



**Western Cape  
Government**

Economic Development  
and Tourism



**Annual Performance Plan 2017/18**  
Economic Development and Tourism



# **Department of Economic Development and Tourism**

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Province of the Western Cape

Annual Performance

Plan 2017/18



## FOREWORD

The past year saw tumultuous change in key economies across the globe.

The United Kingdom's proposed exit from the European Union, known as Brexit, means new trade agreements will need to be forged with both the UK and the EU.

The ushering in of new leadership in the United States of America may impact South African trade relations with that country.

These circumstances present new opportunities for the Western Cape and we are positioning ourselves to take advantage of these developments in international markets.

The South African economy was not immune to shocks stemming from political events. Allegations of state capture influenced markets immediately.

In instances like this, the value of the rand falls, affecting the purchasing power of all citizens, but especially the poorest South Africans.

Despite these challenges, the Western Cape continues to buck the national trend. We have the lowest broad unemployment rate and business confidence in the Western Cape has outperformed national levels for the past three years.

Investors have responded positively to these trends, and we see continued private-sector infrastructure development in the province.

This is because we are creating an environment in which the private sector can flourish. With this Annual Performance Plan, the Western Cape Department of Economic Development and Tourism is set to build on the momentum we have gained.

Part of our success is rooted in our commitment to making it easier to do business. In 2011, we launched our Red Tape Reduction Unit to achieve this objective. Between 2014 and 2016, this unit saved businesses R600 million.

We also have a focused approach to further growing our economy, through our Project Khulisa strategy. Project Khulisa identified tourism, agri-processing and oil and gas as key growth sectors.

Since 2014, we have grown tourism by securing 33 conference bids worth an estimated economic impact of R645 million. We also increased direct two way airline seats to the destination by over half a million. And we got a headstart on the development of a cycle route network which will drive tourism to our rural areas.

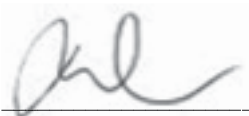
In the oil and gas sector, we are making significant progress in completing the infrastructure required to transform Saldanha Bay into an oil rig repair hub. The lease between the Saldanha Bay Industrial Development Zone Licencing Company and the Transnet Ports National Authority (TNPA) is in place. There's been an overwhelmingly positive investor response. The Licencing Company has secured Memorandums of Understanding with a growing number of companies.

In agri-processing, we launched a full scale programme to support our halal industry, amongst others. We commenced with a feasibility study on a halal park, a project which we will continue into the new year.

Residents must be at the centre of all our economic growth initiatives. This is why we invest in business support programmes, with a special focus on emerging entrepreneurs. We've also prioritised skills as an economic game-changer, and set ourselves the target of introducing 32 500 qualified apprentices into the labour market by 2019.

To ensure we have the basics in place, we launched an energy game changer which has seen a move to new forms of energy. Across the country, only 22 municipalities allow for legal installations of Photovoltaic (PV) power systems and I am pleased to report that 15 of these municipalities are in the Western Cape.

We have made excellent advancements in our focus sectors, and I am looking forward to continuing this good work, better together, in the year ahead.



Mr Alan Winde  
Minister of Economic Opportunities

## OFFICIAL SIGN-OFF

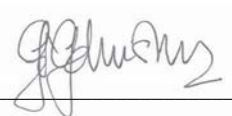
It is hereby certified that this Annual Performance Plan:

- 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 2017/18.

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## PART A: STRATEGIC OVERVIEW

### 1. VISION

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

### 2. MISSION

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

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

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

### 3. VALUES

The core values which the Department espouse are:



**Caring**

To care for those we serve and work with



**Competence**

The ability and capacity to do the job we are appointed to do



**Accountability**

We take responsibility



**Integrity**

To be honest and to do the right thing



**Innovation**

To be open to new ideas and develop creative solutions to problems in a resourceful way



**Responsiveness**

To serve the needs of our citizens and employees

### 4. LEGISLATIVE AND OTHER MANDATES

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

#### 4.1 CONSTITUTIONAL MANDATE

##### ***Constitution of the Republic of South Africa 1996***

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

- Industrial Promotion
- Tourism
- Trade

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

### **The Constitution of the Western Cape 1998**

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

## **4.2 LEGISLATIVE MANDATE**

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

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

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

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

### **Businesses Act, 1991 (Act 71 of 1991)**

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

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

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

### **The BBEE Amendment Act, No 46 of 2013**

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

- The establishment of a BBEE Commission that provides an oversight and advocacy role.
- The definition of "fronting practices" and the criminalisation of such practices.
- All organs of state to report on compliance with BBEE regulations in their annual reports.
- The amendments to the BBEE Codes of Good Practice that came into effect on 01 May 2015.

### **Consumer Protection Act, 2008**

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

### **Small Business Amendment Bill, 2004**

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

### **Municipal Systems Act, 2000 (Act 32 of 2000)**

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

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

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

### **Tourism Act, 2014 (Act 3 of 2014)**

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

### ***Western Cape Investment and Trade Promotion Agency Amendment Act, 2013. (Act 6 of 2013)***

To amend the Western Cape Investment and Trade Promotion Agency Act, 1996, so as to extend the objects, powers and functions of the Western Cape Investment and Trade Promotion Agency and the powers and duties of directors of the Board of the Agency (the Board) and the chief executive officer to include tourism promotion.

### ***The Cooperatives Amendment Act, No 6 of 2013***

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

### ***The Membership of the Western Cape Economic Development Partnership Act***

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

## **4.3 POLICY MANDATES**

### ***National Development Plan (NDP)***

The key concepts of the NDP are:

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

### ***The National Integrated Manufacturing Strategy (NIMS)***

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

### ***Western Cape Infrastructure Framework***

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

### ***OneCape2040***

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

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

### ***Provincial Strategic Plan (PSP)***

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

Strategic Goal 1: Create opportunities for growth and jobs.

Strategic Goal 2: Improve education outcomes and opportunities for youth development.

Strategic Goal 3: Increase wellness, safety and tackle social ills.

Strategic Goal 4: Build a quality living environment, resilient to climate change.

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

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

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

### **Western Cape Green Economy Strategy Framework**

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

#### **4.4 RELEVANT COURT RULINGS**

Not applicable

#### **4.5 PLANNED POLICY INITIATIVES**

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

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

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

- Oil and Gas Servicing Industry
- Productive Economy including Agro-Processing
- Visitor Economy

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

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

#### **1. Provide Economic Growth Leadership**

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

- Strategically engage with business in order to ensure that business partners with government for the betterment of the region's economy.
- Provide innovative and responsible economic policy development which will link and align the economic change approaches within the economic spatial and geographic platforms.

- Stimulate the promotion of collaboration for economic benefits with various economic stakeholder organisations *inter alia*, Business, Government and Academia.
- Promote the provision of inter-governmental lobbying, advocacy and influence for economic growth.

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

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

- Identify, investigate and fix problematic bureaucratic processes.
- Lobby and provide advocacy for a business friendly and competitive legislative environment particularly within the SMME environment.
- Identify, investigate and bring about change to key inhibiting red tape enhancing legislation.

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

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

- Promote creativity and innovation within the economy to meet the new challenges facing key job propelling and labour absorbing industries, trade orientation, investment and export promotion.
- Actively engage in the expansion of the Green Economy, thereby creating sustained and integrated solutions to many economic challenges and to ensure job creation opportunities.
- Develop collaborative partnerships between industry, government and university to enable optimum research capabilities.

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

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

- Artisan Development.
- Innovative capabilities.
- Financial, business outsourcing and Digital Economy skills.
- Constant assessment and re-assessment of the skills gap.
- Systemic interventions to improve technology and maths qualifications.
- Develop entrepreneurial skills set, particularly aimed at young people.
- Placement of young people in work places in order to address the challenges of experiential learning.

## **5. Invest in key economic catalytic infrastructure**

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

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

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

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

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



- Promote direct access between Cape Town and key market destinations.

## **7. Promote Trade and Investment for Africa Growth and Development**

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

This will be particularly focused on the export readiness of small and medium enterprises for trade into Africa, promotion of the region's capabilities to be a hub for African trade and a centre of excellence for housing global headquarters for multi-national firms wanting to do business on the African continent.

## **5. UPDATED SITUATIONAL ANALYSIS**

### **5.1 Performance Delivery Environment**

As an open economy the Western Cape operates in an environment that is shaped and influenced by both global and national developments. The extent of the impact of external influences is defined by a myriad of factors. For instance, the size of the market for exports, capital flows for investments, number of tourists from a defined destination, and integration in financial markets all impact the economy. It is such interdependences which warrant a reflection on global developments, particularly those economic and political imperatives which impact on our economy. The environment the Department operates in, defines the policy instruments and rationale for different layers of interventions. Understanding the environment is critical for the Department to review and sharpen its instruments for significant impact.

#### **Global Economy**

Economic growth at the global level remains relatively low. The key factors contributing to low growth were mainly lower commodity prices, impact of rebalancing of the Chinese economy, and major currency depreciations across a number of emerging and developing economies. Global growth remains a little above 3% for the remainder of 2016, and is projected to be close to the same level for 2017. The main source of growth will be the emerging and developing economies which are projected to grow by 4.1% in 2016 – a slight increase from the estimated 4.0% growth in 2015.

It appears that advanced economies, led by the United States (US), will remain resilient, albeit constrained with the impact of the United Kingdom (UK) decision to leave the European Union (EU). The UK's exit from the EU (also known as the Brexit) has not yet fully manifested itself, and is still unfolding. The full long run impact of Brexit will become clearer when the 'dust settles' and current uncertainty on how the rest of the EU will relate to the UK becomes clearer. In the aftermath of the referendum outcome of the UK, global financial markets' reaction was initially severe although it later recovered. Equity prices remained lower in some sectors. The IMF has however revised growth in advanced economies downwards by 0.2 percentage points in 2016 and 1 percentage point in 2017. Within the EU, France, Portugal and Spain have also shown encouraging economic growth recoveries. Notwithstanding the improvement in growth, unemployment for a number of economies in the Euro area remains over 10%, with the highest being Greece (24.6%) and Spain (20.3%). Despite a strong growth forecast for the US, there is however policy uncertainty, especially in the area of trade given the indication by the new administration's intention to lean towards protectionism. If protectionist policies are adopted by the US, this may impact negatively on trade.

In emerging and developing economies, China and India continue to record robust growth rates above 5%. Economic data released by the Chinese National Bureau of Statistics shows evidence of stabilisation after a rough start to the year. Important positive policy support provides the needed impetus for strong growth projections for China. These policies include: reduction in benchmark lending rates, expansionary fiscal policy, increase in infrastructure spending and accelerated credit growth. The International Monetary Fund (IMF) projects that growth remains buoyant in India. Whilst the initial weak economic performance in Russia and Brazil ensured that the two remained in recession in 2016, but less severe.

In sub-Saharan Africa, the region's largest economies such as Nigeria, South Africa and Angola's performance were heavily impacted by low commodity prices, large fiscal and current account deficits and exacerbated by depreciating currencies, and relatively high inflation.

The risk to the global outlook is mainly impacted by geopolitical tension, commodity prices and demand, inflationary pressures, the Brexit impact and currency depreciation. Although growth will remain subdued in the Euro area, evidence of stabilisation in China post the rebalancing and strengthening of currencies in emerging and developing economies provides positive prospects on economic growth.

## National Economy

Economic data released by Statistics South Africa shows that economic performance was relatively weak, recording a 1.2% contraction in the first quarter, before expanding in the second quarter by 3.5% and 0.2 in third quarter. The South Africa Reserve Bank (SARB) maintain the 0.4% growth estimate for 2016. The main factors that are impacting global growth are the same factors that weigh heavily on the national economy. Furthermore, the national economy has been plagued with weak growth, coupled with rising inflation (which has been outside the SARB target of 3% to 6% band) and drought. Notwithstanding these challenging developments, the economy managed to avoid a rating downgrade which could have had a damaging impact on both investment and business confidence in general.

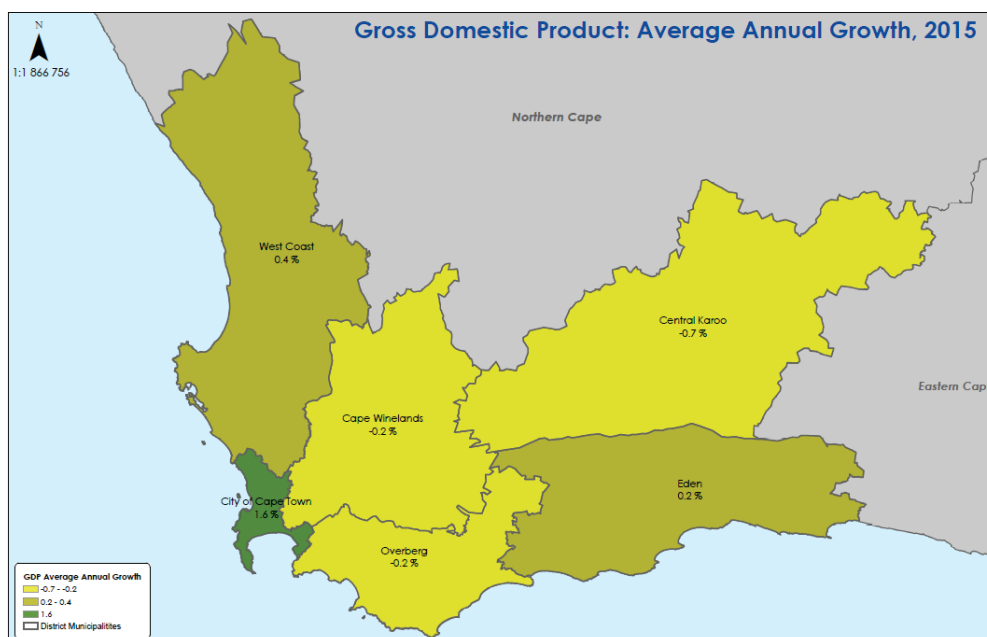
Economic data released by Statistics South Africa on employment shows successive loss in employment in the first two quarters of the year. The economy lost 355 000 and 129 000 jobs in the first and second quarters respectively before improving in the third quarter, creating 288 000 jobs. The weaker labour market saw the economy recording the highest unemployment rate (26.7%) post the 2008/09 financial crisis in the first quarter of 2016. The rate somewhat eased slightly by 0.1 percentage points in the second quarter and then increased by 0.5 percentage points to 27.1% in the third quarter.

Given the significant role of the UK in terms of trade, investment, financial markets and tourism, it has become important for SA to fully understand the impact of their decision to leave the EU. Current indications, based on optimistic views, seem to suggest that the real trade impact will be minimal. The subject however remains punctuated with 'if' statements. In short, the outcome of the impact is still uncertain. The key to unlock the uncertainty will be the EU's position in terms of how they will relate to the UK, and also the relationship of the UK (outside the EU) and its trading partners. What is undeniable is that the Brexit decision will likely have an impact on investment, trade, and tourism performance in the economy. However, the magnitude of the impact remains uncertain. The recent election in the US which ushered in a new administration has also increased policy uncertainty with a potential of impacting on trade for South Africa. High growth in China and India, coupled with the review of visa regulations should impact positively on both trade and tourism.

## Provincial Economy

The Western Cape economy is an open economy. This openness is good for trade, investment and positive growth. With it also comes the exposure to global developments. To this end, the context of performance of this economy is also routed in both the global and national environments. Taking the Brexit for instance, statistics shows that the UK was the largest source market of inward foreign direct investments (FDI) into the Western Cape between 2003 and 2015. It is also among the top 5 source markets for tourists visiting the province and accounts for a significant proportion of our exports. Therefore, Brexit will directly and indirectly impact our economy. The potential for protectionism in the US could pose a key risk to local exporters.

The economic growth rate in the Western Cape Province is projected to remain well above the national average in 2016. The Western Cape is projected to grow by 0.5% in 2016 in contrast to the national average of 0.4% during the same period. Economic growth rates in the province, post 2011, have increasingly become constrained.



Source: IHS, Green Economy DEDAT

IHS projections shows that growth across districts remains subdued in 2016 with the City of Cape Town forecasted to grow at 0.6% whilst the other five districts will contract by between 0.2 and 0.8%.

Linked to the decline in growth is a general subdued business confidence. The Bureau for Economic Research (BER) indicates Western Cape business confidence remains higher than the national average; the province recorded 41 index points in March 2016, which was 4.2 index points above the national average of 35.8% during the same period. The main sector driving business confidence in the Western Cape during the first quarter of 2016 was the wholesale sector, whose confidence increased from 55 to 66 index points, followed by the building business confidence, rising significantly in the first half of the year from 44 index points in December 2015 to 59 index points in June 2016. In the third quarter of 2016, the Western Cape Business Confidence was 48 which was 10 index points above the national average.

Employment data released by Statistics South Africa (StatsSA) showed that in year 2015, the province created 92 000 jobs. After losing employment in the second quarter of 2016, the Western Cape economy created 49 000 jobs in the third quarter of 2016.

Other key labour market indicators show that:

- The Western Cape absorption rate is higher than the national average 2016Q3.
- The labour force participation rate of the Western Cape (67.4%) was higher than the national average of 59.1% in 2016Q3.
- The Western Cape has the lowest expanded unemployment rate of 24.8% in 2016Q3.

The Western Cape strategy for growth and employment is presented in both the Provincial Strategic Plan (PSP) and Provincial Strategic Goal 1 (PSG 1). Among the key highlights of the strategy to transit to higher growth and labour absorbing employment are: Project Khulisa (whose key targets are a sector driven strategy to employment – priorities being Agri-processing, Tourism and Rig repair); a formidable skills development (skilling the labour force); and improving the ease of doing business.

### **The Department**

Within this decidedly challenging economic context, the Department continues to align its operations and drive a number of initiatives as interventions to create an environment that embrace the above key strategies to unlock employment opportunities and propel economic growth. The Department strives to make it easy for business to grow and the labour force to be absorbed in the labour market. Among these initiatives are skills development; support for catalytic infrastructure growth; improving the ease of doing business; and priority sector support (Agri-processing and Tourism). These initiatives are implemented in an economic environment which is greatly constrained.

The clearer picture to view the operating environment is vividly illustrated by the SWOT analysis below:

Strengths	Weaknesses
<p><b>Province specific:</b></p> <ul style="list-style-type: none"> <li>The Western Cape's growing middle-class population increases the potential for significant household spending.</li> <li>The Western Cape possesses relatively developed infrastructure which make the province attractive to investors.</li> <li>The province has positioned itself as a financial hub which can support business expansion to the rest of the Sub-Saharan African region.</li> <li>The Province has four Universities and a number of institutions of higher learning.</li> </ul> <p><b>Department specific:</b></p> <ul style="list-style-type: none"> <li>The Department has a unit to promote the ease of doing business through such initiatives as red tape reduction, lobbying to tackle economic unfriendly legislation, inefficient processes and procedures.</li> <li>Proactive skills development – tackle unemployment through skills development aimed at making the labour force relevant to the labour market requirements.</li> <li>Vibrant investment promotion unit aimed at promoting the province and provide export advice to regional businesses.</li> <li>A clearly defined sector intervention strategy to propel growth as well as promote labour absorption.</li> <li>A focus on developing and expanding catalytic infrastructure (viz. broadband, etc.) to propel growth and create employment opportunities.</li> <li>A focus on expanding project Khulisa sectors.</li> </ul>	<p><b>Province specific:</b></p> <ul style="list-style-type: none"> <li>Devastating drought with potential to impact on agri-processing.</li> <li>Western Cape economy is struggling with water constraints (independent of a drought the province is water constrained).</li> <li>Struggling with skills shortages.</li> </ul> <p><b>Department specific:</b></p> <ul style="list-style-type: none"> <li>Tourism is impacted by limited direct flights to the region from various international source markets – need to accelerate air access initiatives.</li> <li>An agri-processing sector which is facing challenges in accessing export markets, access to energy and water, logistics and infrastructure, and inadequate skills and investment in Research and Development.</li> </ul>
Opportunities	Threats
<p><b>Province specific:</b></p> <ul style="list-style-type: none"> <li>High unemployment rate in the country, wage rates remain comparatively low by international standards.</li> <li>Strong growth in Africa presents an opportunity for the Department to promote export to these markets.</li> <li>The currency depreciation offers an opportunity for the Department to promote exports and tourism through price competitiveness – locate specific sectors/ subsectors with 'low hanging fruits'.</li> <li>The strong agricultural capability of the region offers an opportunity to promote the agri-processing. The sector is considered labour absorbing and encourages growth within the agriculture sector which promotes spatial development.</li> </ul>	<p><b>Province specific:</b></p> <ul style="list-style-type: none"> <li>Global and national threats on the province's open economy.</li> <li>The risk of a possible credit rating downgrade will impact plans for major infrastructure expansion (e.g. Eskom, etc.)</li> <li>The impact of Brexit on investment and tourism – the expected contraction (and possible recession in the UK) may impact on the Western Cape given that the UK is a significant source market for both FDI and Tourism.</li> <li>South Africa will experience slow economic growth over the coming years due to weak consumer demand, lacklustre investment, relatively subdued commodity prices and sporadic strikes and power cuts.</li> <li>South Africans possess high household debt, meaning that the majority of the consumers finance many of their purchases through credit, making them largely exposed to interest rate fluctuations.</li> <li>The potential entry of global foreign retailers may out-compete local retailers who are not as modernised or sophisticated by international standards.</li> </ul>

## 5.2 ORGANISATIONAL ENVIRONMENT

The Department's strategy has been developed within the context of the Provincial Strategic Plan (PSP) and in accordance with the objectives set in Provincial Strategic Goal 1 (PSG1).

The Department under the direct leadership of the Minister of Economic Opportunities, expressed its commitment to and will continue in taking the lead role in driving the Western Cape Government's agenda for Provincial Strategic Goal 1 (PSG1), namely to create opportunities for growth and jobs. PSG1 will be delivered in collaboration with its sister departments such as Agriculture; Transport and Public Works; and Environmental Affairs and Development Planning.

