism, Arts and Entertainment is responsible for the provincial film and craft strategies (including film and craft enterprise development) and outlining the key interventions, while Programme 2: Integrated Economic Development Services is responsible for the delivery component of film and

craft enterprise development in terms of budget and project implementation, in conjunction with the respective SPVs.

The Music, Performing Arts and Visual Arts sectors, although displaying significant potential are at this stage fractured and under-commercialised. Budgetary allocations to Music, Performing Arts and Visual Arts are only for Sector Development support.

### Strategy 1: Growth of the Film Sector

- Main Focus: Aggressive marketing of the Western Cape as a film destination, with a focused film trade promotion strategy to encourage as many international block-busters and commercials to be filmed in the Western Cape. This includes:
  - (1) Targeted trade promotion strategy and implementation plan in direct response to Cape Town and the Western Cape; and in line with the dti and the NFVF's trade missions and incentive schemes as well as collaborating with other regional film offices and commissions when embarking on outbound and inbound trade promotion operations.
  - (2) Major shift from traditional marketing methods to full exploitation of new media marketing opportunities. Examples are viral, web-based, collaborative, cell phone.
  - (3) Demonstrate return on investment of all film marketing effort and spend in terms of a pre-agreed measuring instrument.
- Leverage off the collective marketing effort of the destination brand by the Western Cape Economic Development Agency (WCEDA), when it is established.
- Develop a regional film rebate framework with measures implementation, including access to national rebates. This will include accessing formal structures such as Provincial Treasury and SARS to develop the proposal.
- Efficient, effective and streamlined provincial-wide permitting process.
- Support commercial orientation of existing film-makers.
- Explore potential of developing local-content film-making.
- Develop local film audiences (appreciation of film and consumption of product).
- Manage the effective transition of the Cape Film Commission (CFC) into the WCEDA. This will be based on the outcomes of the strategic discussions that will be held as well as the strategic direction provided by the PGWC.

Note: Film includes long and short form, documentary, animation, still, music video, gaming, digital, high definition, cell phone content, etc.



### **Intervention 1: Commercialisation of Film Businesses**

Commercialisation will assist film businesses to participate more meaningfully in both the local and international film sector.

#### **Film Sector Development**

Sector Development incorporates an approach that focuses on local content for local consumption, with international relevance. This approach contributes to expanding local audiences and is linked to the development of distribution and showcasing content. Focus areas include:

- The Cape Town Film Studios presents an opportunity for international skills transfer. The CFC will work closely with the Cape Town Film Studio to facilitate partnership opportunities for the industry's enterprise development programmes. Relationships with other studios within the Western Cape will also be strengthened.
- Contrary to global practice, content ownership rights in South Africa remains with the commissioning broadcaster. The CFC will lobby to close the gaps of intellectual property protection.
- Due to the lack of a Transformation Charter and BBBEE regulation within the industry, the CFC will co-ordinate a reporting mechanism that will keep track of BBBEE within the film sector in the Western Cape.
- By implementing a new communications strategy, the CFC will build stronger stakeholder relations by ensuring that industry players are continually kept abreast of new local, national and international developments, trends and opportunities.

#### **Film Enterprise Development: Existing Business – Intermediate**

This programme is aimed at participants who have a minimum of 2 (two) years and a maximum of 5 (five) years working experience in the film sector. The following is provided:

- Leadership and management development.
- Corporate governance.
- Collateral and access to finance.
- Negotiation and deal-making.
- Capacitating (equipment, facilities, scripting, etc.).

Outputs are: training modules for emerging small business owners and freelancers (leadership and management; the production process; production budgeting and financial management; film sector legal, IP and contract management; entertainment marketing, sales and distribution and pitching to broadcasters/distribution channels); small business incubation support; and exposure to pitch for business opportunities.

#### **Film Enterprise Development: Existing Business – Advanced**

Once the participants from the Intermediate Level have been involved and working in the sector for a number of years, it is

essential to continue the learning process. Upskilling is critical in order to retain the skills within the Western Cape and to create space for emerging participants to enter the industry. Film Business Management and Marketing skills transfer will be hosted by international and local expertise in the form of master classes covering the following areas: producing; international business sourcing; production accounting and budgeting; Intellectual Property and contract law; and sales, marketing and distribution.

Outputs are the number of growing businesses assisted with regard to access to locations and finance; pitching session for projects; masterclasses with subject matter experts; and the number of business incubation supported.

#### **Film Enterprise Development: Existing Business – workplace training**

Workplace learning training workshops will be held for businesses that are interested in and able to host learners. Training will cover the following: designing, implementing, managing, quality control and support of internships and mentorships. The programme will also focus on capacitating technical, creative and management subject matter experts with the skills to transfer their learning and support in the film sector workplace. Training Modules are:

- Planning, hosting and managing workplace learning.
- Understanding internships and learnerships – the SETA landscape.
- Mentoring and coaching skills.
- Workplace assessment and reporting.

Outputs are the number of industry professional experts trained to host interns in workplace learning and the number of learners assisted to gain internship opportunities.

#### **Film Enterprise Development: Access to finance**

Facilitate discussions with industry and all national financing bodies such as the dti, SETAs, NFVF. This will also be linked to the master class element of the Advanced Film Enterprise Development.

#### **Intervention 2: Film Trade Promotion**

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

It is vital that Cape Town and the Western Cape is kept top-of-mind as a production destination and industry, as most of the important decision makers (who determine where they



produce commercials) attend events around the world. Some of the key objectives are to create a platform for individuals so that they have access to new business opportunities and gain experience in competing in a global market. The CFC will select suitable individuals who have proven themselves locally. It is also important that the CFC develops links with other African film-making countries through skills sharing, co-production, etc. The CFC will strive to forge links, especially with SADC countries to ensure that there is an integration of co-operation and story-telling, etc.

The CFC will embark on familiarisation tours, Masterclasses, inviting key international role-players (producers, locations managers, directors) within the film sector to experience the Cape Town and the Western Cape film sector first hand. Beyond promotion of both the film sector, familiarisation tours have the potential to foster industry knowledge sharing as well as opportunities for investment in local content and projects.

Targets are based on:

- New clients recruited and projects to Cape Town and the Western Cape.
- Impact on all aspects of Film production activity in the region.
- Media and advertising exposure.
- Increase in production activity that leads to development of skills and film enterprises.
- Strengthening of SMME businesses in terms of global exposure.

### Film Innovation

Social media and new multi-media platforms have revolutionised the sector and have increased access to new international distribution channels and innovation in production practices. The implementation of new technologies within the film sector have changed the environment from a predominantly film-focused sector to production across all media platforms and the role of post-production, animation and visual effects need to be promoted in order to maintain an international competitive edge. The CFC will expose the industry to the latest trends in order to be globally competitive, particularly with migration to 3D, digital, HD film, pre-production, production and post-production technological advancements as well as mobile platforms, thereby taking advantage of the online space to build new audiences. This will expose the industry to economically viable business models and international best practice.

### Special Projects

The CFC will look at its budget for consideration of developing any innovative proposals and ideas which emerge as a consequence of changes to technology, industry standards, and general initiatives which may benefit the industry or economy within the Western Cape.

The issue of Locations and Permits will require focused attention.

Film is not limited to the content of the narrative as it is meant to encapsulate all aspects of Film development which can be demonstrated to support the key aims of employment and economic leverage for the Western Cape through the Film sector.

### Strategy 2: Growth of the Craft Sector

- Main Focus: Develop market access locally and internationally.
- Support commercial orientation of existing crafters.
- Further develop a product range that targets relevant consumer segments.
- Leverage off the collective marketing effort of the destination brand by the Western Cape Economic Development Agency (WCEDA), when it is established.

### Intervention 1: Commercialisation of Crafters

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

### Craft Sector Development

Sector Development strategies for the craft sector include the development of clustered and inter-linked dynamic networks; the creation and exploitation of diverse opportunities for individual and business growth; the development of knowledge resources and the widespread dissemination of information; the promotion of the sector to stimulate new entrants, new markets and new consumers; and research programmes to measure impact, identify obstacles and scope new strategies.