The Department of Economic Development and Tourism will enhance its strategic approach which is aimed at:

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

Given the broad and transversal nature of the aforementioned strategies and given the current fiscal framework and the setting of an upper limit for Compensation of Employees, the Department has taken a proactive approach to ensure that critical posts are filled in order for the Department to be better positioned to respond to the mandate of PSG1.

In order to ensure that the Department adheres to the budget requirements a Committee dealing with the management of compensation of employees upper limits has been established to ensure that posts that are absolutely critical for service delivery, are filled. As the departmental organisational structure is an intricate, interlinked system, several factors have to be considered when deciding which posts are deemed critical.

# Organisational Structure of the Department of Economic Development and Tourism



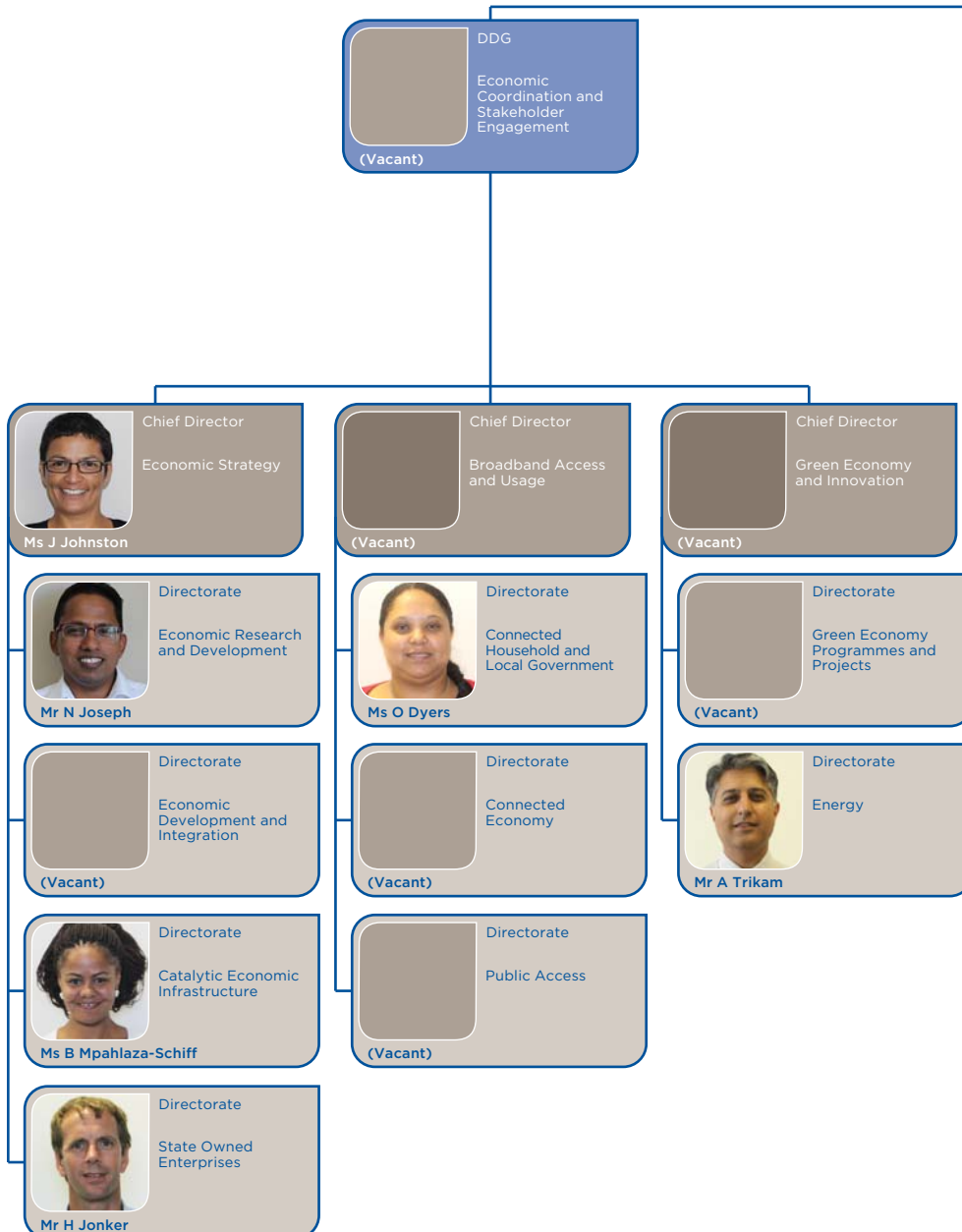
Minister  
Economic Opportunities

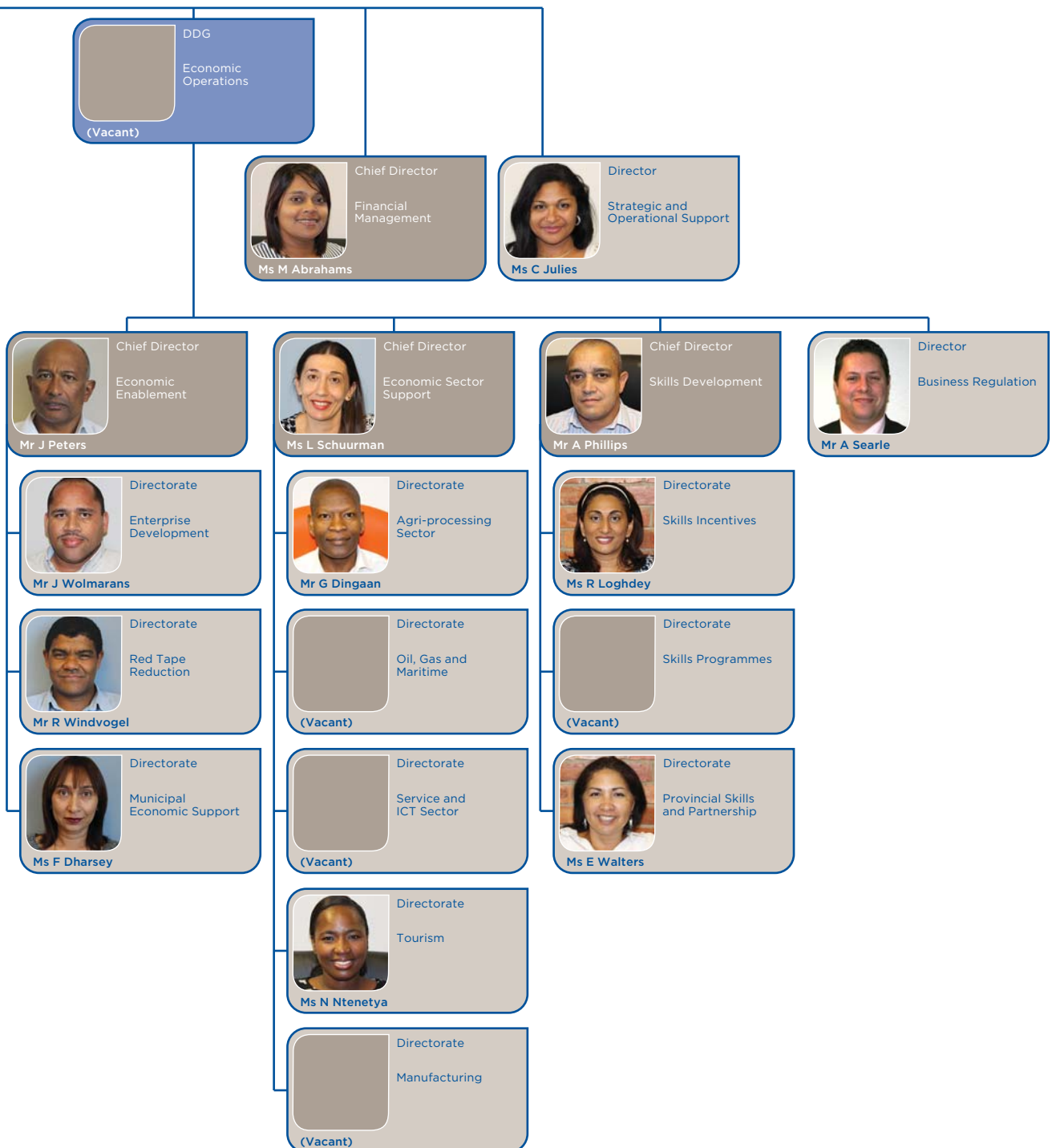
Mr A Winde



Head of Department  
Economic Development and Tourism

Mr S Fourie





### 5.3 DESCRIPTION OF THE STRATEGIC PLANNING PROCESS

#### Process

The Department developed its five year plan in the 2014/15 financial year that culminated in the Provincial Strategic Goal 1, and finalised its sector approach through Project Khulisa in 2015. The Department's strategic planning workshops held with its Executive Authority agreed that over the following three years, the Department would focus on delivering upon its strategy, which resulted in a strategic workshop that focused mainly on how to most effectively deliver upon PSG1 and Project Khulisa.

#### Provincial Strategic Plan (PSP)

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

Strategic Goal 1: Create opportunities for growth and jobs.

Strategic Goal 2: Improve education outcomes and opportunities for youth development.

Strategic Goal 3: Increase wellness, safety and tackle social ills.

Strategic Goal 4: Build a quality living environment, resilient to climate change.

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

#### Provincial Strategic Goal 1

Flowing from the Provincial Strategic Plan the Department has been tasked with leading Provincial Strategic Goal 1 (PSG1): Create opportunities for growth and jobs. In giving articulation of PSG1 Project Khulisa, which means "to grow" in isiXhosa was initiated. The purpose of Project Khulisa was to accurately identify parts of the Western Cape economy with the greatest potential for accelerated and sustained growth and job creation.

Through Project Khulisa a deliberate decision was made to prioritise economic interventions within the context of limited resources and recognised that governments often attempt to do too much with too few resources, often leading to sub-optimal outcomes. As a key game-changer of the Provincial Strategic Goal 1, Project Khulisa focuses on maximising job creation and growth within a 5 year timeframe to address the unemployment challenge of the region.

#### Department's Role

In critically examining the Department's role in achieving PSG1, the Department has agreed to shift its focus from an interventionist model to one of economic leadership, in which the Department will concentrate on enabling economic growth, rather than intervening in the economy. This will involve partnerships, advocacy, and the leveraging of funding, and will be introduced in a phased manner over three to five years.

## 6. STRATEGIC OUTCOME ORIENTATED GOALS OF THE INSTITUTION

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

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



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

		Severity of the challenges faced by the sectors						Description and examples
		BPO	Agri-processing	Tourism	Oil and gas	Renewables	Film	
Energy		Yellow	Red	Yellow	Red	Yellow	Yellow	<ul style="list-style-type: none"> <li>High cost and uncertain supply of electricity</li> <li>High cost and poor quality of coal</li> </ul>
Water		Green	Red	Yellow	Red	Green	Green	<ul style="list-style-type: none"> <li>High cost and scarcity of water</li> <li>Example in the oil &amp; gas industry: there is not enough water in Saldanha Bay for the IDZ</li> </ul>
Skills		Red	Yellow	Green	Red	Yellow	Yellow	<ul style="list-style-type: none"> <li>High cost and scarcity of labour at all levels</li> <li>Example in the film industry: good output of actors/directors but shortage of technicians</li> </ul>
Bulk infrastructure		Green	Yellow	Green	Red	Green	Green	<ul style="list-style-type: none"> <li>High pressure on current systems and need for significant addition (e.g., in Saldanha)</li> </ul>
Lobbying national government	Facilitation	Red	Red	Green	Red	Yellow	Yellow	<ul style="list-style-type: none"> <li>WC industries struggling to mobilize national administration (e.g., mobilisation of DAFF to help lift the ban on raw ostrich meat)</li> <li>Change in national regulations (e.g. Visa issue in the film industry; B-BBEE compliance for DTI's BPS incentive in the BPO industry)</li> </ul>
	Legal change	Red	Green	Red	Red	Yellow	Red	
		<span style="color: red;">■</span> Urgent <span style="color: yellow;">■</span> Mild <span style="color: green;">■</span> Not a current issue						

Figure 1: Enablers within Productive Sectors

### Tourism

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

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

### Agri-processing

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

In achieving the sectors growth potential, the following areas, in partnership with the Provincial Department of Agriculture, will be actioned over the next five years:

- Market Access.** Significant barriers to market access are experienced by the local industry. The split of responsibilities between the DTI, DAFF, Provincial Government and other national bodies complicates matters in addressing market access. An approach will be developed and actioned within the next five years to address issues regarding market access by strengthening the promotion and support for Western Cape agri-products.

- b) **Access to energy and water.** South Africa and the Western Cape are a relatively water scarce country and province. The lack of suitable water infrastructure hinders the development of the agricultural sector. In partnership with the Department of Agriculture, the Department will develop an approach to addressing rural water scarcity. Electricity is very much a national problem. However, the Department will explore potential responses to energy problems experienced by the industry.
- c) **Logistics and infrastructure.** The sector is held back by poor, expensive and slow logistical infrastructure, which includes rail, port and road infrastructure. Inter-governmental and provincial inter-departmental approaches will be developed in addressing logistical issues experienced by the sector. Furthermore, the Department will explore the feasibility of the development of specialised agro-processing parks that provide improved infrastructure, R&D skills development facilities and other shared services.

### Oil and Gas

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

- a) **Infrastructure.** Industry growth is impeded by insufficient infrastructure suitable for rig repair. The Western Cape Government recognises that the development of infrastructure that will support growth of the sector is beyond its responsibility and mandate. The Department will monitor current plans to expand rig repair infrastructure in Saldanha by the TNPA and agitate for further infrastructure improvements required to support sector growth. It will further support the industry by agitating for other support infrastructure within the envelope of the provincial mandate such as road and water projects required for sector growth.
- b) **Skills.** Suitably qualified and experienced skills are a significant drag on industry growth. The Department will facilitate the development of suitable skills programs accompanied by apprenticeship support to ensure the availability of an experienced workforce.

### Strategic goal of the Department

<b>Strategic Objective</b>	Create opportunities for growth and jobs.
<b>Objective Statement</b>	To facilitate the acceleration of economic growth through increased jobs and increased GVA of R25 billion by 2020.
<b>Justification</b>	<p>Policies and strategies that encourage strong, sustained, job-creating economic growth are the absolute prerequisites for achieving the Western Cape Government's overriding goals of combating poverty and promoting opportunities for all.</p> <p>Our approach to realising this is based on the tenet that provincial governments do not grow the economy or create jobs. Businesses grow the economy and create jobs. What this means is that growth of the kind that we want depends, to a great extent, on how well businesses perform.</p> <p>However, strong global forces like trade liberalisation, the introduction of barriers to our exports by rich countries and the information revolution have made the environment in which businesses have to operate increasingly difficult, especially for the small and medium-sized businesses that dominate our economy. This is exacerbated by the fact that the governments of our strong competitors have put in place measures to support their businesses to overcome these problems.</p>
<b>Links</b>	This goal is directly linked to the NDP, MTSF, OneCape 2040 and the Western Cape Government's Provincial Strategic Plan (PSG 1).
<b>Baseline</b>	<p>5 Year baseline: 318 000 jobs and GVA of R30bn in Khulisa sectors</p> <p>Annual baseline: 318 000 jobs and GVA of R30bn in Khulisa sectors</p>

### Strategic risks to the strategic goals of the Department

The Department's top management has identified key strategic risks for 2017/18 which may negatively impact on the attainment of the Strategic Goals. Mitigation plans are being put in place in order to minimise the impact and likelihood of these risks becoming real threats to the operations. The management of these risks are captured in the Department's risk register. The risks are as follows:

1. Credibility, collection, interpretation and alignment of data sets published by the WCG and its agencies which could result in:
  - Credibility of WCG and its agencies to publish accurate economic data.
  - Reputational risk to the inadequate implementation of appropriate Business Continuity Planning (BCP) and IT Disaster Recovery (DRP) measures.
2. Inability to access IT systems and related information in the event of a significant distribution or disaster. This may result in a negative impact on the DEDAT business processes that are dependent on the use of IT.
3. The inability to effectively deliver on the leadership and enabling role in key delivery areas resulting in failure of the strategic objectives.
4. The Department is not able to manage the expectations and the needs of citizens and businesses raised as result of its projects/interventions which will result in reputational damage and a failure to reach the 15% target uptake in broadband.
5. Inability to recruit suitable candidates for training and workplace opportunities which could result in a negative impact on departmental interventions which includes work placement, training initiatives and jobs (e.g. training programmes).
6. Inadequate and ineffective client interfaces that lead to limited opportunities for business to engage which regulations and hence an environment not conducive to business development and growth.
7. Inadequate information security measures due to low implementation of Provincial information security standards, resulting in a limited ability to protect sensitive information (as required by POPI legislation) and potential reputational damage.
8. Lack of adequate staff resourcing which could result in fatigue and demotivation of personnel, high staff turnover rate in critical areas and the Department not achieving its long term objectives.
9. An inability to translate the governance and IT strategy into implementation level initiatives within the Department. This may result in a low IT project success rate and ultimately low IT enablement.

## OVERVIEW OF 2017/18 BUDGET AND MTEF ESTIMATES

### Expenditure Estimates

Programme	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium term expenditure		
	Audited	Audited	Audited				2017/18	2018/19	2019/20
R'000	2013/14	2014/15	2015/16	2016/17	2016/17	2016/17	2017/18	2018/19	2019/20
1. Administration	33 249	35 529	40 330	49 919	52 314	52 314	61 046	67 458	69 874
2. Integrated Economic Development Services	50 007	59 269	53 802	40 938	39 810	39 810	37 173	38 770	41 370
3. Trade and Sector Development	69 465	71 248	57 663	59 586	59 272	59 272	51 434	48 784	51 226
4. Business Regulation and Governance	10 384	10 021	10 868	11 311	10 911	10 911	11 919	12 837	13 771
5. Economic Planning	89 465	205 725	138 785	215 185	298 347	298 347	146 031	143 356	143 728
6. Tourism, Arts and Entertainment	47 554	45 099	39 882	46 588	49 810	49 810	56 506	58 137	61 373
7. Skills Development and Innovation	36 158	43 015	52 544	63 242	62 802	62 802	63 236	63 087	67 020
<b>Total payments and estimates</b>	<b>336 282</b>	<b>469 906</b>	<b>393 874</b>	<b>486 769</b>	<b>573 266</b>	<b>573 266</b>	<b>427 345</b>	<b>432 429</b>	<b>448 362</b>
<b>Economic Classification</b>									
<b>Current payments</b>	<b>169 474</b>	<b>193 513</b>	<b>210 110</b>	<b>255 575</b>	<b>229 926</b>	<b>229 888</b>	<b>243 185</b>	<b>250 710</b>	<b>264 708</b>
Compensation of employees	90 630	95 483	98 052	115 580	108 525	108 525	125 655	127 100	136 559
Goods and services	78 844	98 030	112 058	139 995	121 401	121 363	117 530	123 610	128 149
<b>Transfers and subsidies</b>	<b>162 544</b>	<b>272 808</b>	<b>177 948</b>	<b>230 393</b>	<b>339 853</b>	<b>339 869</b>	<b>179 613</b>	<b>176 979</b>	<b>178 522</b>
Provinces and municipalities	5 150	500							
Departmental agencies and accounts	62 129	76 827	86 459	95 835	204 452	204 454	123 004	122 410	120 658
Higher education institutions	800	4 610							
Public corporations and private enterprises	6 976	5 587	2 831		5 418	5 418	3 750	3 780	3 780
Non-profit institutions	85 588	175 840	75 693	107 300	116 366	116 366	33 241	29 182	31 087
Households	1 901	9 444	12 965	27 258	13 617	13 631	19 618	21 607	22 997
<b>Payments for capital assets</b>	<b>4 228</b>	<b>3 497</b>	<b>5 692</b>	<b>801</b>	<b>3 354</b>	<b>3 360</b>	<b>4 547</b>	<b>4 740</b>	<b>5 132</b>
Machinery and equipment	4 167	3 450	5 426	801	3 338	3 338	4 435	4 630	5 019
Software and other intangible assets	61	47	266		16	22	112	110	113
<b>Payments for financial assets</b>	<b>36</b>	<b>88</b>	<b>124</b>		<b>133</b>	<b>149</b>			
<b>Total economic classification</b>	<b>336 282</b>	<b>469 906</b>	<b>393 874</b>	<b>486 769</b>	<b>573 266</b>	<b>573 266</b>	<b>427 345</b>	<b>432 429</b>	<b>448 362</b>

# Programme 1: Administration



DEPARTMENT OF ECONOMIC DEVELOPMENT AND TOURISM

## 7. PROGRAMME 1: ADMINISTRATION

### 7.1 Purpose

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

### 7.2 Programme Structure

The Programme is structured as follows:

- **Subprogramme 1.1: Office of the Head of Department**
  - To manage and direct the Departmental transversal administrative programmes that give leadership to the Department.
  - To effectively maintain an oversight function of the whole Department's mandate and function.
- **Subprogramme 1.2: Financial Management**
  - To provide an effective financial management function.
  - To ensure implementation of the PFMA and other related financial regulations and policies.
  - To provide planning and budgeting support to the Department.
  - To make limited provision for maintenance and accommodation needs.
- **Subprogramme 1.3: Corporate Services**
  - To provide a strategic support function to the Department.
  - To ensure the rendering of ICT, human capital, corporate assurance, legal and communication support services to the Department.
  - To render communication services to the Department.
  - To monitor and evaluate Departmental performance.
  - To develop and manage knowledge and information systems, records and co-ordinate ICT.

### 7.3 Subprogramme 1.2: Financial Management

#### 7.3.1 Performance Delivery Environment

As noted in the Department's Five Year Strategic Plan, 2015-2020, it is incumbent on this Programme to offer a world class Financial Management service to the entire Department. This 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 use of resources is promoted. According to the Act, the state should also be encouraged to be development-orientated, ensure transparency and accountability.