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

Given the diversity within the sector, the training offering needs to meet a variety of needs. It has been necessary to develop customised training approaches, materials and methodologies in order to effectively support the growth of the craft sector. The consolidation and expansion of the CCDI's (Cape Craft and Design Institute) Creative Enterprise Training Unit is a key driver in taking this process forward, and in ensuring the integrated and market orientated approach to the training.

Accredited training offers opportunity for development of skills within a quality assured environment, with a standardised approach and monitoring in place. Learners gain credits towards qualifications which are nationally and internationally recognised. The unit standards have been tailored to the nuances of the





craft sector and there is progress through the NQF levels. Funding is only available through SETA Discretionary Grants and the National Skills Fund (this is a limitation as programmes can only be run if a grant is awarded). Planned activities include providing opportunities in the Western Cape region as part of the Rural Outreach programme to rural craft producers as well as the 2011 Cape Town Winter School.

Non-accredited training: while there are some aspects of enterprise development that relate generically to small and micro businesses, there are issues that pertain specifically to the craft sector context across the whole value chain. An evolving range of training that is able to cater to the current needs of craft producers at their various stages of personal, economic and business development has been developed. Planned activities include a comprehensive annual workshop programme in the Cape Metropole, and a programme in the regions, to enhance business skills and to stimulate creativity and design and innovation specific to markets. These include:

- Enterprise development workshop series.
- Export readiness programme.
- Retail readiness programme.
- Product innovation programme (drawing; creativity workshops; advanced creativity workshops; botanical and off-site workshops; visual awareness seminars).
- Market access.

Outputs are measured in terms of the number of workshops, number of attendees and feedback from attendees. Workshops take place in the Cape Metropole with a percentage allocated to the rural areas.

#### **Craft Enterprise Development – Mentorship**

Essential to the successful implementation of skills transfer is mentorship, which is built into training – both in terms of identifying what type of training is best suited to the enterprise/entrepreneur at any one time, and in terms of assisting with the process of implementing/operationalising what has been learnt.

In addition, many established businesses require, from time-to-time, the assistance of a mentor to assist them with particular challenges or growth spurts. The Craft Mentorship programme provides support and advice on a needs/demand basis. It is a costly exercise as there are no economies of scale; but the benefits are enormous in terms of the impact on the business' profitability and job creation. The CCDI is also looking at ways to facilitate peer mentoring and coaching.

Central to the Craft Mentorship programme is the development of a suitable pool of qualified mentors and business coaches with sector specific expertise, who are able to address the

particular needs of craft producers. The Craft Mentorship programme piloted in the 10/11 financial year will be expanded to extend the scope of available support that producers are able to access.

#### **Facilitate access to finance**

Access to finance is a problem faced by producers at different stages of their business. Often the need for funding hides other inefficiencies in the business such as incorrect costing and pricing, inefficient production processes, high material costs etc. Sometimes it's simply about the need for markets to sell products. The first step in dealing with apparent financial need is to help the entrepreneur to identify and deal with these problems. Once these have been addressed the need for financial assistance often disappears.

There are, however, times in a business' development trajectory when funds are needed. To finance new equipment, move to new premises, office/financial systems, production finance to cashflow the production of orders, etc. The CCDI, through its Counselling and Referral programme, facilitates access to finance provided by existing finance providers and lobbies for the creation of more appropriate "vehicles" for micro finance to businesses in the craft sector. In addition, the CCDI has submitted a proposal to the IDC for the development of a more significant loan scheme that covers a range of different support options that will involve working with established financial institutions to dispense funds.

#### **Intervention 2: Facilitate access and increased trade to global markets**

##### **Craft trade (domestic and international)**

The market is the most critical driver for growth and sustainability in the craft sector. If producers are not in the market place they are not doing business. The market place for craft and handmade craft takes many different forms: it is direct to consumer at craft markets, events, conferences and exhibitions; and it is business to business through formal trade show environments selling to retailers, agents, exporters. Crucially the market is not necessarily for 'craft' but for handmade objects that fit into many different market niches – homeware, décor, outdoor, babies, fashion accessories, corporate gifting, curious and memorabilia and the very high-end craft/art. There are expanding opportunities in export markets for South African craft products and web-based 'shopping' is a growing trend.

Given the diverse range of businesses in the sector and the diverse product types, a marketing and promotion programme needs to be multifaceted and flexible. Taking product into the market place is an expensive and risky process. The risk is much lower for established businesses with research and development capacity as well as cashflow reserves, than for



emerging and start-up businesses. The central philosophy of the Craft Market Access programme is that the CCDI assumes the major risk for the producer that is the cost of space, infrastructure and marketing material. The producers need to bring the products and ensure that it is properly priced and packaged, with their own marketing material. This central approach underpins every single market access opportunity undertaken by the CCDI.

### Craft product and innovation support

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

This equipment offering will be expanded to include digital prototyping equipment, mechanical manufacturing tools and hand tools. Integrating the use of innovative digital fabrication processes with existing manufacturing practices and equipment serves to stimulate new solutions as well as push the possibilities of what defines handmade product and how it can evolve and innovate in line with developments in fabrication technology.

Staff with the necessary expertise are available to assist producers in this exploration. An 'assisted DIY' approach is taken where the producer does the work under the guidance of a suitably skilled staff member. Staff also undertake projects and facilitate workshops that use practical engagement with material and process to demonstrate the potential of the equipment and technology and through practice inspire producers to innovate.

The open access facility includes the following:

- A prototyping fabrication environment incorporating digital, mechanical and hand operated equipment.
- A digital design environment with equipment and software to explore both 2D and 3D design challenges.
- A resource / research space that encourages an appropriate and integrated approach to idea generation, design methodology, material use and fabrication technology.
- Space suitable for product fabrication and material exploration.

Programme activities within this environment include:

- Product support which assists producers to find solutions for their products in an integrated way (What product? Into which market? At what cost? How?).
- Fabrication workshops related to equipment / material use and fabrication processes / approaches.
- Projects and workshops that explore specific concepts / problems from idea to prototype – these would engage with the integration of processes related to research, design, material and fabrication.

### Strategy 3: Growing of the Music, Performing Arts and Visual Arts Sector

- Commercial orientation of businesses, with emphasis on the live performance element and protection of intellectual property.
- Synergistic to tourism, film and craft.

### Intervention 1: Commercialisation of Music, Performing Arts and Visual Arts

Commercialisation of the Music, Performing Arts and Visual Arts sectors will assist artists to create sustainable business opportunities for themselves.

### Sector Development

Sector Development support will be maintained by providing advice, information and referral services to artists in order to foster the development of sustainable businesses.

<b>Strategic Objective</b>	The achievement of above average sustainable economic growth (measured by output and by value) which gives rise to significant numbers of new sustainable employment opportunities.
<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 R12, 505,000 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.

### 8.8.1 Strategic objective annual targets for 2011/12

Strategic objective [outcome indicators]		Audited/Actual performance			Estimated performance	Medium-term targets		
		2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
5.1	Number of jobs facilitated/sustained: Film enterprise Development	-	-	-	-	140	140	152
	Number of jobs facilitated/sustained: Craft enterprise Development	-	-	-	-	126	300	300
	Number of jobs facilitated/sustained: Film innovation	-	-	-	-	64	64	68
	Number of jobs facilitated/sustained: Craft innovation	-	-	-	-	180	180	180
5.2	Number of businesses expanded/sustained: (Film enterprise Development)	-	-	-	-	70	70	76
	Number of businesses expanded/sustained (Craft enterprise Development)	-	-	-	-	63	150	150
	Number of businesses expanded / sustained (Film innovation)	-	-	-	-	32	32	34
	Number of businesses expanded / sustained (Craft innovation)	-	-	-	-	90	90	90



Strategic objective [outcome indicators]		Audited/Actual performance			Estimated performance	Medium-term targets		
		2007/08	2008/09	2009/10		2010/11	2011/12	2012/13
5.3	Value of investment and trade (film and craft)	-	R1,25bn	R1,3bn	R702,7m	R1,27bn	R1,27bn	R1,3bn
5.4	Value of funds leveraged (commercial arts and entertainment)	-	-	-	R2,185m	R2,360m	R2,490m	R2,620m

### 8.8.2 Performance indicators and annual targets for 2011/12

#### Provincial performance indicators for 2011/2012

Programme performance indicator [output indicators]		Audited/Actual performance			Estimated performance	Medium-term targets		
		2007/08	2008/09	2009/10		2010/11	2011/12	2012/13
5.1	Number of businesses assisted (Film enterprise development)	-	-	-	175	175	190	190
	Number of businesses assisted (Film innovation)	-	-	-	80	80	85	85
5.2	Number of businesses assisted (Craft enterprise development)	-	-	-	105	250	250	290
	Number of businesses assisted (Craft innovation)	-	-	-	150	150	150	160
5.3	Number of investment and trade projects realised in Film	57	63	65	92	100	100	100
5.4	Number of existing businesses assisted with trade (domestic and exports) in Craft	95	120	187	197	300	300	325
5.5	Number of Film members	-	-	-	-	50	50	50
5.6	Number of Craft members	-	-	-	-	50	50	50
5.7	Number of Music members	-	-	-	-	50	50	50
5.8	Number of Performing Arts members	-	-	-	-	50	50	50
5.9	Number of Visual Arts members	-	-	-	-	50	50	50
5.10	Number of economic sector intelligence reports	-	-	-	5	5	5	5



### 8.8.3 Quarterly targets for 2011/12

#### Provincial performance indicators for 2011/2012

Performance indicator [output indicators]	Reporting period	Annual target 2011/12	Quarterly targets			
			1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup>	4 <sup>th</sup>
5.1 Number of businesses assisted (Film enterprise development)	Quarterly	175	-	50	95	30
	Quarterly	80	-	25	45	10
5.2 Number of businesses assisted (Craft enterprise development)	Quarterly	250	52	87	58	53
	Quarterly	150	30	50	50	20
5.3 Number of trade and investment projects realised in Film	Quarterly	100	-	35	45	20
5.4 Number of trade and investment projects realised in Craft	Quarterly	300	115	115	35	35
5.5 Number of Film members	Annual	50	-	-	-	50
5.6 Number of Craft members	Annual	50	-	-	-	50
5.7 Number of Music members	Annual	50	-	-	-	50
5.8 Number of Performing Arts members	Annual	50	-	-	-	50
5.9 Number of Visual Arts members	Annual	50	-	-	-	50
5.10 Number of economic sector intelligence reports	Annual	5	-	-	-	5

**NOTE:** The shaded Film and Craft Enterprise Development targets are contained in the total targets reflected in Programme 2: Enterprise Development and are only reflected here for purposes of clarity.

## 8.9 RECONCILING PERFORMANCE TARGETS WITH THE BUDGET AND MTEF

### 8.9.1 Expenditure estimates

Sub-programme		Audited			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimate		
	R'000	2007/08	2008/09	2009/10	2010/11	2010/11	2010/11	2011/12	2012/13	2013/14
1.	Management: Tourism	1 982	1 530	4 244	2 673	2 658	2 658	<b>3 006</b>	2 962	3 173
2.	Tourism Growth	9 977	10 411	7 359	6 795	7 451	7 451	<b>9 625</b>	11 389	13 157
3.	Tourism Participation	8 776	7 952	8 072	9 145	8 310	8 310	<b>7 888</b>	8 129	8 854
4.	Destination Marketing Organisation	25 831	31 826	43 043	34 190	35 105	35 105	<b>32 440</b>	32 440	32 440
5.	Commercial Arts and Entertainment	14 346	13 623	8 095	9 422	8 701	8 701	<b>9 504</b>	9 688	9 788
<b>Total payments and estimates</b>		<b>60 912</b>	<b>65 342</b>	<b>70 813</b>	<b>62 225</b>	<b>62 225</b>	<b>62 225</b>	<b>62 463</b>	<b>64 608</b>	<b>67 412</b>
<b>Economic classification</b>										
<b>Current payments</b>		18 915	20 144	15 953	20 255	16 475	16 475	<b>21 763</b>	23 957	26 743



Sub-programme		Audited			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimate		
	R'000	2007/08	2008/09	2009/10	2010/11	2010/11	2010/11	2011/12	2012/13	2013/14
	Compensation of employees	5 213	8 842	9 992	12 122	11 313	11 313	<b>12 387</b>	13 369	14 002
	Goods and services	12 702	11 302	5 961	8 133	5 162	5 162	<b>9 376</b>	10 588	12 741
<b>Transfers and subsidies to</b>		41 250	44 817	54 778	41 860	45 629	45 629	<b>40 585</b>	40 585	40 585
	Provinces and municipalities									
	Departmental agencies and accounts	28 795	35 317	45 943	35 040	36 355	36 355	<b>32 440</b>	32 440	32 440
	Universities and technikons	150	150	368	140	144	144			
	Foreign governments and international organisations									
	Public corporations and private enterprises	341		1 800		850	850			
	Non-profit institutions	11 970	9 350	6 456	6 670	7 495	7 495	<b>7 495</b>	7 495	7 495
	Households			211	10	785	785	<b>650</b>	650	650
<b>Payments for capital assets</b>		740	349	82	110	121	121	<b>115</b>	66	84
	Buildings and other fixed structures									
	Machinery and equipment	711	349	82	110	121	121	<b>115</b>	66	84
	Software and other intangible assets	29								
<b>Payments for financial assets</b>		1	32							
<b>Total economic classification</b>		<b>60 912</b>	<b>65 342</b>	<b>70 813</b>	<b>62 225</b>	<b>62 225</b>	<b>62 225</b>	<b>62 463</b>	<b>64 608</b>	<b>67 412</b>

### 8.9.2 Performance and expenditure trends

In the 2011/12 financial year, Programme 6 will be shifting from smaller scaled to larger scaled projects. The major focus in tourism marketing will be on tourism competitive marketing, business tourism and events. The major focus in Tourism Development will be on tourism niche markets, routes, and infrastructure. These strategic interventions are in direct response to tourism as a priority sector in Strategic Objective 1. Taking into account the establishment of the WCEDA, the Budget Allocation for the MTEF period remains consistent.



## 9 PROGRAMME 7: SKILLS DEVELOPMENT AND INNOVATION

### 9.1 PURPOSE

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

### 9.2 PROGRAMME STRUCTURE

The Programme is structured as follows:

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

### 9.3 SITUATIONAL ANALYSIS

#### 9.3.1 Performance delivery environment

##### Globally:

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

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

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

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

- An institutional mechanism that provides a human resource development framework that allows for local flexibility.
- An institutional mechanism that provide an innovation framework that will facilitate the country's capacity to

translate a greater proportion of local research and development into commercial technology products and services and encourage the use of local knowledge where it exists and attract appropriate technologies from elsewhere outside of South Africa that are matured and ready to be incorporated with local SME companies on a needs basis. A key strategic move towards strengthening industry–university linkages as a modality to fast track innovation is encouraged and should be accompanied with firm level skills development.

- Build local data and intelligence. Refined databases are required to build an understanding of economic and labour market conditions demands and conduct and consolidate existing baseline information around innovation. Capacity needs to gather data locally and organise them in a way that enables strategic planning exercises, is critical.
- Skills and Innovation focus needs to shift from a mainly supply focus to a more demand focus. Local stakeholders now realise that it is no longer enough just to invest in the formal education and training system and that the public private partnerships are key to developing solutions towards the development and growth of a knowledge economy.

##### Nationally:

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

The South African economy is characterised by a miss match of skills demand and skills supply. The Wolpe Development Studies 2007, indicated the lack of appropriate skills as one of the key obstacles, or binding constraints, to investment and growth. This was confirmed by the Organisation for Economic Co-operation and Development (OECD) Territorial Review that identified the lack of skills, skills mismatch (quantity, quality and scope) and innovation capacity among issues affecting the competitiveness of this region. These constraints have had responses in various forms: Scarce Skills Strategy Human Resource Development Strategy for South Africa (HRDSA) and the National Skills Development Strategy III.

The National Skills Development Strategy III deals mainly with the training needs for the Human Resource Development Strategy for South Africa (HRDSA) and focuses on the key principles of:



- economic growth for employment creation and poverty eradication
- aligning skills development with national strategies for growth and development
- accelerate equity in the country
- support, monitor and evaluate the delivery and quality assurance systems
- advance the culture of excellence in skills development and lifelong learning

These key principles are required to be filtered into provincial policy and strategy to achieve one of the main national Human Resource imperatives of a skilled and capable workforce to support an inclusive growth path.