To give effect to the above-mentioned principles, the Public Finance Management Act, 1999 (Act 1 of 1999) (PFMA) and Public Service Act, 1994, were promulgated, which has as its main aims:

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

Provincial Strategic Goal One (PSG1) – Project Khulisa

The Department supports both Provincial Strategic Goal 1 (PSG1): Create opportunities for growth and jobs and PSG5: Embed good governance and integrated service delivery through partnerships and spatial alignment.

Programme 1 however, in its unique position as the support structure, must endeavour to integrate its processes into the two goals in a manner that allows for equal support and implementation of both PSGs. In other words, the aim is to achieve service delivery through financial governance.

At the forefront of sound financial governance is value for money and the stewardship for this principle, although vested with each public servant, rests with Financial Management as the last guardian that must enable an environment that strictly disallows wastage and advocates prudent and efficient spending.

### 7.3.2 Strategic Objectives

<b>Strategic Objective</b>	To achieve and maintain the highest level of financial governance
<b>Objective Statement</b>	The identification and implementation of strategic interventions to assist the Department to attain and maintain the highest level of financial governance through the efficient, economical and effective use of Departmental resources to deliver on strategic objectives and the attainment of an unqualified audit opinion
<b>Baseline</b>	2015/16: Unqualified Audit Opinion

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

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

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

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

In an ever-changing public sector environment where the one constant is the need and consequent drive towards using less and achieving more for the people, the public sector financial management's compulsion for compliance has long since been dusted off as the accepted norm and the congruent drive to service delivery has been cemented. In lieu of this and in moving in symmetry to its service delivery programmes, the directorate has pervasively integrated its processes, structures and systems that will contribute to the achievement of its overarching strategic objective.

One of these governance structures is the establishment of a Departmental Governance Committee supported and institutionalised by the directorate Financial Management. The committee is mandated by a charter which articulates the guiding principles of the King III Report and the sound governance practices endorsed by the PFMA and additional provincial and national legislation.

Furthermore, the Governance Committee is chaired by the Accounting Officer and is comprised of the senior managers, the Department of the Premier's risk management partners. Its mandate includes matters relating to internal audit, forensic services and information technology and this comprehensiveness allows for governance matters to be elevated as strategic matters to also ensure the Department adopts a best fit for the execution of PSG5, which ultimately better enables the delivery of PSG1.

As another means to extract value for money, leveraging of funding through increased partnering with industry and other governmental bodies is set for 2017/18, where foundational discussions have been had and the actualisation of projects are coming to the fore in the new financial year. The subsequent management of these donor fund accounts will be undertaken by the directorate through the fortification of financial systems and processes.

Lastly, but not as the only plan to achieve its strategic objective, the directorate will extend its arm to its implementing agents to assist and further entrench financial governance systems and structures that will not only allow for more efficient and effective delivery of the Department's oversight responsibility to these entities but also improve their structures which would inevitably benefit their investment profile.

## Outcomes

The expected outcomes of this strategy are:

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

## Strategies to be implemented

The focus areas over the MTEF 2015 – 2020 will include:

### Promotion of excellent client support services

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

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

### Promoting excellent client support services

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

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

### Becoming the custodian of credible financial data and information

Benjamin Franklin coined the phrase: "Time is money." This statement made nearly 300 years ago still holds true today. In fact, with the fiscal uncertainty facing all governments around the globe the need to ensure greater value for money cannot be emphasised more. In this regard, it is imperative that Financial Management be the custodian of financial information that is useful to make the everyday decisions required to ensure services rendered to the general public are consistent with the value for money imperatives placed on public servants.

In this regard, the Financial Management component will be ramping up its information systems to ensure that consistent, reliable and accurate information is provided to decision makers thereby reducing costs to the state. It should be noted that value for money is not an indictment on quality, rather it emphasises that the highest standard of quality control is espoused.

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

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

The premise and therefore intent of the public sector financial management policy environment, although seemingly rigid, is to allow for the practical, effective, efficient, economical, transparent and accountable application of policies into processes that will support service delivery. The directorate's policy base, the Financial Manual, aims to achieve this. Its implementation programme is the roll-out of training interventions throughout the year, always tailored according to the current and pressing issues that the Department experiences and always seeking to capacitate Departmental service delivery field staff.



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

The Financial Management unit will ensure that a structured training and up-skilling programme is implemented to capacitate all staff. Training programmes must train staff in terms of financial management and programmatic skills as well as competencies for this strategy to be successful.

Similarly, Financial Management staff must have a good understanding of all projects and programmes within the Department to enable a better support function. Also, due to the extremely competitive financial management environment where expertise and skills are in short supply, the Financial Management unit must ensure proper cross-training of staff that will enable the preservation of intellectual capacity, competence and credibility of the workforce.

A further step that will be undertaken is to develop staff to understand and embrace their social responsibility to the broader community. The implementation of this strategy will be undertaken through the volunteering of both time and efforts to needy organisations. This strategy will benefit the Department in the following ways:

- The volunteering of time and efforts can build stronger teams and enhance teamwork.
- Staff can see the direct impact of their work undertaken.
- Staff can see the need for why they are doing the work they are doing and for whom the need is greatest.

### 7.3.3 Strategic objective annual targets for 2017/18

Strategic Objective (Outcome Indicator)	Audited/Actual performance			Estimated performance	Medium-term targets		
	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
Unqualified Audit Opinion	Unqualified Audit Opinion	Unqualified Audit Opinion	Unqualified Audit Opinion	Unqualified Audit Opinion	Unqualified Audit Opinion	Unqualified Audit Opinion	Unqualified Audit Opinion

### 7.3.4 Performance indicators and annual targets for 2017/18

Programme performance indicator (Output Indicator)	Audited/Actual performance			Estimated performance	Medium-term targets		
	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
<b>Subprogramme: Financial Management</b>							
1.1	Average number of days for the processing of payments to creditors	Payment to creditors within 16 days	Payment to creditors within 30 days	Payment to creditors within 17.12 days	Payment to creditors within 30 days	Payment to creditors within 30 days	Payment to creditors within 30 days
1.2	Percentage of bids processed within 60 days (No of bids processed within 60 days/total number of bids)				70%	70%	80%
1.3	Cumulative expenditure as a % of the budget (Actual expenditure/ Adjusted budget)	98.51%	99.71%	97.4%	98%	98%	98%
1.4	Number of financial efficiency interventions implemented	5	9	5	4	4	4
1.5	Number of financial manual training sessions conducted	20	20	14	12	12	12

### 7.3.5 Quarterly targets for 2017/18

Performance indicator	Reporting period	Annual target 2017/18	Quarterly targets				
			1st	2nd	3rd	4th	
<b>Subprogramme: Financial Management</b>							
1.1	Average number of days for the processing of payments to creditors	Quarterly	Payment to creditors within 30 days	Payment to creditors within 30 days	Payment to creditors within 30 days	Payment to creditors within 30 days	Payment to creditors within 30 days
1.2	Percentage of bids processed within 60 days (No of bids processed within 60 days/total number of bids)	Annually	-	-	-	-	60ds
1.3	Cumulative expenditure as a % of the budget (Actual expenditure/ Adjusted budget)	Annually	98%	-	-	-	98%
1.4	Number of financial efficiency interventions implemented	Annually	4	-	-	-	4
1.5	Number of financial manual training sessions conducted	Annually	12	-	-	-	12

### 7.3.6 Risk Management

<b>Strategic Objective: To achieve and maintain the highest level of financial governance.</b>	
<b>Risk Statement</b>	<b>Risk Mitigation Strategies</b>
Inability to achieve an unqualified audit opinion due to material misstatements or material non-compliance in high-risk areas such as Transfer Payments, Human Resource Management, and Audit on predetermined objectives and Supply Chain Management as a result of an ineffective or inadequate control environment.	<p>An approved Departmental Financial Manual and delegations of authority updated and maintained annually.</p> <p>Internal Control audits on Transfer payments, Predetermined objectives, financial statements, reconciliations, Supply Chain Management.</p> <p>Transaction checklists.</p> <p>Financial Management task team for Transfer Payments and Supply Chain Management transactions.</p> <p>Financial Management training to line functions to ensure competency.</p> <p>Training for Financial Management staff to ensure competency.</p> <p>Standard operating procedures updated annually and as required.</p> <p>Establishment of a Departmental Governance Committee to ensure sound governance structures.</p> <p>Programme monitoring and evaluation frameworks.</p> <p>Auditor General Action plan to monitor and manage all auditable and high risk areas to ensure an unqualified audit opinion.</p>

## 7.4 Subprogramme 1.3: Corporate Services

### Performance Delivery Environment

The Corporate Services component includes Corporate Services Relations, Departmental Communication, Departmental Performance Monitoring and Knowledge Management.

#### 7.4.1 Departmental Communication Service

The Communication Unit's main objective is to effectively communicate Departmental activities. The Unit essentially offers a support service to the rest of the Department as it supports the achievements of the Department's strategic outcomes. To this end, the Unit participates on various strategic committees to get direct information and to ensure that Departmental communication initiatives are aligned to Western Cape Government communication policies.

However, it is important to note that effective communication is not limited solely to communication staff as various Departmental officials play a role in the Department's communication efforts.

Communication plans for specific programmes and initiatives are developed and signed off by the appropriate authorities. These Departmental communication plans are underpinned by fundamental values of openness, transparency and participation.

Moreover the objectives of these plans are to:

- Inform the public of Departmental policies, services, programmes and initiatives.
- To make information about Departmental activities widely accessible.
- To consult with, educate and empower stakeholders to participate in Departmental plans and initiatives.
- To make residents aware of their rights.
- To report on and showcase the Department's progress and to build awareness of "how government works".
- The increasing demand on the Department to deliver an effective communication service necessitates the Department to access global best practice standards and specialist communication services to enhance service delivery.

The unit will provide uniformity in communicating the Departmental initiatives, successes and challenges to internal and external clients and stakeholders.

The Department develops 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 plan aims to:

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

#### 7.4.1.1 Strategic Objectives

<b>Strategic Objective</b>	To adequately inform and empower stakeholders of the Department by providing access and connectivity to Departmental activities through communication activities which are aligned to Western Cape Government Communication strategic imperatives
<b>Objective Statement</b>	To develop 5 communication plans by 2020
<b>Baseline</b>	2016/17 communication plan; 6 initiatives in 2016/17 (estimate)

#### 7.4.1.2 Strategic objective annual targets for 2017/18

Strategic Objective (Outcome Indicator)	Audited/Actual performance			Estimated performance	Medium-term targets		
	2013/14	2014/15	2015/16		2016/17	2017/18	2018/19
Number of Departmental Communication Plans in place to ensure effective communication	-	-	-	1	1	1	1

#### 7.4.1.3 Performance indicators and annual targets for 2017/18

Programme performance indicator (Output Indicator)		Audited/Actual performance			Estimated performance	Medium-term targets		
		2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
<b>Departmental Communication</b>								
1.1	Number of Departmental events calendar developed and updated	-	-	1	1	1	1	1
1.2	Number of official documents translated	53	29	29	20	20	20	20
1.3	Number of communication initiatives supported	-	-	-	6	7	7	7

#### 7.4.1.4 Quarterly targets for 2017/18

Performance indicator		Reporting period	Annual target 2017/18	Quarterly targets			
				1st	2nd	3rd	4th
<b>Departmental Communication</b>							
1.1	Number of Departmental events calendar developed and updated	Annually	1	-	-	-	1
1.2	Number of official documents translated	Quarterly	20	4	5	6	5
1.3	Number of communication initiatives supported	Quarterly	7	1	1	3	2

#### 7.4.1.5 Risk Management

<b>Strategic Objective: To adequately inform and empower stakeholders of the Department by providing access and connectivity to Departmental activities through communication activities which are aligned to the Western Cape Government Communication Strategy.</b>	
<b>Risk Statement</b>	<b>Risk Mitigation Strategies</b>
Poor communication due to insufficient human resource capacity to deliver on service demands.	Compiling an events calendar and communication plan to anticipate demands on service. Training and recruitment to fill vacant posts.
The reputation of the Department can be at risk if inappropriate information or incorrect information is released.	Press engagements are funneled through one central, expert point (Media Liaison Officer within Ministry) to ensure consistency and quality control of responses.

### 7.4.2 Departmental Performance Monitoring

#### 7.4.2.1 Performance Delivery Environment

The policy mandate which guides how departmental M&E Units discharge its M&E function is derived, *inter alia* from the DPME's National Evaluation Policy Framework. Over the MTSF 2014 – 2019, the Unit seeks to develop and institutionalise a department-wide "M&E system" characterised as,

"... a set of organisational structures, management processes, standards, strategies, plans, indicators, information systems, reporting lines and accountability relationships which enables (the DEDAT) to discharge its M&E functions effectively." (Government Wide- M&E System Framework, 2007)

The main functions for M&E are to:

- Maintain a framework for M&E aligned to provincial and national M&E prescripts.
- Advise on generating and developing performance and output indicators.

- Ensure efficiency and effectiveness in organisational performance systems and reporting.
- Provide baseline or benchmark information to measure results of programmes in relation to PSG1.
- Evaluate relevance, effectiveness and impact of Departmental policies and interventions.

#### 7.4.2.2 Strategic Objectives

<b>Strategic Objective</b>	Outcomes-based monitoring, evaluation and measurement of the Department's implementation of strategies, programmes and projects to determine the effectiveness and impact of economic development policies and priorities
<b>Objective Statement</b>	To deliver, coordinate and maintain a responsive outcomes-based 'M&E system' in the Department via maintaining MPAT level 4 (M&E), delivering 10 monitoring reports, 10 evaluation reports, maintaining a 'Departmental M&E System' and delivering technical M&E support to programme and project managers
<b>Baseline</b>	2014/15: "M&E system" via MPAT: M&E Level 4 2014/15: 20 Evaluation Reports 2014/15: 44 Monitoring Reports

#### 7.4.2.3 Strategic objective annual targets for 2017/18

Strategic Objective (Outcome Indicator)	Audited/Actual performance			Estimated performance	Medium-term targets		
	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
Functional M&E system aligned to national/provincial standards.	MPAT: M&E Level 4	MPAT: M&E Level 4	MPAT: M&E Level 4	MPAT: Monitoring – Level 4 and Evaluation – Level 4	MPAT: Monitoring – Level 4 and Evaluation – Level 2	MPAT: Monitoring – Level 4 and Evaluation – Level 3	MPAT: Monitoring – Level 4 and Evaluation – Level 4

#### 7.4.2.4 Implementation Plan

The MPAT (or Managing Performance Assessment Tool), is an independent assessment of the management practices in four institutional areas and includes a metric for how departments integrate its monitoring and evaluation responsibilities into strategic management. Given its independence and comprehensiveness, the Unit uses its annual performance in two MPAT standards, namely the monitoring (as 1.3.1) and the evaluation standard (1.3.2) to benchmark the functionality of a departmental 'M&E system', as defined in the Policy Framework for Government-Wide M&E System.

In the first half of 2016/17, the Western Cape Premier encouraged departments to intensify implementation of the game changer priorities and programmes. With this strong focus required on the service delivery programmes, the Department has, of necessity, re-prioritised its budget which has led to a focus away from commissioning external evaluations for the 2017/18 year. It is anticipated that, in 2018/19, the Department will, buoyed by strong progress and results from the programmes we've implemented, re-prioritise evaluations as we prepare for the review of the MTSF.

Allied to the above and with the departmental decision to defer evaluations until 2018/19, the Unit has downwardly adjusted its outcome for 2017/18 to targeting more realistic and attainable scores in each of the two standards affecting M&E in MPAT 2017.

The proposed 2017/18 projects and initiatives for the M&E unit include:

Monitoring Reports:

In the Department, it may not be feasible to evaluate any or all programmes or projects. Hence, monitoring reports are a mechanism whereby the Department's management can:

- Track the results or effects of our projects, against the stated outcome or impact.
- Track how well activities and inputs are being used to deliver the outputs.
- Track the results of the project on the beneficiaries.
- Assess, quality assure, verify and advise on the availability, adequacy and integrity of the performance data generated through the implementation of projects and programmes.
- Prepare projects and initiatives to be in a state of readiness to be evaluated; i.e. 'evaluability'.

For 2017/18, the substantive focus of the monitoring reports could focus on:

- Tracking the progress of PSG1 or Game Changer – affiliated programmes, projects or priorities to prepare for prospective evaluations as from 2018/19.
- Support the need for monitoring reports that track and analyse the formative results or progress of key departmental or executive's priorities.

#### 7.4.2.5 Performance indicators and annual targets for 2017/18

Programme performance indicator (Output Indicator)		Audited/Actual performance			Estimated performance	Medium-term targets		
		2013/14	2014/15	2015/16		2016/17	2017/18	2018/19
<b>Departmental Performance Monitoring</b>								
1.1	Number of monitoring reports	11	6	4	1	2	2	2
1.2	Plan, implement and review the Department's participation in MPAT	-	-	1	1 MPAT improvement report	Departmental score-card approved by AO by 30 September	Departmental score-card approved by AO by 30 September	Departmental score-card approved by AO by 30 September
1.3	Quarterly performance reports submitted	-	-	-	4	4	4	4
1.4	Co-ordinate the development, review and submission of indicator reports for departmental programmes	-	-	-	-	Consolidated Technical Indicator Report for Departmental programmes submitted	Consolidated Technical Indicator Report for Departmental programmes submitted	Consolidated Technical Indicator Report for Departmental programmes submitted

#### 7.4.2.6 Quarterly targets for 2017/18

Performance indicator		Reporting period	Annual target 2017/18	Quarterly targets			
				1st	2nd	3rd	4th
<b>Departmental Performance Monitoring</b>							
1.1	Number of monitoring reports	Quarterly	2	-	-	1	1
1.2	Plan, implement and review the Department's participation in MPAT	Annually	Departmental score-card approved by AO by 30 September	-	Departmental score-card approved by AO by 30 September	-	-
1.3	Quarterly performance reports submitted	Quarterly	4	Q4: 2016/17 performance report submitted	Q1: 2017/18 performance report submitted	Q1: 2017/18 performance report submitted	Q3: 2017/18 performance report submitted
1.4	Co-ordinate the development, review and submission of indicator reports for departmental programmes	Quarterly	Consolidated Technical Indicator Report for Departmental programmes submitted	-	-	Draft Consolidated Technical Indicator Report for Departmental programmes submitted	Consolidated Technical Indicator Report for Departmental programmes submitted

### 7.4.2.7 Risk Management

Strategic Objective: Outcomes-based monitoring, evaluation and measurement of implementation of strategies, programmes and projects are conducted to determine the effectiveness and impact of economic development policies and priorities.	
Risk Statement	Risk Mitigation Strategies
Ineffective use of Monitoring & Evaluation within the Department.	<p>Consultations with Programmes when identifying the scope of the M&amp;E projects in order to ensure that the programme needs are sourced.</p> <p>Develop the management responses specific to evaluation reports with the programmes to identify recommendations that can be taken forward.</p> <p>Departmental M&amp;E Strategic Framework to be updated to reflect a more effective Departmental response and implementation of M&amp;E Reports.</p>

### 7.4.3 Knowledge Management

#### 7.4.3.1 Performance Delivery Environment

The delivery, knowledge management capability and expectations continue to rise with the plethora of ICT projects requiring implementation in the Department, including Enterprise Portfolio Management, Enterprise Content Management, Business Intelligence System, Enterprise Project Management, Business Process Optimisation, Electronic Content Management and Document Management.

There is enormous pressure on the Department to align its knowledge management resources to the technical and strategic advancements brought about by PSG1 and ICT initiatives. Along with the ICT and PSG1 initiatives, programmes are at various levels of change management around their processes and procedures which affects how knowledge is managed. As a result, there is a need for additional resources to strengthen the ability to give expression to knowledge management goals.

#### 7.4.3.2 Strategic Objectives

<b>Strategic Objective</b>	To strengthen institutional governance for improved service delivery
<b>Objective Statement</b>	To strengthen the institutional governance for improved service delivery through development of a unified knowledge repository to capture, store and disseminate information for organisational learning
<b>Baseline</b>	2015/16: Enterprise Content Management System

#### Objectives

To strengthen the institutional governance and knowledge management for improved service delivery through the development and maintenance of a knowledge management repository to capture, store and disseminate institutional knowledge.

#### 7.4.3.3 Implementation Plan

##### A Fully Implemented Enterprise Content Management (ECM) System

In relation to its work on the Enterprise Content Management system, the unit will focus on building and strengthening platforms and tools on which the knowledge developed and built up in the Department is captured, digitally stored and available to relevant stakeholders with access control as per legislation.

Given that the ECM will have record management functionality, all records management requirements on the ECM will be effected in accordance with the provincial records management guidelines. The Unit generally receives approximately 2000 records per annum.

The Knowledge Management Unit will determine the procedure and methodology for information management via the provincial ECM system, also referred to as the MyContent system. The MyContent system will ensure that information relevant to the execution of the Departmental mandate is stored in a unified knowledge management system, which is easily accessible and timeously made available to Departmental users by using proper design

sourcing, storage and dissemination technologies which contributes to the achievement of the Department's strategic mandate.

Much of DEDAT's institutional memory sits within the projects that it manages. The project information is stored across the BizProjects and MyContent systems. This combined effort across two transversal applications demonstrates the success of the technology integration in producing a unified Enterprise Content Management System.

Emphasis will be placed on capacitating the Department to enable staff to use the ECM system effectively.

#### Facilitation of Learning Networks

Knowledge Management will facilitate a number of learning networks. These networks will cover a range of topics focusing on the available knowledge management tools.