The national and provincial policies and strategies have to be sensitive to the fact that employment growth has stopped due to the recent international financial crisis and the resulting global recession. The majority of jobs were shed by mainly the youth and those less educated, "Between the first quarters of 2008 and 2010, the national economy shed 813 000 jobs" (Western Cape Provincial Economic Review and Outlook 2010: 78). To make informed policy adjustments or strategic interventions, reliable data is required that is specific e.g. the sectors / occupations these job losses have reflected and disaggregated to provincial and regional level. However, most labor market intelligence is not able to provide the latter information.

Nationally, the Department of Higher Education and Training has prioritised the establishment of a credible institutional mechanism for skills planning as key to mainly:

- assess implications of alternative growth paths on employment and skills requirements
- develop a strategic intelligence capability to establish research capability for the supply and demand of skills
- establish a comprehensive career guidance and career information system
- develop a comprehensive database of all qualifications and qualified persons in South Africa

In terms of innovation, The Department of Science and Technology (DST) has taken the lead guided by: Ten Year Plan (2007), The DST's White Paper on Science and Technology and works in partnership with the Department of Trade and Industry's Industrial Policy Action Plan 2010. The implementing national and regional body is: The Technology Innovation Agency (TIA); established in terms of the TIA Act , 2008 (Act No. 26 of 2008) with the objective of "stimulating and intensifying technological innovation in order improve the economic growth and quality of life of all South Africans by developing and exploiting technological innovations".

#### **Provincially:**

Human resources make a major and increasing contribution to economic development. Studies at the firm, regional and national levels locate the existence of a competitive position in the skills and aptitudes of the workforce. Employment has been increasingly skill intensive, and this is true across different sectors and across the globe. The MEDS research reported that the gap between the demand for skills and the supply was rising and reported business concerns as to the functioning of the training system.

Investment in an innovation system generates economic growth and employment, enhances productivity and through economic growth enhances the wealth of a country or region. One of the long term impacts is poverty reduction (Enhancing Innovation in South Africa, 22:2010).

The problem statements are:

- There is currently no institutional provincial framework that integrates and provides a balanced approach to the supply and demand for skills in HRD
- Trends in the labour markets are shaped and influenced by various structural forces (e.g. demographic changes, structure of work, capital intensive, globalisation of trade, technological innovation)
- The unemployment rate is extremely high , 23,1 % and a major portion of this relates to youth in the Western Cape falling into the 15-34 age group (Quarterly Labour Force Survey, Quarter 3, 2010)
- There is currently no institutional Provincial Framework for Innovation and mechanism that guides, incentivises or shapes innovation initiatives in an integrated fashion
- There are pockets of effective innovation collaboration embodied in innovation policy and strategy across national and provincial government, however this has not yet been fully integrated into wider socio-economic policy and strategy

The overarching aim of the Skills Framework is:

- Encouraging and supporting collaboration between business and public/private and community partnerships
- Creating and enabling environment through co-ordinating relevant institutional bodies
- Facilitating demand led skills development

The guiding principles to supporting the Strategic Framework for Skills Development are:

- Access to relevant information and data
- Balanced and long term strategies
- Flexibility in skills strategies
- Building stronger relationships with employers





The overarching aims of the Innovation framework are:

- Co-ordination with the Technology Innovation Agency (TIA), the evaluation and continued improvement of the Regional Innovation Systems Framework
- The collation and collection of the necessary market intelligence which is key for shaping and encouraging and supporting collaboration between business and government.

The programme, in terms of its skills focus will be guided by Strategic Objective 1: to play a facilitating role and addressing the activities which address the mismatch between skills demand and supply across the economic spectrum and increase opportunities for economic and employment growth.

The programme's strategies complement and support key elements from Strategic Objective 1. The Advanced Manufacturing and Technology Strategy (AMTS), Micro Economic Development Strategy (MEDS), National Skills Development (III), , Human Capital Development Strategy (HCDS), The DST's Ten Year Plan and the Skills Development Act (SDA) of 2008 . These are the supportive policies and frameworks that shape the Programme's strategic framework, strategies and interventions.

The programme will use both a top-down approach that encourages provincial skills planning through the establishment of a credible institutional mechanism for skills planning (the Provincial Skills Development Forum and the Provincial Innovation Council) and a bottom-up approach that will increase the responsiveness of FETs and SETAs to firm needs, to achieve it's goals.

Thus, the programme's activities will not be confined to the policy environment only, but will also complement sector interventions.

The expected outcomes include:

- A credible planning institutional framework
- Increased access to intermediate and high level learning programmes
- Increased access to occupation-specific programmes (especially artisans)

Four key institutional bodies will be utilised as vehicles for achieving the outcomes:

- The PSDF, mandated to develop a Human Resource Development Strategy for the Western Cape, with DEDAT housing the secretariat to co-ordinate and support the structure of the PSDF
- FET Forum for Trade and Occupations
- SETA Cluster
- Regional Innovation Forum

Through the PSDF, elements of the programme will be delivered via a transversal province-wide skills development management system to give effect to key HRD bodies (FET Forum for Trades and Occupations, SETA Cluster) to serve firm based short to medium term skills requirements.

The Programme's functions will:

- Develop a provincial skills development framework and manage stakeholder relations
- Manage, quality assure, monitor, evaluate and report on provincial skills projects via workgroups
- Facilitate the development of strategies to address sector needs
- Provide a comprehensive secretariat service to the Premier's Council on Skills, Working Groups and the Technical Working Group

#### **9.4 SUB-PROGRAMME 7.1: PROVINCIAL SKILLS CO-ORDINATION**

Throughout South Africa, including the Western Cape, an enabling environment for Human Resource Development (HRD) is lacking. Major HRD institutional bodies do not have aligned skills interventions and generally there is an uncoordinated approach to skills development resulting in a duplication of efforts or shortage of investment in critical areas.

In addition to the above challenges, the mismatch between supply and demand of skills (quality and quantity) hampers enterprise growth and competitiveness. This requires interventions to successfully address the immediate and long-term challenges of education, skills development and human capital development in the province.

To tackle these challenges and assist in the supply of appropriate skills for the economy, requires leadership, vision, high-level coordination and cooperation between government, the social partners and key role-players, including the province's education and training institutions. The Skills Development Act (SDA) of 2008 stipulates that the Western Cape Government will establish a PSDF that will include representation from all relevant role-players.

Strategic Objective 1 indicates the following purposes for the PSDF:

- Provide a mechanism where business, government, institutions of learning and skills development agencies can collaborate on skills development programmes and projects, the aim of which will be to provide industry and government with the skills necessary for growth
- Provide a mechanism through which the medium and long term skills needs of the Western Cape economy can be researched and identified in order to better inform the



strategies of institutions of learning and skills development agencies

- Ensure that each sector identified for support will have a skills development programme appropriate to that sector but also taking cognisance of the wider benefits for other sectors in the provincial economy. One of the constituent tasks of each sector development unit will be to ensure that the training needs of the sector are met through appropriate programmes.

A Provincial Skills Development Forum (PSDF) is therefore being established to facilitate the high level coordination necessary to ensure an environment that is conducive to skills development. The approved structure of the PSDF is as follows:

- a) Premier's Council on Skills (PCS)  
As a Consultative Forum it is responsible for:
  - Coordination on political level
  - Providing strategic leadership and direction
  - Strategic dialogue with social partners and stakeholders
- b) Technical Working Group  
As the structure responsible for strategic management it will offer:
  - Support on development of policy
  - Provincial strategy coordination
  - Crowding in funding
  - Resolve technical blockages
  - Monitoring and Evaluation
- c) Working Groups
  - Responsible for operationalising the strategic agenda

The custodian of the implementation of this strategy is the secretariat which will be housed within DEDAT, within programme 7. The following 3 strategies will resort in the sub-programme: Provincial Skills Co-ordination for 2011/12:

- Enhancing cohesion between all provincial and national stakeholders in order to ensure an environment conducive to skills development
- Unblocking/unlocking of skills funding
- Translation of relevant national policies and strategies into provincial strategies

These 3 strategies will address the first two purposes as outlined in Strategic Objective 1. The third purpose will be fulfilled by sub-programme 7.2: Workforce Development

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

The PSDF is responsible for producing, managing delivery and

reviewing of a long term strategy for skills and employment as a catalyst for change. One of the first outputs of the PSDF will be the development of a Human Resource Development (HRD) Framework that will provide the strategic framework for skills development within the province, to give effect to the vision and direction provided by the Premier's Council on Skills.

The Secretariat will facilitate the key relationships and structures to ensure the production of an HRD Framework that addresses the key skills challenges faced in the province.

This HRD Framework cannot remain at a strategic level but will have to be translated into programmes and projects that have an impact. It is proposed that work groups will be established to implement policy and projects that give effect to the vision and direction provided by the Premier's Council on Skills. The work groups will be led by key departmental representatives who are already working in these identified areas, but in some instances the role may have to be fulfilled by the secretariat.

For the period 2011/12 the secretariat will be responsible for overall skills programme coordination and its outputs will include the following:

- **Develop an HRD Framework for the Western Cape**  
A major challenge faced by the Western Cape is not the lack of effort and initiatives, but that the major HRD institutional bodies do not have aligned skills interventions. The lack of a coordinated, enabling environment for HRD will be addressed through the development of an HRD Framework for the Western Cape.
- **Set up two working groups to develop policies for skills programmes**  
Working groups will be established around particular challenges that have been identified by the Premier's Council on Skills and the Technical Working Group. These Working Groups will be responsible for establishing the extent of the problem, the gaps in addressing the challenge and identify projects, including sector specific, which will address the gaps.

#### **Strategy 2: Unlocking of skills funding**

The main objective of the PSDF will be the identification of challenges and initiating projects that will deal with these challenges through collaborative HRD interventions. These programmes can only be effective if the necessary resources are available to implement the interventions that will be identified by the Technical Working Group.

Key to the effective management of the PSDF therefore will be the leveraging of R35 million over the next four years from strategic partners to achieve this.



The PSDF will need to focus on institutional cohesion to unlock funding. This will require key strategic partnerships and the secretariat will:

- Explore opportunities for public-private partnerships to link training initiatives to private sector enterprises.
- Broaden its resource base, to access national and/or international funding to tackle transversal skills challenges.
- Seek partnerships with other government structures to facilitate projects of benefit to targeted areas.
- Strengthen partnership/relationship with SETAs and FET Colleges to supplement provincial funding.

The output for 2011/12 is the leveraging of R10m for provincial skills programmes and projects.

**Strategy 3: Translation of relevant national policies and strategies into provincial strategies**

The NSDS III has identified 5 outputs that if implemented will contribute to their outcome of “A skilled and capable workforce to support an inclusive growth path”. These outputs are broad and not specific to each region. Taking into account the Western Cape specifics, this strategy will address output 1 of the NSDS III which is to ‘Establish a credible institutional mechanism for skills planning’.

In the Western Cape, there is currently no institutional mechanism that will provide credible information and analyses in regards to the supply and demand for skills. There are also various information sources that can provide the supply data but it is neither coordinated nor integrated. There are serious gaps in data reliability needed for identifying the demand for skills. This will therefore require thorough and in-depth research and surveys and analyses to provide credible and relevant data that will assist in the planning of projects that yield realistic and successful outputs and outcomes.

There is also a need for the development of a database of knowledge, statistics, career pathing information for both employer and employee purposes. Partnerships will be key to dealing with the challenge of accessing and developing provincial skills and employment data and data that dates quickly.

In 2005, preliminary research resulted in the development of indicators to measure life-long learning and benchmark the Learning Cape. The definitions of indicators were vague, complex and not easily accessible. These indicators require re- definition in alignment to the changes in the current strategic agenda and policies within skills development (e.g. NSDSIII, Provincial Strategic Plan).

The secretariat’s output for this strategy for 2011/12 will be:

- Produce a research paper to improve knowledge of skills demanded by companies  
The Secretariat, under the leadership of the Technical Working Group, will have to commission robust demand and supply analyses and implementation possibilities taking account of possible global and national politico-economic scenarios
- **Refinement of learning indicators**  
The learning indicators to benchmark the Learning Cape will have to be redefined and a public reporting tool developed. This tool will link the provincial lifelong learning strategies within skills development initiatives and show to what extent learning contributes towards economic growth, within strategic objective 1.

<b>Strategic Objective</b>	To ensure strategic coordination of skills initiatives to decrease duplication of HRD activities and ensure appropriate training to increase the absorption of labour.
<b>Objective statement (outcome – 5 year targets)</b>	To coordinate key strategic partnerships that will result in a conducive environment for skills development through the development of a Provincial Human Resource Development Strategy, which is underpinned by credible and relevant data (through relevant research reports) and will result in R35 million of skills funds leveraged over 4 years.
<b>Baseline</b>	No baseline data exists
<b>Justification</b>	The Skills Development Act (SDA) of 2008 entrenches that the PGWC will establish a PSDF that will include representation from all relevant role-players. The Provincial Skills Development Strategy will allow for greater integration and cohesion of HRD activities with public/private partnerships (business, educational institutions, government and labour) to ensure demand-led skills development growth.
<b>Links</b>	Medium Term Strategic Framework, MEDS, Workforce Development Strategy, JIPSA, National Skills Development (III), Human Capital Development Strategy (HCDS) , PSDF Business Case, Skills Development Act (SDA) of 2008



#### 9.4.1 Strategic objective annual targets for 2011/12

Strategic objective (outcome indicator)		Audited/Actual performance			Estimated performance	Medium-term targets		
		2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
1.1	Functioning provincial HRD body represented by relevant stakeholders	-	-	1	1	1	1	1
1.2	Value of funding leveraged	-	-	-	-	R 6 million	R 9 million	R 10 million

#### 9.4.2 Performance indicators and annual targets for 2011/12

##### Provincial performance indicators

Programme performance indicator (output indicator)		Audited/Actual performance			Estimated performance	Medium-term targets		
		2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
1.1	Development of a HRD framework for the Western Cape	-	-	-	-	1	1	1
1.2	Working groups established to develop policies and projects for skills programmes	-	-	-	-	2	2	2
1.3	No of research reports developed	-	-	-	-	2	2	2

#### 9.4.3 Quarterly targets for 2011/12

##### Provincial performance indicators

Programme performance indicator (output indicator)		Reporting period	Annual target 2011/12	Quarterly targets			
				1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup>	4 <sup>th</sup>
1.1	Development of a HRD framework for the Western Cape	Annual	1	-	-	-	1
1.2	Working groups established to develop policies and projects for skills programmes	Quarterly	2	-	1	1	-
1.3	No of research reports developed	Quarterly	2	-	-	1	1



## 9.5 SUB-PROGRAMME 7.2: WORKFORCE DEVELOPMENT

Strategic Objective 1 of the Provincial Government of the Western Cape identifies that the Provincial Skills Development Forum (PSDF) will have three purposes. The first and second will be taken care of by the Provincial Skills Coordination sub-programme. The third purpose as indicated below will be addressed by sub-programme 7.2 – Workforce Development which will ensure that each sector identified for support will have a skills development programme appropriate to that sector but also taking cognisance of the wider benefits for other sectors in the provincial economy. One of the constituent tasks of each sector development unit will be to ensure that the training needs of the sector are met through appropriate programmes.

Workforce Development will strive to co-ordinate a conducive environment for human resource development aimed at supporting unemployed youth in partnership with institutions of learning, SETAs, sector bodies and industry. Increasing the depth and quality of South Africa's skills reservoir will raise the productive potential of the workforce and reduce inequality by increasing job opportunities. During the recent recession most job losses were amongst those with lower levels of education (2010 MTECH Policy Budget Statement). Thus the Department of Economic Development and Tourism (DEDAT) complements the training initiatives to increase access to the job market through skills development initiatives that provide on the job training as well as vocational training, through the Work and Skills Programme and the Artisan Training Programme. The Western Cape SETA Cluster and FET Forum for Trade and Occupations will articulate its offerings through these latter two programmes, ranging from assessment of curricula for accreditation to the train the trainer programmes for artisans in engineering.