#### 7.4.3.4 Strategic objective annual targets for 2017/18

Strategic Objective (Outcome Indicator)	Audited/Actual performance			Estimated performance	Medium-term targets		
	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
Maintenance of the centralised knowledge management system (ECM) to achieve electronic data governance and institutional memory	-	-	System Established	Maintenance of the ECM	Maintenance of the ECM	Maintenance of the ECM	Maintenance of the ECM

#### 7.4.3.5 Performance indicators and annual targets for 2017/18

Programme performance indicator (Output Indicator)		Audited/Actual performance			Estimated performance	Medium-term targets		
		2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
<b>Knowledge Management</b>								
1.1	% of Departmental records stored on ECM out of the total records received	-	-	86% of records received stored and disseminated	80% of records received stored and disseminated	85% of records received (N=2 000)	90% of records received (N=2 000)	90% of records received (N=2 000)
1.2	Number of Learning networks facilitated	4	4	5	4	4	4	4

#### 7.4.3.6 Quarterly targets for 2017/18

Performance indicator	Reporting period	Annual target 2017/18	Quarterly targets				
			1st	2nd	3rd	4th	
<b>Knowledge Management</b>							
1.1	% of Departmental records stored on ECM out of the total records received	Annually	85% records stored (N=2 000)	-	-	-	85% records stored (N=2 000)
1.2	Number of Learning networks facilitated	Quarterly	4	0	1	1	2



### 7.4.3.7 Risk Management

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

## 7.5 Reconciling performance targets with the Budget and MTEF

### 7.5.1 Expenditure estimates

Subprogramme	Audited			Main appropriation	Adjusted appropriation	Revised estimate	Medium term expenditure			
	R'000	2013/14	2014/15	2015/16	2016/17	2016/17	2016/17	2017/18	2018/19	2019/20
1. Office of the HOD	2 405	2 221	5 423	9 245	7 845	7 845	7 297	7 935	8 320	
2. Financial Management	23 288	24 714	24 847	27 504	27 064	27 064	32 639	34 991	37 518	
3. Corporate Services	7 556	8 594	10 060	13 170	17 405	17 405	21 110	24 532	24 036	
<b>Total payments and estimates</b>	<b>33 249</b>	<b>35 529</b>	<b>40 330</b>	<b>49 919</b>	<b>52 314</b>	<b>52 314</b>	<b>61 046</b>	<b>67 458</b>	<b>69 874</b>	
<b>Economic Classification</b>										
<b>Current payments</b>	<b>30 388</b>	<b>32 713</b>	<b>36 666</b>	<b>49 707</b>	<b>50 207</b>	<b>50 197</b>	<b>57 633</b>	<b>63 900</b>	<b>65 996</b>	
Compensation of employees	17 542	18 836	22 264	35 773	34 003	34 003	39 031	41 976	45 066	
Goods and services	12 846	13 877	14 402	13 934	16 204	16 194	18 602	21 924	20 930	
Interest and rent on land										
<b>Transfers and subsidies</b>	<b>22</b>	<b>41</b>	<b>16</b>	<b>1</b>	<b>33</b>	<b>35</b>	<b>2</b>	<b>1</b>	<b>1</b>	
Provinces and municipalities										
Departmental agencies and accounts		1	1	1	1	3	2	1	1	
Universities and technikons										
Foreign governments and international organisations										
Public corporations and private enterprises										
Non-profit institutions										
Households	22	40	15		32	32				
<b>Payments for capital assets</b>	<b>2 825</b>	<b>2 755</b>	<b>3 648</b>	<b>211</b>	<b>2 026</b>	<b>2 024</b>	<b>3 411</b>	<b>3 557</b>	<b>3 877</b>	
Buildings and other fixed structures										
Machinery and equipment	2 825	2 754	3 488	211	2 012	2 011	3 311	3 457	3 776	
Heritage assets										
Specialised military assets										
Biological assets										
Land and subsoil assets										
Software and other intangible assets		1	160		14	13	100	100	101	
<b>Payments for financial assets</b>	<b>14</b>	<b>20</b>			<b>48</b>	<b>58</b>				
<b>Total economic classification</b>	<b>33 249</b>	<b>35 529</b>	<b>40 330</b>	<b>49 919</b>	<b>52 314</b>	<b>52 314</b>	<b>61 046</b>	<b>67 458</b>	<b>69 874</b>	

## Programme 2: Integrated Economic Development Services



DEPARTMENT OF ECONOMIC DEVELOPMENT AND TOURISM

## 8. PROGRAMME 2: INTEGRATED ECONOMIC DEVELOPMENT SERVICES

### 8.1 Purpose

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

### 8.2 Programme structure

The programme is structured as follows:

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

### 8.3 Performance Delivery Environment

The public discourse on economic policy is overwhelmingly focused on fiscal measures (e.g. spend on infrastructure), monetary interventions, welfare programmes and other highly visible instruments of government action. Thus, when an economy performs poorly, a disproportionate amount of our debate centres around whether or not it needs a fiscal stimulus, whether there should be a liquidity easing or tightening or whether its welfare programmes have been too proliferate or too paltry. What gets much less attention but is equally and, in some situations, even more important for the success or failure of an economy are the nuts and bolts that hold the economy together and the plumbing that underlies it.

The laws and processes that determine how easily a business can be started and closed, the efficiency with which government (across all spheres) responds to development and growth initiatives of the private sector, the efficiency of the rules of government administration, etc., are all examples of the nuts and bolts that are rarely visible. Their malfunctioning can thwart the progress of an economy and render the government's economic policy instruments less effective.

To foster a vibrant private sector with firms making investments, creating jobs and improving productivity and hence promoting growth and expanding opportunities, governments around the world have implemented wide-ranging reforms, including price liberalisation and macroeconomic stabilisation programmes. However, governments committed to the economic health of their country and opportunities for its citizens focus on more than macroeconomic conditions. They also pay attention to the quality of laws, regulations and institutional arrangements that shape daily economic activity, as these have a direct effect on the business environment and climate within an economy. Accordingly, improving the business environment or climate has in recent years become an important topic in the international discourse on private sector development.

The key public policy objective is to manage the regulatory environment to keep regulatory costs to a minimum, without reducing the regulatory benefits. It is significant to note that the OECD countries and selected Western economies consider the regulatory environment the single most important element of an economic growth strategy. It remains high on the economic agenda of these economies.

Against this backdrop, the Western Cape Government (WCG) acknowledged that there is an urgent need to enhance and promote a more favourable business climate within the Western Cape. Making it easier to do business is a key driver for the achievement of a business environment that promotes inward investment, enables businesses to be established and expanded, and enhances a culture of entrepreneurship. Ease of doing business (EDB) has therefore been identified as a critical enabler for not only PSG1 programmes and projects, but also for other relevant programmes in the other PSGs.

#### Defining the Ease of Doing Business (EDB)

An enabling business environment comprises of factors that inhibit or favour the growth and development of businesses and ultimately economic growth and labour absorption.

The enabling environment is now widely recognised as a mechanism through which greater development outcomes can be achieved. A sound enabling environment for private sector led growth is considered critical. Private firms are at the heart of the development process. Their contribution to these processes is largely determined by the investment climate for both domestic and international firms. The investment climate shapes the costs and risks of doing business, as well as barriers to competition, all of which strongly influence the role of the private sector in social and economic development.

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

For our purposes, we define the Ease of Doing Business as the extent to which the factors of (1) legislation (e.g. acts, regulations and by-laws), (2) processes, procedures and systems, (3) communication, (4) government co-ordination and co-operation, and any other government-controlled factors are conducive to the ability of new and existing businesses to grow and/or absorb labour.

### **Provincial Strategic Plan**

The Provincial Strategic Plan: 2014-2019 (PSP) sets out the Western Cape Government's vision and strategic priorities together with action plans. The PSP sets out five strategic goals of which Strategic Goal One: Creating opportunities for growth and jobs, resides primarily with the Department of Economic Development and Tourism. This however, does not preclude the Department's engagement and involvement with the other strategic goals (PSGs) such as PSG4: Enabling a resilient, sustainable, quality and inclusive living environment, and the priority projects (the “Game Changers”) such as Apprenticeship and Energy Security.

#### **1. PSG1: Creating opportunities for growth and jobs**

As a key component of the PSP, the primary role of PSG1 is to create an enabling environment for businesses to grow and create jobs. This role is underpinned by two levers within the PSG – firstly, Economic Development, and secondly, Infrastructure and Land Use for Growth. It is envisaged that through these two levers – to be delivered across the economic cluster departments (the Departments of Transport and Public Works; Agriculture; Environmental Affairs and Development Planning; Finance (Provincial Treasury) and this Department), in conjunction with the private sector – will ultimately lead to growth in employment.

PSG1 comprises of seven strategic objectives of which the strategic objective for “Improve the regulatory environment to enhance the ease of doing business” is not only key on its own, but critical for the efficiency and effectiveness of the other seven strategic objectives. For example, the ease of doing business through its regulatory outlook is critical for the objective “Help ensure sufficient water and energy for growth” and “Optimise land use”.

#### **PSG1 Strategic Priority: Ease of Doing Business**

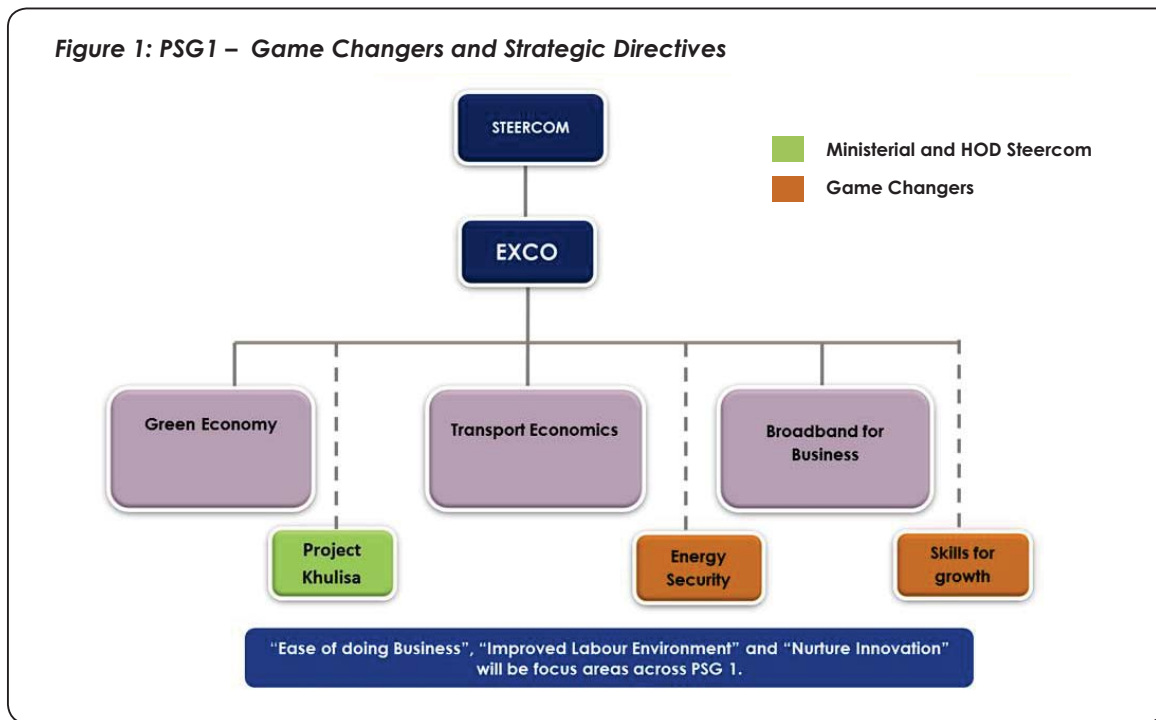
The Ease of Doing Business (EDB) as a Strategic Priority within PSG1 has evolved to include not only red tape reduction, but also other key elements (e.g. government co-operation and co-ordination) in effecting an environment conducive to business development and growth. This decision was made by the PSG1 Executive Committee.

#### **Approach: Proactive and Responsive**

An additional amendment has been the adoption of two components of the EDB, namely proactive and responsive. The former refers to changes or improvements as a result of proactive action on the part of government, for example the improvement of the system for approving and issuing film permits within two weeks instead of the existing six weeks. The responsive aspect essentially entails the response to individual requests for assistance related to red tape and other blockages, e.g. a business owner requesting assistance in unblocking the process of securing an import permit, or an agri-processing development being delayed because of a disparate approach by different spheres of government.

Figure 1 below represents an exposition of the location of the EDB within the broader context of PSG1.

**Figure 1: PSG1 – Game Changers and Strategic Directives**



The Responsive component draws its activities from requests/enquiries received through various channels (e.g. the Business Support Helpline and ministerial requests) and entails resolving growth-constraining issues mostly on an ad hoc, individual basis.

The Proactive component will engage on a much more structured basis and will compile its agenda based on the inputs received from:

- the Khulisa sectors (i.e. Tourism, Oil and Gas and Agri-processing);
- other relevant game changers within PSG1 (e.g. Energy Security);
- other relevant strategic directives both within PSG1 (e.g. Land Reform) and other PSGs (e.g. Water for Growth);
- the Provincial Spatial Development Framework that identifies key nodes and corridors as growth hubs (e.g. the Eden tourism/leisure corridor and the George/Mossel Bay functional region); and
- any other sectors where systemic and or ad hoc blockages inhibit development and growth.

The Proactive component will comprise interventions in terms of legislative reform (e.g. amendment or repeal of growth-inhibiting regulations), process or systems improvement (e.g. a better permitting system), or co-ordinated government mechanisms of dealing with development and growth opportunities.

### Problem Statement

The creation and enhancement of an enabling environment for business is recognised as fundamental to supporting a competitive economy. The amount of red tape and bureaucracy faced by stakeholders when dealing with government is considered a key constraint to economic development and growth. This in turn interferes with key elements that include the ability of business to compete in a global market place as a result of unnecessary costs and or delays the development of new enterprises and the sustainability and or growth of existing enterprises. This ultimately impacts negatively on the ability of the economy to reduce unemployment and alleviate poverty.

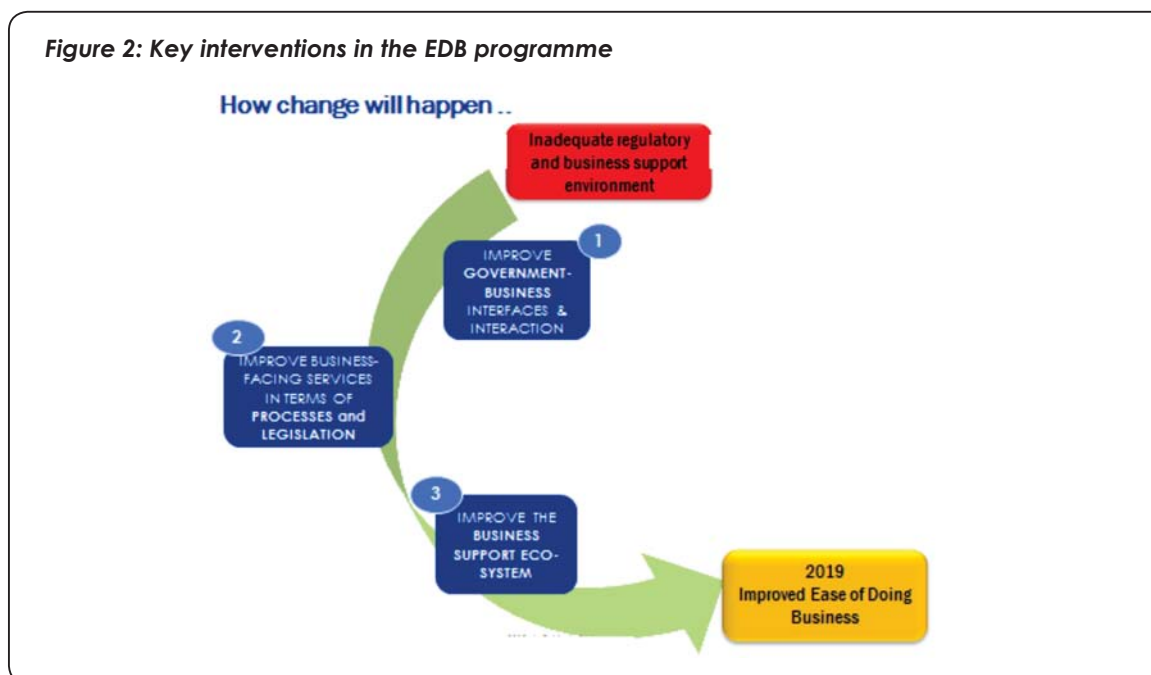
Red tape within government has consistently been identified as one of the core elements which restrict business development and growth. Research into the ease of doing business has revealed interesting and disturbing facts, which include:

- Developing countries can improve their annual growth rates by creating a more enabling environment.
- Red tape cost South Africa R79 billion in 2004. This was equivalent to 6.5% of GDP or 16.5% of the total wage bill in 2003.
- South Africa has been consistently dropping in its ranking in the annual Doing Business Report compiled by the World Bank, from 34th in 2011 to 74th in the latest report (Doing Business 2017).

The problem statements that can be derived from the above are as follows:

1. Uncoordinated and fragmented approaches by government and the private sector to addressing economic development and growth opportunities.
2. Unnecessary and or ill-conceived legislation and policy inhibit development and growth.
3. Inefficient processes and systems and poor client interfaces add unnecessary costs to doing business.
4. Inadequate platforms to facilitate government-business interaction regarding the business regulatory environment.

This section will deal with the target-setting in relation to the key areas of intervention to be pursued by the Programme. Figure 2 below provides an overall view of the key areas of intervention that should lead to the achievement of the strategic objectives of the Programme.



### 1. Improve Government-Business Engagement and Interaction

Given the uncoordinated and fragmented approach by government and the private sector in addressing economic development and growth, the Department fully supports a more decisive approach to integrating planning and delivery of economic development and growth opportunities.

Partnerships are central to the fulfilment of the WCG's mandate. In the context of making it easier to do business, partnerships will be focused on public and private organisations, institutions, and businesses.

By facilitating government and business engagement, we will assist in strengthening understanding and cooperation on a specific growth and jobs agenda, by unpacking how to make it easier for businesses to operate and getting more businesses involved in stimulating economic activity and participating in the market.

The private sector will be encouraged to play an active partnership role in advising government of key interventions needed to achieve the objectives of unblocking red tape hurdles and creating the environment necessary to expand the economy and enabling an increase in job opportunities.

#### Programme action

In addressing key intervention 1, the EDB programme will:

- Facilitate more frequent interaction with business on issues affecting the legislative environment
- Facilitate the improvement in and increased frequency of engagement between municipalities and business.

### 2. Improve business-facing services in terms of processes and legislation

Poorly developed government processes and legislation have negatively impacted the cost and ease of doing business. It is necessary to address government processes and legislation that makes it unnecessarily cumbersome for firms to conduct business.

As with agri-processing, land use change and development for tourism many a time involve not only all three spheres of government, but also multiple departments within a sphere of government. For example, the layout and designation of a cycling route that straddles multiple municipalities could involve, besides the affected municipalities, but also the Department of Environmental Affairs and Development Planning, and the Department of Agriculture. Co-ordinated government is key. However, in most cases, this remains elusive resulting in prolonged applications and unnecessary delays – ultimately leading to extended planning processes which compromise the project before it has even started.

Tourism signage plays a major role in local economic development, as they direct both local and international tourists to destinations such as bed and breakfast establishments, restaurants, wine estates, and business service centres, such as fuel stations. Challenges regarding tourism road signage approvals as a result of, e.g. local or provincial government delays, have been identified as major constraints for the sector across the province. The benefits of the intervention will be improved business environment with potential for increased patronage and revenue for the business in the sector.

The cost, timeframes and administrative burden relating to statutory application processes such as environmental impact assessments (EIA), waste management licenses, water use registrations and licensing and municipal approvals affect not only start-up enterprises, but also those businesses looking to expand its downstream activities. In effect these regulations can seriously challenge business' establishment and growth and ultimately the growth of the sector.

### **Programme action**

In addressing key intervention 2, the EDB programme will:

- Legislative reviews and commentaries on relevant legislation and policies affecting the business environment, especially in the Khulisa-priority sectors.
- Work toward simplifying the application and approval processes relating to planning (land use), licensing and event permitting and tourism signage. Whilst all processes will be reviewed, those within the control of provincial government departments and municipalities will be prioritised, as they hold the greatest potential for successful intervention.
- Implementation and application of the Ease of Doing Business Costing Tool that will quantify both ad hoc and systemic red tape reduction interventions.
- Implement a Municipal-Service-To-Business (MS2B) programme that will target improving municipal business-facing services across the province in a manner that supports systemic change required to positively and methodically impact local business environments.

### **3. Improving the business support eco-system**

The business support eco-system refers to the elements – individuals, organisations, financial and professional resources – that entrepreneurs and businesses need to develop and grow. Integral to this eco-system are government policies that encourage and safeguard entrepreneurs. This eco-system plays a crucial role in the creation and maintenance of a supportive environment that is conducive to entrepreneurship and business growth.

Given limited resources at the disposal of the Programme and Department, our strategic business support will be limited to the areas of access to markets (including supply chain linkages); finance and incentives, and entrepreneurship recognition and promotion.

### **Programme action**

In addressing key intervention 3, the EDB programme will:

- Conduct supplier development programmes with a focus on the Khulisa sector priorities of Oil and Gas and Agri-processing.
- Facilitate access to potential new and existing supply chains.
- Facilitate access to finance which will include:
  - Facilitation of access to public sector financial incentives.
  - Increasing awareness of available funding sources.
  - Support to enterprises during pre- and post- application stages of finance.
- Develop a policy that will enable the WCG to use public sector procurement as a tool for economic transformation and growth.
- Provide access to accredited business training programmes for SMMEs and entrepreneurs.
- Conduct entrepreneurship recognition interventions.

## 8.4 Subprogramme 2.1: Enterprise Development

### 8.4.1 Strategic Objectives

<b>Strategic Objective</b>	To increase the sustainability and growth of SMMEs
<b>Objective Statement</b>	To facilitate support to 500 SMMEs through access to entrepreneurial promotion and business support interventions by 2020
<b>Baseline</b>	2015/16 - 100 businesses expanded

### 8.4.2 Strategic objective annual targets for 2017/18

Strategic Objective (Outcome Indicator)	Audited/Actual performance			Estimated performance	Medium-term targets		
	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
Number of businesses expanded	201	339	100	50	20	15	15

### 8.4.3 Performance indicators and annual targets for 2017/18

Programme performance indicator (Output Indicator)	Audited/Actual performance	Estimated performance	Medium-term targets					
			2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
<b>Subprogramme: Enterprise Development</b>								
1.1	Number of entrepreneurship promotion and business support interventions	-	-	10	5	5	5	5

### 8.4.4 Quarterly targets for 2017/18

Performance indicator	Reporting period	Annual target 2017/18	Quarterly targets				
			1st	2nd	3rd	4th	
<b>Subprogramme: Enterprise Development</b>							
1.1	Number of entrepreneurship promotion and business support interventions	Quarterly	5	1	-	1	3

### 8.4.5 Risk Management

<b>Strategic Objective: To improve the business regulatory environment for entrepreneurs and businesses to develop and grow in the Western Cape</b>	
<b>Risk Statement</b>	<b>Risk Mitigation Strategies</b>
Lack of strategic cohesion between government departments and business development support organisations which inhibits effective programme implementation aimed at developing SMMEs.	<p>Facilitate engagements between public sector organisations to enhance implementation outcomes.</p> <p>Identify and partner established organisations with the capacity to deliver quality services to SMMEs.</p> <p>Develop a comprehensive media awareness campaign through various mediums involving all identified stakeholders.</p> <p>Strengthen relationships with DFIs (e.g. IDC) in order to increase the uptake of financial products.</p>



## 8.5 Subprogramme 2.2: Regional and Local Economic Development

### 8.5.1 Strategic Objectives

<b>Strategic Objective</b>	To improve local business environments by improving municipal business-facing services that will contribute towards a cost saving or benefit (to government and business) of R1bn by 2019 in the regional economy
<b>Objective Statement</b>	To facilitate the improvement in 50 local government business-facing services in terms of procedures, legislation and or convenience by 2020
<b>Baseline</b>	Baseline being established in 2016/17

### 8.5.2 Strategic objective annual targets for 2017/18

Strategic Objective (Outcome Indicator)	Audited/Actual performance			Estimated performance	Medium-term targets		
	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
Number of municipal business-facing services improved (in terms of either time, complexity and/or cost)	-	-	-	-	4	8	12

### 8.5.3 Performance indicators and annual targets for 2017/18

Programme performance indicator (Output Indicator)	Audited/Actual performance			Estimated performance	Medium-term targets			
	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	
<b>Subprogramme: Regional and Local Economic Development</b>								
1.1	Number of local government specific business processes and/or legislation improvements developed and proposed to the relevant stakeholder(s)	-	-	-	20	52	50	50

### 8.5.4 Quarterly targets for 2017/18

Performance indicator	Reporting period	Annual target 2017/18	Quarterly targets				
			1st	2nd	3rd	4th	
<b>Subprogramme: Regional and Local Economic Development</b>							
1.1	Number of local government specific business processes and/or legislation improvements developed and proposed to the relevant stakeholder(s)	Annually	52	-	-	-	52

## 8.5.5 Risk Management

Strategic Objective: To improve the business environment in non-metro areas through effective LED co-ordination that supports growth of the regional economy	
Risk Statement	Risk Mitigation Strategies
Lack of participation by relevant municipal role-players or inadequate participation and commitment by local private sector partners around the accurate identification of business-facing services to improve, undermines the ability to improve the ease of doing business and the creation and maintenance of an enabling economic environment.	<p>Ensure buy-in and commitment through consultation with relevant role-players and partners, timeously and consistently.</p> <p>Ensure regular communication with relevant role-players and partners to keep them abreast of developments, maintain awareness and reinforce buy-in and commitment.</p> <p>Effective utilisation of all relevant existing intergovernmental platforms, to ensure partners are kept informed.</p> <p>Timeous notification of intended implementation.</p> <p>Targeted beneficiaries to be requested to confirm participation.</p>
Lack of buy-in and commitment by municipalities to action implementation plans to improve services undermines the ability to improve the ease of doing business and the creation and maintenance of an enabling economic environment.	<p>Obtain formal commitment to participation by leadership of targeted departments, entities and municipalities.</p> <p>Ensure buy-in and commitment through timeous and ongoing consultation with departmental, entity and municipal leadership.</p> <p>Obtain as much information as possible ahead of going into the As-Is workshops.</p> <p>Ensure that the right stakeholders participating in workshops, ensuring that the appropriate stakeholders responsible for sign-off of decisions are committed.</p> <p>Ensure that key decisions are signed off before To-Be mapping commences.</p>

## 8.6 Subprogramme 2.4: Red Tape

### 8.6.1 Strategic Objectives

<b>Strategic Objective</b>	To improve local business environments by improving provincial and/or national business-facing services that will contribute towards a cost saving or benefit (to government and business) of R1 bn by 2019 in the regional economy
<b>Objective Statement</b>	To facilitate the improvement of at least 26 business-facing services in the provincial and/or national government sphere in terms of procedures, legislation and/or convenience by 2020
<b>Baseline</b>	Baseline being established in 2016/17

### 8.6.2 Strategic objective annual targets for 2017/18

Strategic Objective (Outcome Indicator)		Audited/Actual performance			Estimated performance	Medium-term targets		
		2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
1.1	Number of provincial/national business-facing services improved	-	-	-	5	5	8	8
1.2	Monetary value of savings by, and benefits to, government and business resulting from red tape reduction initiatives	-	-	-	Establish baseline	R200m	R300m	R500m
1.3	Percentage resolution rate of cases received	90.2%	96.5%	93% (1 404/ 1 505)	85% N=1 475	85% N=1 400	85% N=1 400	85% N=1 400

### 8.6.3 Performance indicators and annual targets for 2017/18

Programme performance indicator (Output Indicator)		Audited/Actual performance			Estimated performance	Medium-term targets		
		2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
<b>Subprogramme: Red Tape</b>								
1.1	Number of provincial and national government-specific business processes and legislation or policies for which improvements were developed and proposed to the relevant stakeholder(s)	-	-	-	10	15	20	20
1.2	Number of cases received	1 312	1 881	1 505	1 400	1 400	1 400	1 400
1.3	Number of commentaries submitted in respect of bills, draft regulations and/or policies	-	-	-	10	12	15	15

### 8.6.4 Quarterly targets for 2017/18

Performance indicator		Reporting period	Annual target 2017/18	Quarterly targets			
				1st	2nd	3rd	4th
<b>Subprogramme: Red Tape</b>							
1.1	Number of provincial and national government-specific business processes and legislation or policies for which improvements were developed and proposed to the relevant stakeholder(s)	Quarterly	15	5	5	3	2
1.2	Number of cases received	Quarterly	1 400	350	350	350	350
1.3	Number of commentaries submitted in respect of bills, draft regulations and/or policies	Quarterly	12	4	4	2	2

## 8.6.5 Risk Management

Strategic Objective: To improve the regulatory environment to enhance the ease of doing business in the Western Cape	
Risk Statement	Risk Mitigation Strategies
Lack of buy-in and/or participation by provincial and/or national government departments (and their agencies, public entities and regulators) and/or municipalities due perceptions of unmandated interference and lack of jurisdiction. There is no national legislative framework for ease of doing business and red tape reduction.	<p>Ensure buy-in and commitment through timeous and ongoing consultation with departmental or municipal leadership.</p> <p>Obtain formal commitment to participation by leadership of targeted departments and municipalities, or in relation to the EDB, Cabinet approval.</p> <p>Regularly communicate with departments and municipalities to keep them abreast of developments and reiterate the need to participate.</p> <p>Give timeous notification of intended implementation and possible changes.</p>
Delay in appointment of service providers compromises timeous project completion.	<p>Commence procurement process early.</p> <p>Develop sound specifications for service provision.</p> <p>Regularly engage with the SCM division to ensure smooth delivery on the critical path.</p>
Lack of buy-in and commitment by government departments, entities or agencies to action implementation plans to improve business-facing services undermines the ability to improve the ease of doing business and the creation and maintenance of an enabling economic environment.	<p>Obtain formal commitment to participation by leadership of targeted departments, entities and municipalities.</p> <p>Ensure buy-in and commitment through timeous and ongoing consultation with departmental, entity and municipal leadership.</p> <p>Obtain as much information as possible ahead of going into the As-Is workshops.</p> <p>Ensure that the right stakeholders participating in workshops, ensuring that the appropriate stakeholders responsible for sign-off of decisions are committed.</p> <p>Ensure that key decisions are signed off before To-Be mapping commences.</p>

## 8.7 Reconciling performance targets with the Budget and MTEF

### 8.7.1 Expenditure estimates

Subprogramme		Audited			Main appropriation	Adjusted appropriation	Revised estimate	Medium term expenditure		
		R'000	2013/14	2014/15				2015/16	2016/17	2016/17
1.	Enterprise Development	31 828	38 200	32 728	18 079	21 432	21 432	19 249	20 523	21 899
2.	Regional & Local Economic Development	7 988	8 138	5 583	6 813	6 043	6 043	8 024	8 555	9 111
3.	Economic Empowerment	3 697	4 032	1 019						
4.	Red Tape	4 682	6 893	11 431	16 046	12 335	12 335	9 900	9 692	10 360
5.	Management: IEDS	1 812	2 006	3 041						
<b>Total payments</b>		<b>50 007</b>	<b>59 269</b>	<b>53 802</b>	<b>40 938</b>	<b>39 810</b>	<b>39 810</b>	<b>37 173</b>	<b>38 770</b>	<b>41 370</b>
<b>Economic Classification</b>										
<b>Current payments</b>		<b>30 182</b>	<b>32 415</b>	<b>39 701</b>	<b>35 903</b>	<b>29 182</b>	<b>29 182</b>	<b>31 567</b>	<b>33 120</b>	<b>35 707</b>
Compensation of employees		17 322	19 153	16 793	17 533	16 613	16 613	19 324	20 829	22 424
Goods and services		12 860	13 262	22 908	18 370	12 569	12 569	12 243	12 291	13 283
Interest and rent on land										
<b>Transfers and subsidies</b>		<b>19 495</b>	<b>26 621</b>	<b>13 232</b>	<b>4 875</b>	<b>10 348</b>	<b>10 348</b>	<b>5 376</b>	<b>5 406</b>	<b>5 406</b>
Provinces and municipalities										
Departmental agencies and accounts		5 000	2 000	1 900	2 500	2 900	2 900	951	951	951
Universities and technikons		250	2 150							
Foreign governments and international organisations										
Public corporations and private enterprises		5 850	5 577	2 831		5 418	5 404	3 750	3 780	3 780
Non-profit institutions		7 900	16 276	6 448						
Households		495	618	2 053	2 375	2 030	2 044	675	675	675
<b>Payments for capital assets</b>		<b>311</b>	<b>220</b>	<b>869</b>	<b>160</b>	<b>266</b>	<b>266</b>	<b>230</b>	<b>244</b>	<b>257</b>
Buildings and other fixed structures										
Machinery and equipment		311	215	802	160	266	266	225	241	254
Heritage assets										
Specialised military assets										
Biological assets										
Land and subsoil assets										
Software and other intangible assets			5	67				5	3	3
<b>Payments for financial assets</b>		<b>19</b>	<b>13</b>			<b>14</b>	<b>14</b>			
<b>Total economic classification</b>		<b>50 007</b>	<b>59 269</b>	<b>53 802</b>	<b>40 938</b>	<b>39 810</b>	<b>39 810</b>	<b>37 173</b>	<b>38 770</b>	<b>41 370</b>

## Programme 3: Trade and Sector Development



DEPARTMENT OF ECONOMIC DEVELOPMENT AND TOURISM

## 9. PROGRAMME 3: TRADE AND SECTOR DEVELOPMENT

### 9.1 Purpose

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

### 9.2 Programme structure

The Programme is structured as follows:

- **Subprogramme 3.1: Trade and Investment Promotion**  
To facilitate trade, export promotion and attract investment.
- **Subprogramme 3.2: Sector Development**  
To implement strategies for the positioning of the industrial sector as a key contributor to economic growth and development.
- **Subprogramme 3.4: Management: Trade and Sector Development**  
To conduct the overall management and administrative support to the programme.

### 9.3 Subprogramme 3.1: Trade and Investment Promotion

#### 9.3.1 Performance Delivery Environment

##### Legislative mandate

Wesgro's (a schedule 3 public entity) strategic powers, as provided for in the Western Cape Investment and Trade Promotion Agency Act, 1996 (Act 3 of 1996) (as amended), include:

- To furnish tourism, trade and investment marketing assistance and expert and specialised advice, information and guidance to any business, company or association of persons who so request it from the Agency or would assist the Agency in achieving its objects.
- To act as the tourism, trade and investment promotion agent on behalf of the Province and to facilitate co-ordinated destination marketing activities for the Western Cape.
- To develop, implement and promote a provincial tourism, trade and marketing strategy and implement any project that realises growth in the economy of the Western Cape.

##### Strategic mandate

The Western Cape Government's strategic mandate provides that Wesgro:

- Promote trade and investment opportunities for the Western Cape and realise trade and investment projects directly into the region.
- Ensure that priority focus is given to the three productive sectors identified by Project Khulisa that have the most potential to accelerate growth and job creation in the region by 2020.

In response to Project Khulisa, Wesgro will be responsible for direct implementation of the following key initiatives in the 2017/18 financial year:

##### Oil and Gas

Strategic intent 1: Develop suitable infrastructure by developing the port infrastructure and service industrial facilities to transform Saldanha Bay into a free port and rig repair hub:

- Trade and investment promotion in key markets.

##### Agri-processing

Strategic intent 1: Grow the Western Cape's share of the global Halal market from <1% to 2% by 2025:

- Halal Export Promotion Plan: Promote SA Halal products in key markets.

Strategic intent 2: Double the value of wine and brandy exports to China and Angola by 2025 (as finalised through the Khulisa process):

- Develop and implement a campaign to promote SA wine and brandy in China.
- Develop and implement a campaign to promote SA wine and brandy in Angola.

\* Please refer to the detailed 2017/18 Annual Performance Plan tabled by the public entity.

### 9.3.2 Strategic Objectives

<b>Strategic Objective</b>	To provide resources to the trade and investment promotion public entity to enable it to deliver on its legislative and strategic mandate for trade and investment promotion.
<b>Objective Statement</b>	To provide strategic leadership and the necessary resources, which will enable the public entity to recruit and facilitate between R4.3bn and R9.3bn in investment and between 2 970 and 6 240 jobs into the Western Cape by 31 March 2020.
<b>Baseline</b>	2015/16: R2.045bn investment realised and 681 jobs facilitated in the Western Cape.

### 9.3.3 Strategic objective annual targets for 2017/18

Strategic Objective (Outcome Indicator)	Audited/Actual performance			Estimated performance	Medium-term targets		
	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
Rand value of committed investments into the Province	R1.699bn	R986.7m	R2.045.8bn	R1bn- R1.78bn	R1.050bn- R1.8bn	R1.1bn- R1.96bn	R1.157bn- R2.050bn
Number of jobs facilitated from committed investments into the Province	739	1 442	681	580- 1 190	600- 1 250	620- 1 300	640- 1 370
Estimated rand value of business agreements signed (trade)	-	-	-	R6m- R8m	R100m- R200m	R103m- R210m	R106m- R220m

### 9.3.4 Performance indicators and annual targets for 2017/18

Programme performance indicator (Output Indicator)	Audited/Actual performance			Estimated performance	Medium-term targets		
	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
<b>Subprogramme: Trade and Investment Promotion</b>							
1.1	Number of investment projects realised	12	7	10	12	13	13
1.2	Number of business agreements signed (including distributors and funders)	-	-	-	15	20	20

### 9.3.5 Quarterly targets for 2017/18

Performance indicator	Reporting period	Annual target 2017/18	Quarterly targets				
			1st	2nd	3rd	4th	
<b>Subprogramme: Trade and Investment Promotion</b>							
1.1	Number of investment projects realised	Quarterly	13	3	5	2	3
1.2	Number of business agreements signed (including distributors and funders)	Quarterly	20	5	5	5	5



### 9.3.6 Risk Management

Strategic objective: To provide resources to the tourism, trade and investment promotion public entity to enable it to deliver on its legislative and strategic mandate for trade and investment promotion.	
Risk Statement	Risk Mitigation Strategies
Failure to provide strategic leadership and the necessary resources, which may lead to mis-aligned strategy and delivery on the WCG's strategic priorities.	Strategic direction provided by the Executing Authority, the Accounting Officer and the relevant Senior Managers in the Department. The necessary resources agreed upon between the Board, the CEO and the Executive of Wesgro and the Executing Authority, the Accounting Officer and the relevant Senior Managers in the Department.
Failure to effectively ensure and oversee that the allocated funds are utilised as per the transfer payment agreement, which may result in the non-delivery of pre-determined output and outcome targets.	Improved and co-ordinated interaction between the Department and Wesgro to monitor progress via quarterly progress meetings and reports (including management accounts). Monthly updates of the operational plan and the agreed upon evidence framework.

## 9.4 Subprogramme 3.2: Sector Development

### 9.4.1 Performance Delivery Environment

Project Khulisa defines a multi-year approach, which focuses on sectors that will maximise stated economic outcomes by 2020. It also phases in additional sectors that maximise employment and growth opportunities across a 15-year horizon.

The sectors with each of the horizons are:

#### Horizon 1 – Driving impactful sectors

Through extensive data analysis (focusing on gross value add and employment creation) and targeted stakeholder engagements, Project Khulisa identified Tourism, Oil and Gas and Agri-processing as the three productive sectors with the most potential to accelerate growth and job creation in the region by 2020.

#### Horizon 2 – Expanding scope sectors

The BPO and Film sectors have been identified as “expanding the scope” sectors following horizon 1 for the next 5 to 10 years.

#### Horizon 3 – Build on the eco-system sectors

The ICT and Manufacturing sectors have been identified for the following ten years and beyond.

Project Khulisa is a transversal approach with a number of provincial government departments and other entities like Wesgro, Saldanha IDZ, SAOGA and WCFFI working together to reach the goal statement. This transversal approach will ensure that the following regional outcomes are met:

- To grow GVA from R1 billion to R3 billion and facilitate 60 000 additional formal jobs within the Western Cape's Oil and Gas sector by March 2020.
- To grow GVA from R12 billion to R26 billion and to facilitate 100 000 additional formal jobs within the Western Cape's Agri-processing sector.

### 9.4.2 Strategic Objective

#### Oil and Gas

<b>Strategic Objective</b>	To provide strategic leadership and the necessary resources to deliver on the key initiatives needed to grow the Oil and Gas sector.
<b>Objective Statement</b>	To grow GVA from R1bn to R3bn and facilitate 60 000 additional formal jobs within the Western Cape's Oil and Gas sector.
<b>Baseline</b>	Impact evaluation will be conducted by DEDAT's Research unit and will be completed by the end of the 2018/19 financial year.

**Problem statement**

Despite a clear local advantage, available port land and a relatively sophisticated engineering base, South Africa has a lack of appropriate port and back of port infrastructure, with the right operating environment, to attract the rig repair and oilfield related marine engineering and logistic services as well as a lack of local skills and SME capability to optimally grow employment and value add by locally owned businesses.

**Challenges**

- Port Infrastructure – industry growth is impeded by insufficient infrastructure suitable for rig repair.
- Bulk Services.
- Local Skills – the lack of suitably qualified and experienced skilled workers is a significant drag on the industry.

**Strategic intents**

Project Khulisa identified five strategic intents that have focused and prioritised activities and outputs for delivery by 2020. These activities and outputs contribute to the outcomes of increased GVA and direct jobs for the Oil and Gas sector. The five strategic intents are:

1. Develop suitable infrastructure.
2. Co-develop and coordinate skills development across the sector.
3. Enterprise Development.
4. Ease of doing business.
5. Marketing Coordination.

**Key initiatives**

Strategic intent 1: Develop suitable infrastructure by developing the port infrastructure and service industrial facilities to transform Saldanha Bay into a free port and rig repair hub:

- Back of port land development.
- Port land development.
- Strategic marine infrastructure.
  - Berth 205 – deep water rig repair quay.
  - Jetty for repairs, load-out, ship building.
  - Off-shore supply base.
- Bulk services.
- Bring strategic stakeholders together to drive co-ordinated planning and implementation.

In response to the facilitation of the key initiatives as part of the Western Cape Government's transversal approach, Programme 3 will specifically be responsible for facilitation of the following key initiatives in the 2017/18 financial year:

Strategic intent 1: Develop suitable infrastructure by developing the port infrastructure and service industrial facilities to transform Saldanha Bay into a free port and rig repair hub:

- Stakeholder management – bring strategic stakeholders together to drive co-ordinated planning and implementation via SAOGA.
- Trade and investment promotion in key markets by Wesgro.

**Agri-processing**

<b>Strategic Objective</b>	To provide strategic leadership and the necessary resources to deliver on the key initiatives needed to grow the Agri-processing sector.
<b>Objective Statement</b>	To grow GVA from R12bn to R26bn and to facilitate 100 000 additional formal jobs within the Western Cape's Agri-processing sector.
<b>Baseline</b>	Impact evaluation will be conducted by DEDAT's Research unit and will be completed by the end of the 2018/19 financial year.

**Problem statement**

South Africa is a net importer of processed agriculture, forestry and fisheries products. This presents an opportunity for the country to explore possibilities to develop the local processing industry to be more significant both in terms of its economic contribution and job creation. As the Western Cape explores opportunities to grow its Agri-processing sector, it should look at expanding the export contribution of sectors that have a potential in driving the GVA growth and increase employment.