Learning Cape Initiative (LCI) will be a key partner in delivery of key programmes in this sub-programme. LCI will drive, in collaboration with the Western Cape SETA Cluster, the continuation of projects of 20010/11, intensifying and upscaling the career awareness mediums and the refinement of learning indicators.

### **Strategy 1: To facilitate/support unemployed youth to access jobs**

The strategy aims to coordinate skills development interventions for unemployed youth through institutions of learning which will be aligned and supported by firm based training. Currently the unemployment rate in the Western Cape, which is officially 23,1%, is regarded as a major crisis, particularly for young people. The Centre for Poverty, Employment and Growth at the

Human Sciences Research Council, says youth unemployment is the heart of the problem, since 75% of the job losses experienced during the recession were people under the age of 34. Workforce Development will address some of these challenges through the following interventions:

- Work & Skills Programme
- Artisan Training
- Career Awareness mediums

### **Work and Skills Programme**

To meet the challenges of creating an economic opportunity for youth in the Western Cape, The Department of Economic Development and Tourism (DEDAT) has developed the Work and Skills programme (W & S P) to skill the citizens of this Province and eventually reduce unemployment. This programme aims to establish work with learning opportunities delivered over a period of three years to South African youth in the Western Cape's economic and social sectors.

W & S Program has completed three phases of implementation and is currently in the fourth phase. DEDAT will be collaborating with key partners like the Western Cape Education Department (WCED), Western Cape SETA Cluster, the FET Forum for Trade and Occupations, SPVs and private enterprises to achieve the skills development and job creation targets through close liaison with schools, FET Colleges, SETAs and industry.

The Work and Skills Programme will focus on priority sectors and more middle to high level skills facilitation, although entry level skills are accommodated. Workforce Development (WFD) will also incorporate people with disabilities into the fourth phase of the Work and Skills Programme. WFD will enrol youth with disabilities in the W & SP and thereby place learners with host employers who are able to accommodate the learners with disabilities. The roll-out of the fourth phase of the Work and Skills Programme will accommodate 500 learners in the following sectors: Oil and Gas, Tooling, Film and Tourism and well as across sectors where there is a demand required for absorption of appropriate skills.

The Work and Skills Programme which places learners with host companies offer an exit strategy to some of the learners who exit the Department's funded training programs and thus transversally serves sectors. In certain circumstances, learners only require qualifying for trade tests and / or only require work experience to gain their qualification and thus will have a shortened experiential learning placement for up to 6 months. Others in Oil and Gas and Film are offered mainly project based contracts for learning and these are usually seasonal or short term. Thus, flexibility is being provided in phase 4 and quicker access to the job market is the result of a shorter work placement period of 6 months.



For the period 2011/2012 the department will produce:

- A report consolidating lessons learnt from phase 2 and 3. The findings and recommendations to be used for upscaling and fundraising
- 500 people trained
- 500 people placed at host companies (jobs facilitated)
- 500 jobs sustained

### **Artisan Training Programme**

Generally, the shortage of artisans is becoming a restrictive hurdle for economic growth in South Africa. The Artisan Training Programme is to improve the future training of artisans supported by firms, industry bodies, institutions of learning, SETAs and DEDAT.

This programme will initially span over a 5 year period and will be supported by the FET Forum for Trade and Occupations and the Western Cape SETA CUSTER. The intention is to establish a “Skills Factory” along the West Coast, which will form a Maritime Cluster to service the needs of industry and ensure industry approved artisan training programmes are implemented. The shift in this programme is that it is mainly demand led. The “Skills Factory” will train multi-disciplined engineering artisans to international standards for the engineering industry (Oil & Gas, Ship Repair, and other engineering industries) and make artisans more marketable for the work place. In developing appropriate curricula across the various engineering fields, the SETAs and FETs will be required to assist realignment and/or development of new course material with the Maritime Cluster.

The first phase in 2011/12 is setting the foundation for the “Skills Factory”, since currently students exiting FETC NCV programmes in engineering do not have the right set of practical skills and therefore do not comply with industry specific needs. This particular area is exactly what this project is attempting to address. The Artisan Training Program will be demand led, requiring industry and private sector take some interest in the matter and to orchestrate training of needed artisans as done in all industrialised countries.

The following outputs are planned for 2011/2012:

1. 10 people from industry will undergo a learning facilitator training programme.
2. A research report that will document curricula assessment of Fitting and Turning from leading artisan training centers of industry

MERSETA will be involved in the quality control of course material and the trainers for the fitting and turning occupation.

### **Career Awareness Mediums**

The information portal should both supplement and complement other initiatives of this nature, as there are already a plethora of websites and interventions. The collaboration of career awareness providers is therefore needed in order to improve the quality of knowledge received by learners.

The project aims to centralise and facilitate information with support (professional and social networking) on the opportunities on work and learning through various medium such as Twitter, Cape TV, Facebook, etc. Ultimately, the project should empower unemployed/employed youth to be inquisitive, to explore new terrain, to make common-sense decisions about their careers and follow the path of their aspirations with a host of supporters cheering them along.

For the period 2011/12 the sub-programme, through partnering with the LCI will:

- Have a Career Awareness Medium programme that will centralize information from all partners’ initiatives in order to track access across the province. The department will measure the satisfaction level of the target audience with the different media.

### **Strategy 2: Improved alignment of SETA and FET activities to support firm based training**

The National Skills Development Strategy (NSDS) is a broad, stakeholder expression of national principles, priorities, objectives and success indicators to guide skills development.

The NSDS guides strategic planning of the Department of Higher Education and Training (DHET) who is responsible for the National Skills Fund and related agencies. DHET is also responsible for the SETAs and FETCs who are key skills institutions.

The role of the SETAs is to develop sector skills plans, develop and register learnership programmes, approve workplace skills plans, monitor training and education in the sector, provide quality assurance to qualifications and programmes and disburse national skills development levy funds.

The role of FETs is to provide occupational and vocational training. One of their key challenges is to align FET course offerings with the growth and development needs of the province. Over the next four years, through the FET Forum for Trade and Occupations, DEDAT intend to facilitate FETs to offer industry specific and appropriate training and the development of adequate learning materials. DEDAT will ensure through its relationships with various industry bodies, adequate buy-in from business for the new NQF programmes, so that artisan training can be better supported and more successful.



Institutional bodies such as the SETAs and FET colleges are vital for ensuring successful implementation of institution based learning (i.e. discipline and academic learning) and work based learning (i.e. occupational / professional learning and learning facilitators).

During 2010/2011 DEDAT facilitated the collaborative agreement between the FETs and SETAs in the Western Cape to address some of the key challenges faced by these two important players in the skills landscape. Workforce Development acts as a supportive element to the FET-SETA Collaborative agreement by designing and implementing programmes and services that improve the quality of employment skills which are valued by the economic sector.

DEDAT in partnership with the SETA Cluster, will produce a research report on the successful implementation of the Western Cape SETA Cluster that will be used to replicate in the other Provinces.

The key proposed collaborative initiatives for the SETA Cluster for 2011/12 will result in the following activities:

- Identifying potential host companies for placement of learners in the Work and Skills Program across the priority

sectors (Tourism, Oil & Gas, Tooling & Film) and sectors where there is a demand required for the absorption of unemployed youth

- Funding leveraged
- Facilitation and promotion of two business cases/proposals
- Develop a research report that will document the key lessons for possible replication of a SETA Cluster in other provinces in South Africa; as well as lessons for continued improvement

The key proposed outputs of collaborative initiatives for the FET Forum for Trade and Occupations for 2011/12:

- 10 people trained as learning facilitators from FET Colleges

Both the Western Cape SETA Cluster and FET Forum for Trades and Occupations will articulate the outputs for 2011/12 across mainly the following three strategic interventions: the Work and Skills Programme, the Artisan Training Programme and the LCI. The leveraging of funds from these institutional bodies is an outcome, which will serve the skills requirements of the Department as a whole and be on needs bases.