## Challenges

- Trade and non-trade barriers to export – lack of trade agreements with the BRIC countries in Africa; certification and other requirements in export markets.
- Scarcity and high cost of energy and water – which is already holding up the growth of the industry and affecting the cost competitiveness of an energy-intensive industry.
- Lack of adequate and competitive infrastructure – including machinery and equipment; logistics; transport and export infrastructure.
- Lack of industry knowledge and skills – scarcity of skilled labour at all levels which increases labour costs.
- Uncompetitive regulatory framework.
- Fragmented industry structure – with a few big firms and a large number of SMMEs facing challenges in terms of access to finance, access to markets, and the ability to comply with regulations.

## Strategic intents

Project Khulisa identified three strategic intents that have focused and prioritised activities and outputs for delivery by 2020. These activities and outputs contribute to the outcomes of increased GVA and direct jobs for the Agri-processing sector. The three strategic intents are:

1. Grow the Western Cape's share of the global Halal market from <1% to 2% by 2025 (as finalised by Khulisa).
2. Double the value of wine and brandy exports to China and Angola by 2025.
3. Increase local capacity to process agricultural goods for the domestic and international market.

## Key initiatives

The following initiatives are the main outputs for each of the three strategic intents:

Strategic intent 1: Grow the Western Cape's share of the global Halal market from <1% to 2% by 2025:

- Establish appropriate governance structures in the Halal sector.
- Establish a Halal certification standard.
- Establish a Halal processing hub.
- Promote SA Halal products in key markets.
- Ensure SMME and PDI access to the Halal value chain.

Strategic intent 2: Double the value of wine and brandy exports to China and Angola by 2025:

- Develop and oversee the implementation of the campaign to promote SA wine and brandy in China.
- Develop and oversee implementation of the campaign to promote SA wine and brandy in Angola.
- Domestic promotion of high end brandy.
- Develop appropriate irrigation infrastructure to grow production for future export (e.g. Brandvlei).
- Facilitate transformation in the wine and brandy industries.

Strategic intent 3: Increase local capacity to process agricultural goods for the domestic and international market:

- Develop a database of products which can be produced in the Western Cape.
- Build residue and quality testing facilities.
- Develop an incentive package to encourage investment in Agri-processing.
- Innovate and gain efficiencies in Agri-processing.
- Construct sterilisation and product consolidation facilities.
- Build skills required to grow the Agri-processing sector.
- Enhance access for emerging farmers.

The implementation phase of the initiatives commenced on 1 October 2015, with a monthly reporting schedule and quarterly steering committee meetings according to the scheduled time horizons. During this phase, each initiative is being implemented by the responsible institutions, according to the pre-determined deadlines that have been set. In spite of the challenges, progress was made on a number of key areas to date, and in view of the balancing act required in soliciting private and public stakeholders to support and remain engaged in the initiatives to create an enabling environment for business to thrive, marked achievement was shown over a relatively short period.

In response to the facilitation of the key initiatives as part of the Western Cape Government's transversal approach, Programme 3 will specifically be responsible for the facilitation of the following key initiatives in the 2017/18 financial year:

Strategic intent 1: Grow the Western Cape's share of the global Halal market from <1% to 2% by 2025, in partnership with Wesgro and the relevant sector body.

In order for the economy of the Western Cape province to benefit from the growing global Halal economy, a number of initiatives have been identified and will be implemented during the 2017/18 financial year. The identified initiatives that will be implemented are:

- Establish appropriate governance structures in Halal sector.
- Establish a Halal certification standard.
- Establish a Halal processing hub.
- Promote SA Halal products in key markets.

Strategic intent 2: Double the value of wine and brandy exports to China and Angola by 2025 (implementation by Wesgro).

A number of in-market initiatives have been identified to increase the presence of South African wines in both these markets – Angola and China. The project implementation will be done in partnership with Wesgro and the wine industry's marketing arm – Wines of South Africa (WOSA), which will bring their expertise and existing in-market and trusted marketing network. These projects are:

- Develop and implement a campaign to promote SA wine in China.  
The initiatives to be implemented include an outward mission to this market; facilitation of an inward buying mission; organising in-market networking events with media and select consumers; and other industry support promotional activities that will ensure increase in the SA wine presence in this market.
- Develop and implement a campaign to promote SA wine in Angola.  
The initiatives planned for this market include facilitating an outward trade mission; an inward buying mission, partnering with established SA retailers in the market for improved logistics and providing wine tasting platforms; inviting the Western Cape key buyers from this market; and other strategic industry support initiatives with which to increase the market penetration of SA wines.

### Support to Sector Bodies

<b>Strategic Objective</b>	To provide support to sector bodies that will allow for leveraging of funds to develop and support the respective sectors.
<b>Objective Statement</b>	To enable sector bodies to leverage funding for sectoral development which will lead to further stimulation of the regional economy by 2018 (this will only remain in effect for the 2016/17 and 2017/18 financial years).
<b>Baseline</b>	2015/16: Value of funding leveraged R89m.

To provide support to sector bodies that will allow for extensive leveraging of funds by these sector bodies. The support provided for the 2016/17 financial year will be both financial and non-financial support. This will enable the sector bodies to develop and support the respective sectors. This will further stimulate economic growth and job creation for the Western Cape economy as a whole.

The financial support provided will directly fund the operating expenses of the respective special purpose vehicles. These operating expenses are personnel costs, office rental space and standard office supplies as and if needed within each of the special purpose vehicles.

The non-financial support provided will include:

- Strategic direction (ensure strategies are aligned to national and provincial goals).
- Facilitation and lobbying (development of linkages and partnerships, access to leveraging opportunities).
- Oversight and corporate governance (M&E).

The following special purpose vehicles will be supported, as they relate to the named sectors below that require economic stimulating activities:

1. CITI (Cape IT Initiative) for the information communication and technology sector: Facilitates economic opportunities in the ICT sector, ensuring that the Western Cape is a centre of excellence in the global ICT market.
2. BPeSA WC (Business Process Enabling South Africa) for the business process outsourcing sector: Targets opportunities to address issues of high youth unemployment and the need for inclusive economic growth.
3. WCFFI (Western Cape Fine Food Initiative) for the Agri-processing sector: Provides an engagement platform for the Agri-processing sector in the Western Cape with industry, academia, support agencies and government.
4. SAOGA (South African Oil and Gas Alliance) for the Oil and Gas sector: Creates the enabling environment for the sector to grow the economy and to create jobs.

5. CLOTEX (Western Cape Clothing and Textile Service Centre) for the clothing and textiles sector: Facilitates economic and industrial development in clothing and textile related businesses.
6. CCTC (Cape Clothing and Textile Cluster) for the clothing and textiles sector: Increase sales and employment and position the Western Cape as a sustainable and ethical sourcing destination.
7. CTFC (Cape Town Fashion Council) for the clothing and textiles sector: Facilitates an interconnected and better supported fashion design value chain in order to increase job creation.
8. CCDI (Cape Craft and Design Institute) for the craft sector: Targeted logistical, training, developmental and mentoring support to craft producers, hand-manufacturers and designers in the Western Cape.
9. WCTI (Western Cape Tooling Initiative) for the metals and engineering sector: Co-ordinates a regional partnership of manufacturing associations and development agencies in order to improve the competitiveness of companies and create greater access to markets, resulting in economic growth and job creation in the Western Cape.

#### 9.4.3 Strategic objective annual targets for 2017/18

Strategic Objective (Outcome Indicator)	Audited/Actual performance			Estimated performance	Medium-term targets		
	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
Value of funding leveraged by the sector bodies	R33.1m	R43.437m	R89.180m	R25m	R10m	-	-
Estimated value of trade and investment facilitated	-	-	-	-	DEDAT Research Unit to establish baseline	R500m	R750m

#### 9.4.4 Performance indicators and annual targets for 2017/18

Programme performance indicator (Output Indicator)	Audited/Actual performance			Estimated performance	Medium-term targets			
	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	
<b>Subprogramme: Sector Development</b>								
1.1	Number of Khulisa initiatives supported	-	-	-	2	2	-	-
1.2	Number of sector bodies supported	-	-	-	9	9	-	-

#### 9.4.5 Quarterly targets for 2017/18

Performance indicator	Reporting period	Annual target 2017/18	Quarterly targets				
			1st	2nd	3rd	4th	
<b>Subprogramme: Sector Development</b>							
1.1	Number of Khulisa initiatives supported	Annually	2	-	-	-	2
1.2	Number of sector bodies supported	Annually	9	-	-	-	9

#### 9.4.6 Risk Management

<b>Strategic Objective: To provide strategic leadership and the necessary resources to deliver on the key initiatives needed to grow the Oil and Gas and Agri-processing sectors.</b>	
<b>Risk Statement</b>	<b>Risk Mitigation Strategies</b>
Failure to provide strategic leadership and the necessary resources, which may lead to mis-aligned strategy and delivery on the WCG's strategic priorities.	Strategic direction provided by the Executing Authority, the Accounting Officer and the relevant Senior Managers in the Department. The necessary resources agreed upon between the Department and the relevant role-players.
<b>Strategic Objective: To provide support to sector bodies that will allow for leveraging of funds to develop and support the respective sectors.</b>	
<b>Risk Statement</b>	<b>Risk Mitigation Strategies</b>
Failure to effectively ensure and oversee that the allocated funds are utilised as per the transfer payment agreements, which may result in the non-delivery of pre-determined output and outcome targets.	Improved and co-ordinated interaction between the Department and the Special Purpose Vehicles to monitor progress via quarterly progress meetings and reports (including management accounts). Quarterly updates of the operational plan and the agreed upon evidence framework.

## 9.5 Reconciling performance targets with the Budget and MTEF

### 9.5.1 Expenditure estimates

Subprogramme		Audited			Main appropriation	Adjusted appropriation	Revised estimate	Medium term expenditure		
		R'000	2013/14	2014/15				2015/16	2016/17	2016/17
1.	Trade and Investment Promotion	21 481	19 235	23 000	25 000	28 417	28 417	30 420	32 215	33 889
2.	Sector Development	46 405	51 061	32 915	34 586	30 855	30 855	21 014	16 569	17 337
3.	Strategic Initiatives									
4.	Management: Trade and Sector Development	1 579	952	1 748						
<b>Total payments and estimates</b>		<b>69 465</b>	<b>71 248</b>	<b>57 663</b>	<b>59 586</b>	<b>59 272</b>	<b>59 272</b>	<b>51 434</b>	<b>48 784</b>	<b>51 226</b>
<b>Economic Classification</b>										
<b>Current payments</b>		<b>13 122</b>	<b>17 003</b>	<b>11 502</b>	<b>21 590</b>	<b>17 811</b>	<b>17 811</b>	<b>15 153</b>	<b>16 382</b>	<b>17 148</b>
Compensation of employees		11 470	11 848	10 815	10 883	10 563	10 563	9 489	10 241	11 009
Goods and services		1 652	5 155	687	10 707	7 248	7 248	5 664	6 141	6 139
<b>Transfers and subsidies</b>		<b>56 225</b>	<b>54 169</b>	<b>46 069</b>	<b>37 996</b>	<b>41 413</b>	<b>41 413</b>	<b>36 095</b>	<b>32 215</b>	<b>33 889</b>
Provinces and municipalities										
Departmental agencies and accounts		21 481	19 235	23 000	25 000	28 417	28 417	30 420	32 215	33 889
Universities and technikons			1 000							
Foreign governments and international organisations										
Public corporations and private enterprises		500	10							
Non-profit institutions		34 244	33 922	23 000	12 996	12 996	12 996	5 675		
Households			2	69						
<b>Payments for capital assets</b>		<b>118</b>	<b>73</b>	<b>85</b>	<b>-</b>	<b>26</b>	<b>26</b>	<b>186</b>	<b>187</b>	<b>189</b>
Buildings and other fixed structures										
Machinery and equipment		118	67	81		26	26	186	187	189
Software and other intangible assets			6	4						
<b>Payments for financial assets</b>			<b>3</b>	<b>7</b>		<b>22</b>	<b>22</b>			
<b>Total economic classification</b>		<b>69 465</b>	<b>71 248</b>	<b>57 663</b>	<b>59 586</b>	<b>59 272</b>	<b>59 272</b>	<b>51 434</b>	<b>48 784</b>	<b>51 226</b>

## Programme 4: Business Regulation and Governance



DEPARTMENT OF ECONOMIC DEVELOPMENT AND TOURISM



## 10. PROGRAMME 4: BUSINESS REGULATION AND GOVERNANCE

### 10.1 Purpose

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

### 10.2 Programme structure

The Programme is structured as follows:

- **Subprogramme 4.1: Consumer Protection**

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

### 10.3 Subprogramme 4.1: Consumer Protection

#### 10.3.1 Performance Delivery Environment

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

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

Currently the operating practice of the OCP is to receive consumer complaints via the following two main avenues:

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

In terms of the delivery environment, the regulatory institutions within DEDAT were often seen as being somewhat of a misplaced entity within the economic development space. This was predominantly since regulation was generally viewed as anti-development and a negative force in an environment seeking to grow the economy. Regulation has however, in recent years come to be seen as an enabling factor, ensuring that all the economic role-players (consumers, enterprises and the various levels of Government) co-operate in a legally secure and predictable environment, structured towards economic growth and transformation. There is a growing realisation on the part of the business sector that economic growth should not be at the expense of equity. Fairness to consumers and the espousal of responsible trading and production practices can serve as competitive advantages that will stand them in good stead in a globalised economy, where competition will increasingly be against foreign rivals as opposed to local ones. Recent and emerging technological changes, trading methods, patterns and agreements have brought, and will continue to bring, new benefits, opportunities and challenges to the market for consumer goods and services within South Africa. As a result it was deemed desirable to promote an economic environment that supports and strengthens a culture of consumer rights and responsibilities, business innovation and enhanced performance.

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

Some regulators and enforcement partners considered that, with reputation a major driver, it was crucial for businesses to avoid any adverse publicity, especially during a time when economic growth is an issue of national importance. This therefore presents an ideal opportunity for a regulatory institution such as the OCP to now exploit this "willingness to comply" environment and ensure that the benefits of consumer protection is extended to not only consumers but also to business.

It is therefore evident that an effective consumer protection environment is one which must provide a mechanism through which consumers can address illicit business behaviour but one which also acknowledges the importance of a growth orientated economy. In this manner the OCP can now effectively find its *niche* within the Western Cape Government since its redress services for consumers will go a long way in contributing towards the national outcome of ensuring that an "efficient and effective development orientated public service and an empowered, fair and inclusive citizenship" is developed.

As alluded to above 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 burdensome regulation remains high on the agenda of most OECD countries. The Western Cape government, through Provincial Strategic Objective 1, has adopted the creation of an enabling environment within which business can grow and develop as a critical component in realising this objective. This objective is furthermore contained both within the Department's 5 year Strategic Plan as well as the Provincial Strategic Plan. As such there is alignment amongst all three strategic visions of the WCG. Within the arena of consumer protection it is motivated that an effective consumer complaints management service within the province must be seen as a contributor towards establishing an enabling business environment. This is especially if viewed from the perspective of business since the timeous and effective resolution of complaints against business reduces costs, administration and other burdensome activities.

### 10.3.2 Strategic Objectives

<b>Strategic Objective</b>	To provide an effective and efficient consumer protection service within the province which is aligned to the objectives and functions as prescribed by provincial and national consumer protection legislation
<b>Objective Statement</b>	To ensure that the WCG Provincial Strategic objective of making the Western Cape a destination of choice in which to do business is achieved through the provision of an effective complaints resolution service, ensuring that a minimum of 20 000 complaints are dealt with by March 2020, resulting in a financial saving of at least R15 million
<b>Baseline</b>	During the 2015/16 financial year a total of 6 595 complaints were received and a total of 6 619 were resolved. The financial saving accruing to consumers was R10 051 162.05

### 10.3.3 Strategic objective annual targets for 2017/18

Strategic Objective (Outcome Indicator)	Audited/Actual performance			Estimated performance	Medium-term targets		
	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
Number of strategic consumer NGO and other relevant partnerships established	28	31	35	30	30	30	50
Monetary value saving to consumers	R4.1m	R6.8m	R10 051 162.05	R1.5m	R4m	R3m	R3m

### 10.3.4 Implementation Plan

#### Consumer Redress

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

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

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

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

#### Continued priority focus areas

##### Support of SMMEs

In previous financial years the primary role of the OCP as far as business (including SMMEs) was concerned related to the investigation of consumer complaints lodged against such businesses. It has however become necessary for the OCP to realign itself especially in light of the Department's strategic priorities especially with regards to the role which SMMEs can play within the arena of job creation.

As a result a new focus for the OCP will be the role of supporting and capacitating SMMEs with regard to the legislative imperatives as created by the Consumer Protection Act. During the past financial years it has become evident that a vast majority of consumer complaints received by the OCP relate to the products/services provided/offered by SMMEs. The resolution of such disputes have proven to be challenging especially since many

of the SMMEs are not aware of the obligations placed on them by the Consumer Protection Act and as a result rely on outdated policies and procedures as far as customer rights are concerned.

As a result there is often reluctance amongst SMMEs to engage and address issues of dispute. It is internationally accepted that substantial reputational damage can be caused to a business due to perceptions amongst consumers that their consumer rights are not protected. This reputational damage translates into loss of consumer confidence in a business or brand which further translates into loss of turnover and subsequent profit. The knock on effect of this reputational damage is vast since it will impede a business's ability to grow and ultimately create jobs and thus limit the economic growth of a region. The role and importance of basic principles such as customer care, customer rights/obligations, new law and policy on consumer protection is therefore crucial in order for a business to maintain consumer confidence and thus flourish.

As such the OCP will over the MTEF 2015 to 2020, be actively engaging with SMMEs, sector bodies, government departments, municipalities, industry bodies and business groupings to provide support on this issue. For example, the OCP will now be actively assisting SMMEs in identifying and addressing policy/administrative shortcomings within their business as far as consumer protection is concerned. The idea is to ensure that such businesses become aware of their obligations in terms of the law and actively amend policies/procedures that are contrary to legislation. This will ensure that they not only become legally compliant but can in fact enhance consumer confidence in the products or services they offer.

By introducing this new approach the OCP can also make a direct contribution towards one of the strategic priorities of the Department as far as supporting business is concerned. The additional impact is that consumer confidence in SMMEs can drive the growth of such businesses and possibly lead to job creation and the improvement of the Western Cape economy.

### **Consumer Education Services**

The education and information activities carried out in the previous years have shown that the OCP's activity in this area brings positive results and is received with great interest by consumers and entrepreneurs. Consumer education is a long-term and continuous process, especially in a country whose market is growing intensively, adapting itself to the functioning of the free market system. At the same time there is a need to expand the information and education activity, covering new thematic areas and using new communication methods. With relation to the changing market situation and an increasingly widespread application of new communication techniques by businesses, it seems necessary to strengthen the activities of the OCP aimed at educating consumers as 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 keep trend with this new form of consumerism.

In the years to come the OCP intends to continue basing consumer protection policy on regularly obtained, reliable information about South African and specifically Western Cape consumers. Supporting consumer policy with the data about the type and scale of problems faced by consumers on the market, the barriers preventing consumers from fully adapting to the modern market and about the current level of knowledge and awareness of consumers will enable the Office to implement systemic solutions aimed at eliminating or limiting market changes which are unfavourable to consumers.

The most important objective of the OCP's research activities is to obtain background for designing its educational and information programmes. Moreover, the OCP will use the results of social research that will be undertaken in its direct communication with consumers and entrepreneurs, in the framework of information campaigns, PR activities and working meetings, which aim to strengthen the social dialogue. The data acquired through this research will constantly be used by the OCP in its communication with other government agencies, Regulatory bodies, as well as NGOs, academic circles and the media.

The OCP will be embarking on regular research initiatives to, amongst others, address the following:

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

### **The OCP's consumer education activities**

Over the MTEF 2015 to 2020, the OCP will continue to carry out an active educational and information activity, focusing mainly on the education of various groups of consumers. The education programme will include the basic issues, the knowledge of which facilitates the functioning on the market, acquiring everyday consumer competencies' knowledge of redress options. It should also provide an answer to the newest challenges occurring on the market. At the same time, it is important for the new education and information activities of the Office to provide Western Cape consumers with assistance in their functioning on the South African market.

The OCP's campaigns will also be executed in cooperation with the National Consumer Commission (NCC), various regulatory authorities and Ombudsman Schemes that are either statutory or that will be established in terms of the Consumer Protection Act, 2008.

In the forthcoming period the OCP plans to execute education campaigns relating to the following consumer issues:

- Benefits and risks related to the use of the latest technologies to transact with business (concluding distance contracts, via the Internet, the phone, mail orders, etc.).
- Sub-standard Goods and the risks posed by them. The objective of this campaign will be to draw consumers' and entrepreneurs' attention to the factors that determine the safety and quality of products.
- Counterfeit Goods: What are they and what is the impact on the economy?
- Advertising. Campaigns concerning this issue will inform consumers about the various types of misleading, false and inaccurate advertising that is designed to entrap consumers into problematic agreements.
- Consumer rights and obligations. The need to inform consumers about their rights and obligations in terms of the Consumer Protection Act and the various authorities available to assist with redress remains valid.

The educational and information campaigns will be addressed to various consumer groups: the youth, adults, elderly people and the business sector.

Over the medium term, the OCP will also develop a more focused and sustained campaign specifically aimed at SMMEs. This is especially since a need has been identified to support SMMEs on the issue of consumer rights and obligations in terms of the relevant legislation.

The Office will continue its cooperation with consumer organisations, Regulatory bodies, Ombudsmen and the mass media, through which it will try to reach the society. In this respect, the expert support of academic circles will be also very important.

### **Continued Priority Focus: Financial Literacy Education**

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

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

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

Currently there are more than 600 000 consumers who have applied for debt counselling since the National Credit Act came into effect in June 2007. It must be noted that consumers who seek debt counselling are removed out of the credit market as prescribed by the law. This reduces their level of participation in the economy as they cannot access credit. It can be argued that those who are removed from accessing further credit could have been potential customers of businesses in the Western Cape. This indirectly reduces demand for products that these consumers who are under debt review would have bought.