<b>Strategic Objective</b>	To co-ordinate institutional arrangements by increasing access to occupationally directed programmes, leading to entry, intermediate and high level learning.
<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>	Initial baseline information is not available
<b>Justification</b>	The Department through HRD skills interventions assists individuals to increase their employability. The Western Cape Seta Cluster and the FET Forum for Trade and Occupations over time is key in addressing the mismatch between skills demand and supply and increasing the relevance of training towards increased labour absorption
<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

### 9.5.1 Strategic objective annual targets for 2011/12

Strategic objective (outcome indicator)	Audited/Actual performance			Estimated performance	Medium-term targets		
	2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
2.1 Number of jobs facilitated/sustained	-	-	-	-	500	700	800



Strategic objective (outcome indicator)		Audited/Actual performance			Estimated performance	Medium-term targets		
		2007/08	2008/09	2009/10		2010/11	2011/12	2012/13
2.2	Value of funding leveraged	-	-	-	R 10 million	R 5 million	R10 million	R 15 million
2.3	No of youth using Career mediums	-	-	-	-	-	1000	2000

### 9.5.2 Performance indicators and annual targets for 2011/12

#### Provincial performance indicators

Programme performance indicator (output indicator)		Audited/Actual performance			Estimated performance	Medium-term targets		
		2007/08	2008/09	2009/10		2010/11	2011/12	2012/13
2.1	Number of jobs facilitated	-	-	800	500	500	800	1000
2.2	Number of people trained: Work & Skills	-	-	500	500	500	800	1000
2.3	Number of people trained: General	-	-	-	-	20	50	70
2.4	Number of co-funding business cases/ proposals developed	-	-	-	-	2	2	2
2.5	Coverage of reach through career mediums	-	-	-	-	4000	6000	8000
2.6	Number of research reports developed	-	-	-	-	3	2	2

### 9.5.3 Quarterly targets for 2011/12

#### Provincial performance indicators

Programme performance indicator (output indicator)		Reporting period	Annual target 2011/12	Quarterly targets			
				1st	2nd	3rd	4th
2.1	Number of jobs facilitated	Quarterly	500	-	-	200	300
2.2	Number of people trained: Work and Skills	Quarterly	500	-	-	250	250
2.3	Number of people trained: General	Quarterly	20	-	-	10	10
2.4	Number of co-funding business cases/proposals developed	Quarterly	2	-	-	1	1
2.5	Number of hits reached through career media	Quarterly	4000	-	1000	1500	1500
2.6	Number of research reports developed	Quarterly	3	-	-	1	2





## 9.6 SUB PROGRAMME 7.3: INNOVATION

The constant improvement and implementation of a Regional Innovation System Framework (RISF) for the Western Cape is important for the following reasons:

1. Innovation is the key to economic and social transformation
2. Innovation flourishes in knowledge based economies driven by the following 4 elements (identified in the DST ten year plans):
  - Human capital development
  - Knowledge generation and exploitation/commercialisation (R&D)
  - Knowledge infrastructure based on areas of competitive advantage (MEDS strategy)
  - Enablers to address the “innovation chasm” between research results, socio-economic outcomes (employment / municipal services etc) and commercialisation
3. The development of a RISF using the economic, political and institutional relationships within a given geographical area, to generate learning processes that result in the rapid production, diffusion and use of knowledge.

To facilitate an environment that is conducive to fostering innovation, and the improvement and implementation of the RISF, the department will use the Regional Innovation Forum’s (RIF), Provincial Innovation Steering Committee. The department will focus on design in Innovation as instrumental in moving towards being globally competitive. Design is key to enhancing the quality, improving systems, improve productivity and creating niche markets. Experiential and functional design can be incremental as it only results in minor improvements to an existing design or can be innovative, meaning a substantial departure from what was done before. The focus long term is to encourage commercialising new products or systems which should result in creating new businesses.

### **Strategy 1: Enhancing cohesion between all provincial and national stakeholders in order to foster an environment conducive to Innovation**

Over the last 3 years, the Co-operation Framework on Innovation Systems between Finland and South Africa (Cofisa), the Department of Science and Technology (DST) and DEDAT have participated in foresight planning, international and regional visits to create a vision for innovation and shared learning. A key output for DST in each province was the establishment of a Regional Innovation System Framework, as one of many methods to institutionalise innovation at a regional level. Included in this is a recommendation for a model to ensure greater co-ordination for identifying, prioritising, investing, advocacy and

influencing policy around innovation. The Provincial Innovation Steering Committee (PISC) is a first phase approach to the recommended model within the RIF.

### **Regional Innovation Forum (RIF)**

The RIF is intended to provide a co-ordinated approach to innovation and have the leadership to drive the agenda to increase the competitiveness of the region.

The aim of the RIF is to, over time, address key challenges faced in the Innovation landscape:

- Generally, there is an uncoordinated approach to innovation in the Western Cape, duplication of efforts and resources and insufficient resources to address challenges
- Global competitiveness and economic growth will increasingly depend on innovation, particularly at a regional level
- Skills shortages along the human capital pipeline
- Limited leadership to champion innovation in the Western Cape
- Lack of appropriate, updated and or co-ordinated market intelligence around innovation activities relevant to the Western Cape, that would assist with better informed decisions for policy and investment purposes

In 2010/11 the Provincial Innovation Portal framework and platform was created.

The Provincial Innovation Portal, is intended to go live in 2011/12, aiming to strengthen the wider innovation community discussion through providing a central point for open discussions through e.g. blogging, providing online comments to various strategies, case studies and or projects in the innovation landscape. The newsletters generated and circulated on the portal will highlight key success stories in innovation by sectors and share lessons amongst various business, academia, civil society and government.

For the period 2011/12 the sub-programme will through the RIF working groups:

- Implement a productivity improvement programme in 20 businesses,
- Acquire baseline research on sector and firm level within clusters
- Activate the Provincial Innovation Portal
- Generate 4 newsletters on the portal

### **Productivity Improvement Programme**

This collaboration is a continuation of projects completed with CPUT over the last 2 years, which focussed mainly on Clothing and Textiles.



The intention is to expand the programme from 10 to 20 firms in 2011/12 into two of the priority sectors, through the relationship with SDAs. The geographical spread of firms will include the rural areas. The interventions to improve productivity, depends on the needs of the firms. Interventions can range from technical assistance, product planning, product costing, product design and staff development to quality system. Design improvements or innovations will be key in some interventions. Design develops products, systems, processes, environments and services that should develop and secure intellectual property for the province, so that the province can be a global competitor in the innovation landscape.

**Acquire baseline research on sector and firm level within clusters**

Extensive technological innovation indicator information on a provincial and sector level, required for government to map the current pockets of innovation and its challenges (within clusters), has not been co-ordinated in a manner which shapes policy or benchmarks the Western Cape with its global competitors. Neither is there central housing of innovation research in terms of baseline studies. Although current data will provide trends, it does not necessarily address the key challenges or innovative aspects within DEDAT's cluster base.

DEDAT intends to acquire appropriate market intelligence around innovation activities, which will be vital for government to make informed decisions.

For the period 2011/12 the sub-programme through the Regional Innovation Forum will:

- Request research to be conducted to document current pockets of innovation and challenges in two priority sectors, within DEDAT Clusters
- Acquire relevant research report from relevant academic/ research institutions that support Regional Innovation Forum's strategic direction

We must offer young work seekers new hope where at present there is despair. We need to do things differently. We need to have the courage to pilot new approaches and build new partnerships, promoting innovation throughout the economy.