It is perhaps imperative for government to provide financial education to consumers as this will reduce the number of consumers who are in financial dire straits. The reduction in the number of indebted consumers will potentially address the demand and supply side of the market which could subsequently help in the stimulation of the economy.

The proposed financial educational programmes will therefore help to acquaint consumers in general with various financial products in the market and the implications of their choices. This will invariably assist consumers to stay in the market and continue to consume products and services manufactured and created by the economy, thus not only helping to sustain jobs and economic growth but also to contribute to the fiscus.

### 10.3.5 Performance indicators and annual targets for 2017/18

Programme performance indicator (Output Indicator)		Audited/Actual performance			Estimated performance	Medium-term targets		
		2013/14	2014/15	2015/16		2016/17	2017/18	2018/19
<b>Subprogramme: Consumer Protection</b>								
1.1	Number of consumer education programmes conducted	243	274	235	120	130	150	180
1.2	Number of complaints received	10 554	8 991	6 595	4 000	7 000	7 500	7 000
1.3	Number of complaints resolved *	10 063	8 872	6 619	3 500	6 500	7 000	6 000
1.4	Number of consumer education booklets and/or information material distributed to citizens and business	12	4	19 357	1 000	2 000	2 000	2 000
1.5	Number of financial literacy workshops conducted	89	118	69	20	50	60	100
1.6	Number of SMME engagements conducted	-	-	25	10	15	15	30
1.7	Number of business licence appeal recommendations provided	1	-	-	1	1	1	1

### 10.3.6 Quarterly targets for 2017/18

Performance indicator		Reporting period	Annual target 2017/18	Quarterly targets			
				1st	2nd	3rd	4th
<b>Subprogramme: Consumer Protection</b>							
1.1	Number of consumer education programmes conducted	Quarterly	130	35	35	20	40
1.2	Number of complaints received	Quarterly	7 000	2 000	2 000	1 500	1 500
1.3	Number of complaints resolved	Quarterly	6 500	1 500	2 000	2 000	1 000
1.4	Number of consumer education booklets and/or information material distributed to citizens and business	Quarterly	2 000	500	500	500	500
1.5	Number of financial literacy workshops conducted	Quarterly	50	15	10	10	15
1.6	Number of SMME engagements conducted	Quarterly	15	5	5	2	3
1.7	Number of business licence appeal recommendations provided	Annually	1	-	-	-	1

\* A note regarding the national indicator for cases resolved

The indicator which speaks to the number of cases received and resolved by the OCP is part of the so-called nationally agreed sector specific indicators. These indicators were adopted on a national level so as to enable a national picture on consumer protection to be developed. The specifics around this indicator were therefore agreed to by all provincial departments as well as the National Consumer Commission (NCC). In terms of the specifics it was agreed that since all cases that were received would require some intervention, inquiry or action, it was justifiable that all received cases – irrespective of the extent of the inquiry/assistance – would be recorded as a resolved case. As such, matters that for example would be referred to another body/institution, or be closed due to insufficient evidence, or due to jurisdictional issues, would be included in the resolved cases category. The number of received and resolved cases must therefore be seen in this context.

### 10.3.7 Risk Management

Strategic Objective: To provide an effective and efficient consumer protection service within the province which is aligned to the objectives and functions as prescribed by provincial and national consumer protection legislation.	
Risk Statement	Risk Mitigation Strategies
<p><b>Consumer education programmes</b> The inability to implement effective and sustained consumer education programmes across the province due to insufficient resources (human, infrastructural and financial) which results in a decrease in the consumer rights awareness levels and the failure to achieve service standards.</p>	<p>Enhancement of strategic links with various stakeholders and partners within the consumer protection environment.</p> <p>Cooperation with the media will be continued so as to ensure that the exposure of the various events, projects and programmes of the OCP will be communicated to readers, listeners and watchers of the various media sources.</p>
<p><b>Consumer complaints</b> The failure to resolve received cases due to the ineffective operationalization of the National Consumer Commission and the inconsistent interpretation of provisions within national and provincial Consumer Protection legislation which impacts on a consumer's right to obtain effective redress on a complaint and which hampers service delivery by a provincial office.</p>	<p>Establishment of a Standing Advisory Committee to the Consumer Protection Act by the National Commissioner.</p> <p>Quarterly case management engagements between provinces.</p> <p>Regular reporting to the National Consumer Commission on performance related matters.</p> <p>Position paper to be developed by the Department on legislative amendments related to inconsistent provisions and implementations of the Consumer Protection Act.</p> <p>Position paper to be escalated to the National Minister (DTI).</p>
<p><b>Policy and Legislation</b> Lack of control which the Department has over the legislative environment due to the constitutional mandate (concurrent jurisdiction) which results in the implementation of policies and legislation that are unsuitable to the Department and which impacts on service delivery standards and brand reputation.</p>	<p>Establishment of a Consumer Protection Forum comprised of all nine Provinces and Regulatory Authorities.</p> <p>Programme units tasked with evaluating proposed policy legislation and providing comments to the MEC.</p> <p>Issues and concerns escalated to the President and Premier Coordinating Forum.</p> <p>Departmental Red Tape Reduction Unit established.</p> <p>The Red Tape Unit will be engaged so as to lobby for any proposed legislative and/or policy amendments.</p>



## 10.4 Reconciling performance targets with the Budget and MTEF

### 10.4.1 Expenditure estimates

Subprogramme		Audited			Main appropriation	Adjusted appropriation	Revised estimate	Medium term expenditure		
		R'000	2013/14	2014/15				2015/16	2016/17	2016/17
1.	Consumer Protection	10 384	10 021	10 868	11 311	10 911	10 911	11 919	12 837	13 771
<b>Total payments and estimates</b>		<b>10 384</b>	<b>10 021</b>	<b>10 868</b>	<b>11 311</b>	<b>10 911</b>	<b>10 911</b>	<b>11 919</b>	<b>12 837</b>	<b>13 771</b>
<b>Economic Classification</b>										
<b>Current payments</b>		<b>10 294</b>	<b>9 966</b>	<b>10 765</b>	<b>11 221</b>	<b>10 779</b>	<b>10 773</b>	<b>11 834</b>	<b>12 740</b>	<b>13 667</b>
Compensation of employees		7 413	7 590	8 159	8 511	8 111	8 111	8 389	9 099	9 823
Goods and services		2 881	2 376	2 606	2 710	2 668	2 662	3 445	3 641	3 844
<b>Transfers and subsidies</b>		<b>3</b>								
Provinces and municipalities										
Departmental agencies and accounts										
Universities and technikons										
Foreign governments and international organisations										
Public corporations and private enterprises										
Non-profit institutions										
Households		3								
<b>Transfers and subsidies to Capital</b>										
Government Motor Trading Account										
<b>Payments for capital assets</b>		<b>87</b>	<b>40</b>	<b>103</b>	<b>90</b>	<b>90</b>	<b>90</b>	<b>85</b>	<b>97</b>	<b>104</b>
Buildings and other fixed structures										
Machinery and equipment		87	40	98	90	90	82	80	90	95
Heritage assets										
Specialised military assets										
Biological assets										
Land and subsoil assets										
Software and other intangible assets				5			8	5	7	9
<b>Payments for financial assets</b>			<b>15</b>			<b>42</b>	<b>48</b>			
<b>Total economic classification</b>		<b>10 384</b>	<b>10 021</b>	<b>10 868</b>	<b>11 311</b>	<b>10 911</b>	<b>10 911</b>	<b>11 919</b>	<b>12 837</b>	<b>13 771</b>

## Programme 5: Economic Planning



DEPARTMENT OF ECONOMIC DEVELOPMENT AND TOURISM

## 11. PROGRAMME 5: ECONOMIC PLANNING

### 11.1 Purpose

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

### 11.2 Programme structure:

The programme is structured as follows:

- **Subprogramme 5.1: Economic Policy and Planning**  
To develop provincial economic policies and strategies.
- **Subprogramme 5.2: Research and Development**  
To conduct economic research.
- **Subprogramme 5.3: Knowledge Management**  
To contribute to the creation of a knowledge economy.
- **Subprogramme 5.4: Monitoring and Evaluation**  
To determine the effectiveness and impact of provincial policy objectives and strategies.
- **Subprogramme 5.5: Enabling Growth Infrastructure and Initiatives**  
To develop and/or stimulate an enabling economic environment through catalytic interventions.
- **Subprogramme 5.6: Broadband for the Economy**  
To support and stimulate the usage, readiness and accessibility of broadband in the region.
- **Subprogramme 5.7: Green Economy**  
To stimulate the development of green industries and facilitate resource-efficiency and sustainability to improve the competitiveness of the economy.

### Context

The global economy is characterised by rapid change and innovation, technological advances, rapid improvements to production and service systems, and severe challenges to the resource-intensive sustainability and climate change threats. As such, four dominant international trends have emerged as critical in impacting on growth, namely economic infrastructure, broadband, resource sustainability and climate stimulating change, and design and innovation. For the Western Cape economy to compete, it requires a responsive economic environment which facilitates opportunities, shapes direction and overcomes challenges.

The aim of this Programme is therefore to overcome critical inhibitors to economic growth, capitalize on economic opportunities which arise due to market forces or technological advances and to stimulate investment into the province. In addition to providing a coordinating platform and evidence-based support for strategic planning, the Programme therefore comprises of a suite of economic growth enablers/drivers that support the growth of the Western Cape economy. This suite of strategic growth enablers and drivers are clustered under additional subprogrammes within Programme 5, namely (1) Enabling Growth Infrastructure and Initiatives, (2) the Broadband for the Economy and (3) the Green Economy.

The themes underpinning these subprogrammes have emerged as key components of South Africa's National policies, the Provincial Strategic Goal 1 and 5, OneCape 2040, the Western Cape Government Provincial Strategic Plan 2014 – 2019, and find specific expression in the Provincial Strategic Goal One's game-changers and strategic priorities.

### OneCape 2040

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

### Provincial Strategic Plan 2014 - 2019

The Western Cape Government has synthesized its 12 Strategic Objectives into five Provincial Strategic Goals (PSGs). Of these five Strategic Goals, the following are relevant to the Programme.

## **Strategic Goal 1: Create opportunities for growth and jobs**

Strategic Goal 1 lists a number of major objectives. These include (i) Nurture Innovation through the economy, (ii) Improve Broadband rollout for the economy, and (iii) Help ensure sufficient water and energy for growth. All the projects within the Programme are aimed, in varying degrees of relevance and emphasis, at addressing these objectives.

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

This Strategic Goal encapsulates both the green/climate change principles as well as that of a supportive infrastructure which facilitates economic growth and social inclusion. The game changers which are assigned to this Strategic Goal are the Live-Work-Play project of Conradie Hospital site in which inputs and support are required by the Programme as well as the Better Living Challenge which was conceived within the Green Economy initiative and is currently managed within the subprogramme 5:4 Enabling Growth Infrastructure and Initiatives.

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

As a transversal cross-cutter, Connected Cape, which is the Broadband Strategy conceptualised by DEDAT, has been listed as PSG5 game changer for the Province. In order to achieve the WC Broadband vision and targets, the Programme is responsible within the wider Broadband Implementation Plan for improving broadband access, skills and usage to citizens and businesses for economic and social development.

## **Provincial Strategic Goal 1 Key Priority: Project Khulisa**

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

## **Provincial Strategic Goal 1 Game Changer: Energy Security**

The recent electricity crisis has served to underline the critical importance of having an energy-secure province which includes the need to diversify the regional energy mix and reduce energy intensity within the Western Cape. The Department's response and support of the objectives and projects of the Energy Game Changer is located within Programme 5.

## **Provincial Strategic Goal 1 Game Changer: Skills Development**

There is a recognition that the greatest resource in the province is its workforce. The tools that arise from the work of the Programme will be leveraged where possible to support the realisation of the Apprenticeship Game Changer.

### **11.3 Subprogramme 5.1: Economic Policy and Planning**

#### **11.3.1 Performance Delivery Environment**

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

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

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

Strategic Goal 1: Create opportunities for growth and jobs

Strategic Goal 2: Improve education outcomes and opportunities for youth development

Strategic Goal 3: Increase wellness, safety and tackle social ills

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

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

This Department is tasked as the lead department in Provincial Strategic Goal 1: Create opportunities for growth and jobs, while supporting PSG2, PSG4 and PSG5. The purpose of this subprogramme is firstly to develop the strategic plan expressing PSG1 to be adopted by cabinet, then to align the Department's strategy to that of the cabinet adopted PSG1.

In maximising economic and socio-economic outcomes as described in the PSP and PSG, suitable provincially adopted policies are required, which will be drafted by this subprogramme in collaboration with the Department of the Premier's policy unit.

### 11.3.2 Strategic Objective

<b>Strategic Objective</b>	To provide economic strategy and policy leadership in the Province
<b>Objective Statement</b>	To facilitate and lead the collaborative process of economic policy and strategy development through the development of 12 policy briefs by March 2020
<b>Baseline</b>	Baseline at the start of the period under review is zero

### Objectives

To give effect to the integrated evidence based economic policy and strategy development, the Economic Policy and Planning unit supports Province-wide cross-cutting economic development and facilitates the strategic planning processes for the DEDAT.

In other words, it facilitates the strategic goals and objectives in terms of the above policy and legislative mandates and ensures that the Departmental goals and objectives are translated into Departmental policies, programmes and projects, which are aligned to the Province's Strategic Goal 1.

Furthermore, the subprogramme aligns and integrates all economic policies and strategies emanating from all spheres of government.

### 11.3.3 Implementation Plan

In 2017/18 the subprogramme will focus on:

#### Economic Strategy Development

Project Khulisa, which was purposed to develop the strategic expression of PSG1 was completed and adopted by cabinet in the 2014/15 financial year. In that year, the Department finalised its five year strategy that was aligned to the Cabinet adopted PSG1.

However, both the PSG1 and Project Khulisa described high level economic interventions through high level roadmaps per key area of intervention. These roadmaps and interventions must be unpacked and described in more detail through key roadmap strategy development.

Through wide stakeholder engagement the subprogramme will facilitate the development of more detailed strategic roadmaps.

#### Economic Policy Development

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

For the 2017/18 year, this subprogramme will develop two key policy briefs.

In supporting PSG1 and its accompanying Project Khulisa roadmaps, integrated planning across spheres of government, within the Department and across provincial government is required. To this end, the subprogramme will facilitate strategic planning sessions within the Department, across spheres of government within the province, across provincial government and across key economic stakeholders to agree on overall provincial strategies that maximise provincial economic outcomes.

Furthermore, the subprogramme will ensure consistent alignment to the provincial strategic goals through taking accountability for the Department's Annual Performance Planning through the development of appropriate output and outcome indicators that best speak to PSG1 objectives.

#### 11.3.4 Strategic objective annual targets for 2017/18

Strategic Objective (Outcome Indicator)	Audited/Actual performance			Estimated performance	Medium-term targets		
	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
Number of economic strategies or policies signed off	-	-	-	2	2	2	2

#### 11.3.5 Performance indicators and annual targets for 2017/18

Programme performance indicator (Output Indicator)		Audited/Actual performance			Estimated performance	Medium-term targets		
		2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
<b>Subprogramme: Economic Policy and Planning</b>								
1.1	Number of strategies, policies or governance frameworks reviewed and/or supported	10	2	4	2	3	3	1

#### 11.3.6 Quarterly targets for 2017/18

Performance indicator	Reporting period	Annual target 2017/18	Quarterly targets				
			1st	2nd	3rd	4th	
<b>Subprogramme: Economic Policy and Planning</b>							
1.1	Number of strategies, policies or governance frameworks reviewed and/or supported	Annually	3	-	-	-	3

#### 11.3.7 Risk Management

<b>Strategic Objective: To provide economic strategy and policy leadership in the Province.</b>	
Risk Statement	Risk Mitigation Strategies
Lack of strategic cohesion between government departments which inhibits effective policy development that facilitates growth of businesses within the identified priority sectors.	To ensure broad support to policy development, the Ministry of Economic Opportunities will participate in policy development.

### 11.4 Subprogramme 5.2: Research and Development

#### 11.4.1 Performance Delivery Environment

Research and Development's mandate is to provide economic research support to the Department for policy and economic instrument development. This function emanates from the need to make evidenced based decisions and policies.

Data and information are key aspects for an efficient decision making process. Furthermore, economic developments from time to time change and strategies ought to track these changes if they are to remain relevant.

Credible data provides a key foundation for strong policy and effective instruments. To this end, the Research and Development subprogramme will seek to provide economic intelligence necessary to assist the Department with key economic information, through a credible economic data repository accessible to the Department to enable them to make efficient and effective decisions.

The economic information environment is also punctuated with ineffective communication. In this regard, Research and Development views the communication of economic information as critical, hence the publication of periodic reviews, mostly on a quarterly basis to keep policy makers on the 'pulse' of economic developments. The economic information disseminated through publications is designed to assist programme and project managers as they develop and implement their instruments for maximum impact. The ultimate goal is to provide research support needed to attain departmental and provincial goals as presented in both PSG1 and Project Khulisa.

#### 11.4.2 Strategic Objective

<b>Strategic Objective</b>	To conduct and facilitate economic research and analysis to support economic strategy policy development within the Department's strategic framework
<b>Objective Statement</b>	To develop 50 research reports aimed at shaping the development of economic interventions over 5 years 2015 - 2020 using credible provincial data
<b>Baseline</b>	Baseline as at 2014 is zero

#### Objectives

To conduct and facilitate economic research for policy development, strategy development and to shape economic interventions as described in Project Khulisa. The provisioning of centralised economic data which includes trade-related, price-related and other economic data.

A second objective, which will be to provide relevant data alongside primary research, is aimed at aiding programmes to improve the effectiveness of the Department-supported economic interventions.

#### 11.4.3 Implementation Plan

In 2017/18 the subprogramme will focus on:

#### Research Reports

In support of other programmes, the subprogramme will develop research reports which will support the strategic activities of the Department. Furthermore, research reports will be developed in response to Departmental need.

#### 11.4.4 Strategic objective annual targets for 2017/18

Strategic Objective (Outcome Indicator)	Audited/Actual performance			Estimated performance	Medium-term targets		
	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
Develop an economic research agenda	-	-	1	Develop a research agenda:1	An implemented research agenda:1	An implemented research agenda:1	An implemented research agenda:1

#### 11.4.5 Performance indicators and annual targets for 2017/18

Programme performance indicator (Output Indicator)	Audited/Actual performance			Estimated performance	Medium-term targets			
	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	
<b>Subprogramme: Research and Development</b>								
1.1	Number of Economic research reports developed	11	10	12	8	10	10	10

#### 11.4.6 Quarterly targets for 2017/18

Performance indicator	Reporting period	Annual target 2017/18	Quarterly targets				
			1st	2nd	3rd	4th	
<b>Subprogramme: Research and Development</b>							
1.1	Number of Economic research reports developed	Quarterly	10	1	2	4	3

#### 11.4.7 Risk Management

<b>Strategic Objective: To conduct and facilitate economic research to support policy and strategy development within the framework described by Project Khulisa.</b>	
<b>Risk Statement</b>	<b>Risk Mitigation Strategies</b>
Due to curtailing of external service providers, the development of research reports that rely on gathering primary data impact the delivery of quality research reports.	The Programme will, more widely and effectively, use economic subscriptions.

### 11.5 Subprogramme 5.3: Knowledge Management

#### 11.5.1 Performance Delivery Environment

The Western Cape Economic Development Partnership (WCEDP) was established by the Provincial Government as a vehicle to execute the mandate of its growth strategy, i.e. to create opportunities for growth and jobs. The membership of the Western Cape Economic Development Partnership Act was passed by Provincial Cabinet in December 2013.

The WCEDP was established and launched in 2012 to lead, co-ordinate and drive the economic growth, development and inclusion agenda for Cape Town and the Western Cape Province. It provides a new way of working together to redesign the regional economy and deliver different outcomes. The WCEDP will lead, co-ordinate and drive the Western Cape economic delivery system to achieve greater levels of inclusive growth.

External to the WCG, the work of the WCEDP has become increasingly demand-driven from municipal, business, academic and civil society partners and stakeholders. For example, diverse stakeholders have approached the WCEDP for partnering support and advice, such as the Cape Town Concerned Citizens Group (on urban land issues), Independent Philanthropy Association of South Africa (IPASA), McKinsey Global Institute, Western Cape Informal Traders Coalition, Black Management Forum, Airports Company South Africa (ACSA) and the Construction Industry Development Board (CIDB), amongst others.

The WCEDP is thus increasingly able to fulfil its role as a public benefit organisation, supporting diverse role-players within the regional economic development system on both the demand side and supply side, rather than operating as a traditional service provider to government.

Within WCG, WCEDP programmes and projects are diversifying around a number of transversal development issues at the request of various Provincial Strategic Goals (PSGs), departments and programme managers. WCEDP projects and activities have become more focused and targeted, with more emphasis on outputs and outcomes, including the role of partnering and partnerships within the delivery chain.

The WCEDP focuses on both tangible partnering outcomes, such as helping partners to agree on common agendas and to devise processes and platforms to enable joint action and delivery, as well as intangible outcomes, such as changes to institutional cultures, relationships and trust building, behavioural changes and collaborative mind-sets.

#### 11.5.2 Strategic Objective

<b>Strategic Objective</b>	To strengthen the sharing of knowledge amongst stakeholders
<b>Objective Statement</b>	To support institutional co-ordination through the sharing and dissemination of economic research and economic intelligence via the development of economic partnerships
<b>Baseline</b>	2015/16: 2 partnerships established



## Objectives

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

### 11.5.3 Implementation Plan

The WCEDP has been formally mandated by the WCG through PSG5 to draw up a Partnering Methodology and Toolkit, as part of implementing the Provincial Strategic Plan (PSP). This is part of a WCG integrated planning and budgeting approach, to give effect to the WCG slogan 'Better Together'. This approach incorporates policy alignment, spatial governance, joint planning, budget policy and partnering and partnerships for development (as indicated in the diagram below). The WCEDP is performing this function as a member of Working Group 4 of PSG5.