Budget Speech 2011  
Minister Pravin Gordhan

<b>Strategic Objective</b>	The Regional Innovation Forum , RIF , will stimulate technological innovation in order to improve economic growth and enterprise competitiveness
<b>Objective statement</b>	<p>The RIF 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</li> <li>2. To provide a mechanism through which the medium and long term innovation needs of the Western Cape economy can be researched and identified</li> <li>3. To ensure that each sector identified for support will have an innovation development programme appropriate to that sector, but also taking cognizance of the wider benefits for other sectors in the provincial economy</li> </ol> <p>The following deliverables are projected:</p> <ul style="list-style-type: none"> <li>• A functioning provincial Innovation body represented by relevant stakeholders, sustained</li> <li>• Innovation Funding leveraged to the value of R15 million</li> <li>• 60 businesses expanded or sustained</li> </ul>



<b>Baseline</b>	Initial baseline information is not available
<b>Justification</b>	The RIF will allow for greater integration and cohesion of innovation activities with public private partnerships (business, educational institutions, government and labour) decreasing duplication of initiatives, leveraging funds, improving incentives for commercialisation and increasing value for money Knowledge and technology have become key drivers for economic growth and competitiveness. South Africa, according to a number of international benchmarks, is not meeting its potential for technological innovation.
<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)

### 9.6.1 Strategic objective annual targets for 2011/12

Strategic objective (outcome indicators)		Audited/Actual performance			Estimated performance	Medium-term targets		
		2007/ 08	2008/ 09	2009/ 10	2010/11	2011/12	2012/13	2013/14
3.1	Functioning Regional Innovation Forum, represented by relevant stakeholders	-	-	-	-	1	1	1
3.2	Value of funds leveraged	-	-	-	R 200 000	R 500 000	R 3.3 million	R 11 million
3.3	Number of businesses expanded/ sustained	-	-	-	-	-	16	35

### 9.6.2 Performance indicators and annual targets for 2011/12

#### Provincial performance indicators

Programme performance indicator (output indicator)		Audited/Actual performance			Estimated performance	Medium-term targets		
		2007/08	2008/ 09	2009/ 10	2010/11	2011/12	2012/13	2013/14
3.1	Number of research reports	-	-	-	-	2	2	2
3.2	Number of businesses assisted	-	-	-	-	20	40	60
3.3	Number of hits reached through innovation portal	-	-	-	-	2000	3000	5000
3.4	Number of newsletters produced	-	-	-	-	4	4	4



### 9.6.3 Quarterly targets for 2010/11

#### Provincial performance indicators

Programme performance indicator (output indicator)	Reporting period	Annual target 2011/12	Quarterly targets				
			1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup>	4 <sup>th</sup>	
3.1	Number of research reports	Quarterly	2	-	-	1	1
3.2	Number of businesses supported	Quarterly	20	-	-	10	10
3.3	Number of hits reached through innovation portal	Quarterly	2000	-	-	1000	1000
3.4	Number of newsletters produced	Quarterly	4	-	-	2	2

## 9.7 RECONCILING PERFORMANCE TARGETS WITH THE BUDGET AND MTEF

### 9.7.1 Expenditure estimates

Sub-programme		Audited			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimate		
	R'000	2007/08	2008/09	2009/10	2010/11	2010/11	2010/11	2011/12	2012/13	2013/14
1.	Provincial Skills Co-ordination							<b>2 398</b>	2 744	3 322
2.	Workforce Development	5 048	26 276	26 290	13 595	14 562	14 562	<b>8 903</b>	8 889	9 716
3.	Innovation	632	1 204	4 230	478	989	989	<b>3 850</b>	3 908	4 653
4.	Management: Skills Development							<b>1 124</b>	1 193	1 252
<b>Total payments</b>		<b>5 680</b>	<b>27 480</b>	<b>30 520</b>	<b>14 073</b>	<b>15 551</b>	<b>15 551</b>	<b>16 275</b>	<b>16 734</b>	<b>18 943</b>
<b>Economic classification</b>										
<b>Current payments</b>		1 486	7 442	4 079	2 873	4 351	4 351	<b>5 691</b>	6 150	6 359
	Compensation of employees	862	1 515	2 166	2 426	2 969	2 969	<b>3 670</b>	4 094	4 293
	Goods and services	624	3 008	1 913	447	1 382	1 382	<b>2 021</b>	2 056	2 066
<b>Transfers and subsidies to</b>		4 180	22 950	26 409	11 200	11 200	11 200	<b>10 550</b>	10 550	12 550
	Provinces and municipalities									
	Departmental agencies and accounts									
	Universities and technikons			450				<b>1 800</b>	1 800	2 500
	Foreign governments and international organisations									



Sub-programme		Audited			Main appropriation 2010/11	Adjusted appropriation 2010/11	Revised estimate 2010/11	Medium-term estimate		
		2007/08	2008/09	2009/10				2011/12	2012/13	2013/14
	R'000									
	Public corporations and private enterprises		10 000	10 000	10 000	10 000	10 000	<b>6 200</b>	6 200	7 000
	Non-profit institutions	4 180	12 950	15 768	1 200	1 200	1 200	<b>2 550</b>	2 550	3 050
	Households			191						
<b>Payments for capital assets</b>		14	6	32				<b>34</b>	34	34
	Buildings and other fixed structures									
	Machinery and equipment	14	6	32				<b>34</b>	34	34
	Heritage assets									
	Specialised military assets									
	Biological assets									
	Land and subsoil assets									
	Software and other intangible assets									
<b>Payments for financial assets</b>			4							
<b>Total economic classification</b>		<b>5 680</b>	<b>27 480</b>	<b>30 520</b>	<b>14 073</b>	<b>15 551</b>	<b>15 551</b>	<b>16 275</b>	<b>16 734</b>	<b>18 943</b>



### 9.7.2 Performance and expenditure trends

In lieu of the new focus and new interventions within the Programme, funding in the early stages of the 5 years will go towards the set-up of new sub-programme key interventions around particularly the PSDF and Sector Skills Plans

The majority of the Sub-programmes within the Programme are not fully capacitated, where staff works across sub-programmes to compensate. The skills levels of staff would need to be elevated to equip the Directorate to deliver on the new projects and the new mandate stemming mainly from Strategic Objective 1. With the transversal nature of Programme 7 and implementation seeking economies of scale, Organisational Design (OD) will need to evaluate current posts (where appropriate) and recommend the required HR structure as a matter of urgency to ensure the effective delivery of this new model of operation.

Currently there is no operational staff in the Innovation Sub-Programme, as a staff member just got promoted with another seconded.

There has also been a shift in the approach, compared to the past five years as the new Programme plays an increased transversal management role within DEDAT and for the additional role of HRD development across the PGWC. There needs to be investment in systems and human resources to enable the Programme to report appropriately on the new approach and the deliverables expected. Although components of the Programme already reside with the department, an element of the function resides within the Department of the Premier, particularly around the PSDF. The majority of the 2011/12 period will be spent aligning HRD activities across PGWC.

Funding for the elevation of intervention will be required in the next 3 years. This may be necessary if the uptake by the private sector increases to higher levels than anticipated. The funds leveraged will result in additional projects not mentioned in the Annual Performance Plan. This can be seen particularly in terms of the Work and Skills Programme and PSDF. Thus the capacity of the Programme would require additional resourcing in the mid-term.

The Programme will enter into partnership with other provincial departments, national government and the private sector to solicit funding resource support in order to deliver on its mandate.

Lack of baseline information that is centralised to improve the reliability of data to inform strategies and policy adjustments, if required. The aim is to work with TIA on particularly the Innovation baseline studies and the PSDF to co-ordinate the gathering and centralising of market intelligence around skills.



## **PART C : *Links to Other Plans***

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

Not applicable

### **11 CONDITIONAL GRANTS**

Not applicable

### **12 PUBLIC ENTITIES**

#### **12.1 THE WESTERN CAPE TRADE AND INVESTMENT PROMOTION AGENCY (WESGRO)**

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

The City of Cape Town, major funder and partner, is conducting a review of its role within Wesgro, which may affect the funding model of the public entity.

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

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

#### **12.2 THE DESTINATION MARKETING ORGANISATION (DMO)**

DMO will be refocused to deliver on a tourism marketing strategy for the destination as a whole. This will include co-delivery by Regional Tourism Organisations on certain aspects of the strategy such as visitor membership services. Co-funding will also be leveraged from Local Government, so that the DMO can deliver on its key provincial functions in terms of tourism marketing e.g. international business tourism.

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

### **13 PUBLIC-PRIVATE PARTNERSHIPS**

Not applicable

**ANNUAL PERFORMANCE PLAN 2011/12  
ECONOMIC DEVELOPMENT AND TOURISM**

Western Cape Department of Economic Development and Tourism

PO Box 979, Cape Town, 8000  
9th Floor, Waldorf Building, 80 St' George's Mall, Cape Town, 8001

Tel: +27 21 483 9138

Fax: +27 21 483 3010

E-mail: [myabraha@pgwc.gov.za](mailto:myabraha@pgwc.gov.za)

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