Additionally, the WCEDP has been mandated to work with the Provincial Training Institute to prepare a Leadership and Partnering Training Programme from 2016 onwards to offer to WCG middle and senior managers, to be extended to municipalities at a later stage.

Furthermore, the WCEDP has developed specific diagnostic tools, namely, a Partnering Readiness Assessment (PRA), which is being used to test a range of projects and initiatives that may need a partnering approach; and a Partnering Impact Assessment (PIA), which is used to assess the impact of established partnerships.

### 11.5.4 Strategic objective annual targets for 2017/18

Strategic Objective (Outcome Indicator)	Audited/Actual performance			Estimated performance	Medium-term targets		
	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
Number of partnerships tested by means of PIA	-	5	2	5	5	5	5

### 11.5.5 Performance indicators and annual targets for 2017/18

Programme performance indicator (Output Indicator)	Audited/Actual performance			Estimated performance	Medium-term targets			
	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	
<b>Subprogramme: Knowledge Management</b>								
1.1	Number of joint plans/projects between the Western Cape Economic Development Partnership and its partners	-	-	2	10	10	10	10

### 11.5.6 Quarterly targets for 2017/18

Performance indicator	Reporting period	Annual target 2017/18	Quarterly targets				
			1st	2nd	3rd	4th	
<b>Subprogramme: Knowledge Management</b>							
1.1	Number of joint plans/projects between the Western Cape Economic Development Partnership and its partners	Quarterly	10	1	3	3	3

### 11.5.7 Risk Management

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

### 11.6 Subprogramme 5.4: Monitoring and Evaluation

The activities for Subprogramme 5.4: Monitoring and Evaluation will be incorporated into Subprogramme 5.2: Research and Development

### 11.7 Subprogramme 5.5: Enabling Growth Infrastructure and Initiatives

#### 11.7.1 Performance Delivery Environment

This subprogramme conducts project preparation and implementation of infrastructure-orientated interventions and incubates economic initiatives which have a transversal impact on the economy. Infrastructure required for economic development has to be customized to address the competitive issues facing the economy and designed to overcome barriers or to catalyse growth and development. However, the Programme is cognisant that the existence of infrastructure does not mean that facilities are optimally utilized. Therefore additional support is required to maximize the impact that the infrastructure has for the economy. The role of the Department, therefore, is not only just about new infrastructure developments, but also about improving access to existing infrastructure in a manner that supports the economic objectives of the Province. Furthermore, the Department will stimulate, support and co-ordinate, where relevant, new projects and initiatives which have arisen as a result of initial interventions. Mindful that many infrastructure projects fail to live up to expectations primarily because of poor post-construction support, the sub-Programme will also provide support for off-take as and when relevant.

One of the initiatives which is being incubated within the subprogramme includes Design and Innovation Intervention. International research reveals that the application of Design can unlock innovation; improve efficiencies, products, systems or services; and therefore lead to competitive advantage. Similarly, if Innovation is nurtured, it can increase R&D spend in the region, drive the knowledge economy; improve products and services for citizens; improve productivity; and enhance the regional brand in order to attract investors and tourists. This in turn will result in increased jobs and growth for the economy.

It has therefore become vital that DEDAT elevate its approach to Innovation and Design to ensure that the Khulisa sectors and the economy more broadly can unlock their true potential. WCG understands that an emphasis on this dynamic changing landscape is important and that prioritising innovation and design can improve not only private sector growth, but enhance government processes and delivery, which in turn can further stimulate global procurement of local innovations.

National Government is in the process of developing a national Design Strategy, with the involvement of the Departments of Science and Technology, Arts and Culture and Trade and Industry. Research undertaken by the Department of Arts and Culture in 2015 has revealed that Design is a significant contributor to the National GDP; jobs; and cultural identity of the country. In this respect, the Western Cape is leading with their finalised Design Strategy, which can be summarized as supporting, promoting and developing design-ready businesses, business-ready designers, utilization in government and involved citizens.

#### 11.7.2 Strategic Objective

<b>Strategic Objective</b>	Grow and develop the provincial economy through the development of catalytic interventions and economic drivers
<b>Objective Statement</b>	To facilitate R4.65 billion investment into catalytic interventions and initiatives
<b>Baseline</b>	Baseline is zero

### 11.7.3 Implementation Plan

In 2017/18, the major initiatives which underpin the subprogramme strategic priority include:

**Saldanha Industrial Development Zone (IDZ) and the West Coast Industrial Plan.** The development of the Saldanha Industrial Development Zone is pivotal for the Project Khulisa's Oil and Gas sector as it will provide customised infrastructure and support services for the Oil and Gas hub in Saldanha Bay. With the construction of the Saldanha IDZ well under-way, the legislative process of the IDZ will be completed. 2017/18 will also see the completion of the purchase of IDC land, progress in the incorporation of Transnet as a partner into the IDZ and the opening up of the development to investors.

The IDZ has been the catalyst to the further industrialisation potential of the West Coast, and Saldanha in particular. The West Coast Industrial Plan is now adding significant critical mass for the initiatives of Project Khulisa (in particular Skills Development and Enterprise Development) as well as key bulk infrastructure planning and delivery (e.g. electricity and water supply upgrades and additional road network investments). In 2017/18 the West Coast Industrial Plan will focus on the coordination role in assisting with the Saldanha Bay Municipality's Integrated Development Plan (IDP) – through the Saldanha Bay IDP Support Group and the project specific contributions to Project Khulisa's Oil and Gas initiatives.

**Improved Air Access.** The 2016/17 financial year saw the implementation of the Air Access Strategic Framework by Wesgro, supported by the multi-stakeholder project team and under the guidance of the Air Access multi-stakeholder Steering Committee. This collaborative effort saw the establishment of the Nairobi (Kenya) - Cape Town (South Africa) route; as well as expansion in six other routes in the 2016/17 year.

In 2017/18, the Air Access initiative will focus its efforts in securing a direct route between Cape Town and a suitable USA city, as defined by the Western Cape Air Access Strategic Framework. The initiative will also continue to support the maintenance and expansion of existing routes. Both foci ultimately aim to increase air cargo and passenger capacity and uptake, to and from the region, that can in turn create jobs and grow the economy. Furthermore, 2017/18 will see the transition of the Air Access Initiative from Programme 5 to Programme 3, whilst retaining the infrastructure elements of the overall intervention.

**Cape Health Technology Hub/Park.** Utilising Biovac as one of the anchor tenants, the Cape Health Technology Hub is a joint initiative of Department of Science and Technology (DST) and DEDAT, with the project management of the pre-implementation stage being housed by Wesgro. Set to come on line in the latter part of the 5-year strategic time-frame, the Park will provide the necessary stimulus for the growth of the health technology sector, which has been identified as a medium-term game changer by Project Khulisa. In 2017/18 the initiative will focus on precinct and property preparation; recruitment of funding and tenants; and further cluster development.

**Cape Town International Convention Centre (CTICC) Expansion.** The CTICC expansion commenced in 2013/14 and construction work is expected to be completed in the first part of 2017. This project forms a core part of the tourism destination offering and in particular, the business tourism niche market.

**Infrastructure interventions to support other enablers.** There are a number of infrastructure projects which form part of the other enabling drivers, but which can be grouped under the methodology and principles used within the Catalytic Infrastructure subprogramme. This includes the Atlantis Special Economic Zone, which is jointly managed by subprogramme Green Economy.

**Design and Innovation.** The Western Cape Design Strategy forms the basis of the Design Initiative. The industry-interfacing Design interventions seeks to develop holistic support programmes for designers and industries that can improve their products, services and overall business' competitiveness. The "Design through Implementation" interventions concentrate on the development and implementation of collaborative projects in businesses, communities and government to galvanize and showcase the positive effects of design within the Western Cape. This includes embedding locally designed products, services, methodologies or skills into traditional businesses to improve industrial competitiveness through catalytic projects, exhibition and skills programmes. Collaboration projects using design through Challenges Methodologies seek to find new solutions and innovations, through co-design and design thinking, to socio-economic challenges facing the Western Cape. One of these projects, the Better Living Challenge, is implemented in partnership with the Department of Human Settlements; Cape Craft and Design Initiative (CCDI) and various design and industry stakeholders.

While design is both inward and outward facing, Innovation has been identified as a key enabler within the Western Cape Government, with the recognition that government itself has to embrace innovation as a principle and a key outcome of its own operations. Embedding locally designed products, services, methodologies or skills into WCG will not only stimulate demand and broaden the market, but ensure that the design and innovation methodologies

result in better government service delivery and efficiencies. To this end, an Innovation Strategic Framework was developed in the 2016/17 financial year, focused particularly on the Economic Cluster Departments. This focus intends to identify government challenges in key areas and utilise appropriate methodological tools to achieve innovation within government.

The purpose of the Nurturing Innovation Programme is therefore to unlock opportunities by establishing the basis for a holistic DEDAT and PSG1 Innovation strategy and short-, medium- and long term plans that define which existing or new initiatives should be supported/ driven by Government, based on their ability to lead to economic growth.

#### 11.7.4 Strategic Objectives annual targets for 2017/18

Strategic Objective (Outcome Indicator)	Audited/Actual performance			Estimated performance	Medium-term targets		
	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
Value of investment	R204 million	R1 040 million	0	0	R130 million	R1 200 million	-

#### 11.7.5 Performance indicators and annual targets for 2017/18

Programme performance indicator (Output Indicator)		Audited/Actual performance			Estimated performance	Medium-term targets		
		2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
<b>Subprogramme: Enabling Growth Infrastructure and Initiatives</b>								
1.1	Number of infrastructure projects supported	6	8	8	7	3	6	6
1.2	Number of design and innovation projects supported	-	-	5	4	2	4	4

#### 11.7.6 Quarterly targets for 2017/18

Performance indicator		Reporting period	Annual target 2017/18	Quarterly targets			
				1st	2nd	3rd	4th
<b>Subprogramme: Enabling Growth Infrastructure and Initiatives</b>							
1.1	Number of infrastructure projects supported	Annually	3	-	-	-	3
1.2	Number of design and innovation projects supported	Annually	2	-	-	-	2

## 11.7.7 Risk Management

Strategic Objective: To provide economic strategy and policy leadership in the Province.	
Risk Statement	Risk Mitigation Strategies
The dependency on stakeholders to support and fund the projects may lead to a delay in project (progress and implementation) and cancellation of projects.	<ol style="list-style-type: none"> <li>1. Participation and/or manage platforms with which the programme can engage with the leadership.</li> <li>2. Provide capacity and project support to stakeholders as relevant to facilitate buy-in into projects.</li> <li>3. Stakeholder co-ordination and relationships which improves strategic alignment and synergies.</li> </ol>
The fiscally constrained environment of the Government results in budget cuts within projects, impacting on the ability of the subprogramme to implement its projects, affecting the MTEF and 5 year objectives and targets.	<ol style="list-style-type: none"> <li>1. Assess different ways of implementing projects, including greater collaborative support from external stakeholders.</li> <li>2. Advise leadership of the impact of the budget cuts on the project deliverables and overall targets to allow for informed budget prioritisation.</li> <li>3. If relevant, revise project and subprogramme targets and goals downwards.</li> </ol>

## 11.8 Subprogramme 5.6: Broadband for the Economy

### 11.8.1 Performance Delivery Environment

A number of studies conducted over the recent past have shown a causal link between increased broadband penetration and a resultant growth in GDP, jobs, educational outputs and more effective service delivery, whilst contributing to greener imperatives of a smart and efficient economy. The most commonly cited statistic is that of the World Bank which correlates every 10% broadband penetration to 1.38% GDP growth in developing countries.

The World Economic Forum, in its most recent 2016 publication of the Global IT review, has brought the notion of digital disruption and the impact which increasingly embedded digital technologies will have on economies throughout the world. They assert that we have entered the 4th industrial revolution and as such, governments, business and citizens will need to adapt to increased automation, digital innovation and a workforce more versed in the knowledge-based skills and competencies.

**National Broadband Strategy, "South Africa Connect"**. Following a long period of policy hiatus within South Africa's communication environment, in December 2013 the cabinet adopted the country's National Broadband Policy, also known as "SA Connect". From the onset, SA Connect sets out the economic rationale for a robust telecommunications environment in the country. SA Connect asserts that the beneficiation of broadband infrastructure can only reap economic fruits if four key elements are dealt with, namely:

- Broadband must reach a critical mass of South Africans;
- Access to broadband must be affordable;
- Demand-side skills must be developed to ensure that broadband services are used effectively; and
- Supply-side skills must be developed so that the economic and innovative potential of broadband can be exploited." (SA Connect, 2013)

**Western Cape Broadband Initiative (WCBBi)**. The WCBBi, which preceded the adoption of SA Connect, sets out a holistic approach to broadband deployment in the Province encompassing all of the recommendations of the national broadband policy. This provincial broadband strategy originally spearheaded by DEDAT has developed into a cogent transversal initiative across various departments in the Western Cape and demonstrates the understanding of the interrelated dependencies between the provision of telecommunications infrastructure, the readiness of user groups and the content/usage required for the productive use of broadband. Collectively, these aspects give effect to the economic outcomes associated with the digital economy.

The Western Cape Government (WCG) intends to ensure that a robust regional connectivity backbone for the Province is developed over the coming years. Through this, the WCG is committed to reducing the cost of communication, increasing our broadband penetration and reducing the digital divide in both urban and rural contexts. The vision is that of a Western Cape where every citizen in every town and village has access to affordable high speed broadband infrastructure and services, has the necessary skills to be able to effectively utilize this infrastructure and is actively utilizing this in their day to day lives.

The Western Cape strategy aims to build a catalytic broadband environment driving coordinated and integrated action across three programme areas viz. Connected Government, Connected Citizens and Connected Economy with three key objectives i.e. the development of infrastructure, ensuring readiness to be able to utilize the

infrastructure (skills, applications, services, etc.) and driving usage of the infrastructure and services.

As part of the provincial implementation strategy, the WCG has adopted a **multi-stream** implementation plan. The Western Cape Broadband Initiative, is made up of a suite of interdependent thematic areas which together aims to achieve the objectives of a connected Western Cape province and achieve the vision, with each of the project suites focusing on all or some of the aspects of readiness, usage and infrastructure.

Stream 1 is responsible for driving Broadband infrastructure provision to the WCG and is driven by the Department of the Premier: Centre for e-Innovation (Cel). This will ensure that a scalable high bandwidth network connects all WCG buildings (including schools) through a long-term contract, and that this infrastructure can be leveraged to support the Province's socio-economic goals.

Stream 2 is responsible for ensuring that the Economic/Value Added Stream (VAS) goals of the WCG are realized. Managed by the DEDAT and specifically the subprogramme: Broadband for the Economy, it is primarily geared towards outwardly oriented programmes focusing on citizens and businesses. Stream Two comprises of the following themes:

- a. Theme 1: Connected Leadership
- b. Theme 2: Connected citizens (comprising households and communities)
- c. Theme 3: Connected Businesses

Stream 3 is an Application Development stream, driven by the Department of the Premier: Centre for e-Innovation (Cel) or the Line-Function Department as is necessary. This stream includes supportive systems, processes and other applications to run on new bandwidth provision and also to maximize utilization so as to improve efficiency and effectiveness of provincial governance.

Stream 4 is focussed with line-function e-strategies and will be driven via line departments. At this stage the emphasis is e-educations and it is driven by the Western Cape Education Department.

Stream 5 is the newest of the streams, and deals with support to local municipalities in the Western Cape and is driven by the Department of Local Government in conjunction with Cel.

From 2010 – 2015, the main activities of the WCBBi was to lay the groundwork – to make the economic, social and financial case for the investments into broadband infrastructure and programmes. In 2014, the Western Cape Government, commenced implementation of the provincial broadband infrastructure requirements and via State Information Technology Agency (SITA), a 10 year contract was entered into with a network provider to connect almost 2 000 government sites across the province to high speed internet.

As of 2015, there has been a significant gear shift across Streams 2 – 5 which seeks to drive digital uptake and integration into the strategic planning and service delivery mandates of various departments. The e-Learning Game Changer is evidence of the strong focus on this agenda by the WCG.

### 11.8.2 Strategic Objective

<b>Strategic Objective</b>	Grow and develop the provincial economy through the support of broadband usage, infrastructure and readiness by businesses and citizens to stimulate the broadband uptake in order to improve competitiveness
<b>Objective Statement</b>	To support the usage, readiness and accessibility of broadband to increase broadband uptake to 65% in the Western Cape
<b>Baseline</b>	Uptake of broadband in the Western Cape = 57%

### 11.8.3 Implementation Plan

The overall target for broadband uptake was 70%, but with the fiscal constraints experienced by WCG and resulting budget cuts, the overall target has been reduced to 65% of citizens using broadband. With regard to Stream 2, in order to realise the goal of a 65% up-take of broadband by 2020, the Department will direct its focus on improving accessibility, readiness and usage within citizens and businesses, using a combination of demand and supply-driven interventions.

In considering the above, the strategic priority for the Broadband Stream 2, takes the following constraints into account:

- 43% of the citizens of the Western Cape do not have access to the internet.
- Under-utilization of broadband by the private sector in the Western Cape.

- A dependency on other government departments, in particular the Department of the Premier in the deployment of infrastructure and the slow pace of adoption of digital service delivery practices by the other government departments.

The fiscal constraints have impacted heavily on the work of Stream Two, resulting in a number of the Broadband projects being either downscaled, revised or frozen, including the ICAN initiative, Big Data interventions and the Content Stimulation projects. Furthermore, the impact assessment research, which would have provided evidence-based tracking of progress towards the overall broadband uptake target, has been pushed back to the 2018/19 financial year. As a result, for 2017/18, the project suite is as follows:

### Connected Leadership

Digital Adoption and Strategic Communications: Achieving universal digital adoption in society requires that a significant behavioural change needs to occur to stimulate broadband uptake and adoption. The research indicates that an important lever to increasing adoption is relevant content and applications which supports a person's livelihoods and lifestyles or business' operations and competitiveness. The set of interventions under this initiative focusses on the (1) general stakeholder coordination, (2) industry and citizen dialogue and (3) effective leadership in the space of the digital economy. A number of stakeholder activation methods, including consideration of hackathons, will be used to deliver the message and collaborative effort to ensure digital adoption and integration by citizens, business and government.

### Connected Citizens

Interactive Community Access Nodes (I-CAN) Initiative. 2017/18 will see the ICAN model move from proof-of-concept, into broader delivery. A number of ICAN-licenced centres will provide citizens with digital skills competencies, in order to improve their work and business prospects.

Public Access Wi-Fi - Neotel partnership and other models. Year 3 of the Neotel Wi-Fi partnership continues, which will ultimately see 384 Western Cape wards provided with a public hotspot. A further set of wards will be delivered through alternate Wi-Fi access models.

Citizen Internet Champion Programme is designed to complement the Public Wi-Fi hotspots programme where citizens are supported with training and assistance with respect to digital and mobile skills to enable them to effectively utilise the internet.

### Connected Business

Broadband for business toolkit initiative intends to increase business awareness about the benefits of broadband in order to improve business uptake of broadband and competitiveness. Similarly, the connected Business Industry Support programme seeks to provide bespoke support to the sector specific needs, in line with Khulisa and associated sectors. During 2017/18, the focus will be on the further integrations of the system into SMME support ecosystems, and the development of complementary support areas with partner organisations.

Bandwidth Barn Khayelitsha will receive ongoing support from the Department as Cape IT Initiative continues to manage their suite of programmes in their community-based ICT incubator in Khayelitsha, aiming to nurture the current and future generation of young ICT entrepreneurs.

#### 11.8.4 Strategic Objectives annual targets for 2017/18

Strategic Objective (Outcome Indicator)	Audited/Actual performance			Estimated performance	Medium-term targets		
	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
Value of investment	-	-	R3 697 million	-	-	R390 million	-

### 11.8.5 Performance indicators and annual targets for 2017/18

Programme performance indicator (Output Indicator)	Audited/Actual performance			Estimated performance	Medium-term targets			
	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	
<b>Subprogramme: Broadband for the Economy</b>								
1.1	Number of broadband projects supported	-	-	14	9	7	9	9

### 11.8.6 Quarterly targets for 2017/18

Performance indicator	Reporting period	Annual target 2017/18	Quarterly targets				
			1st	2nd	3rd	4th	
<b>Subprogramme: Broadband for the Economy</b>							
1.1	Number of broadband projects supported	Annually	7	-	-	-	7

### 11.8.7 Risk Management

<b>Strategic Objective: To provide economic strategy and policy leadership in the Province.</b>	
<b>Risk Statement</b>	<b>Risk Mitigation Strategies</b>
The dependency of Broadband Stream 2 projects on the delivery of other WCG broadband projects and departments which, if delayed or stalled, will result in the inability to increase broadband uptake in the economy.	<ol style="list-style-type: none"> <li>1. Participation on the ICT Transversal Steercom which facilitates co-ordination between WCG Broadband projects and departments.</li> <li>2. Transversal project management teams to identify progress and provide support to stakeholders upon which the project relies.</li> </ol>
The process of digitisation often requires an overlap of existing methods of execution whilst resourcing a new system. This is perceived as an expensive process, which may be a deterrent to adoption by line function government departments and businesses.	<ol style="list-style-type: none"> <li>1. Collaborative projects enable the sharing of costs through economies of scale and shared learning.</li> <li>2. Leverage opportunities through the Broadband for Economy workgroup, which is a transversal WCG forum concerned with maximising the value of broadband to citizens and businesses in the WC.</li> </ol>
The fiscally constrained environment of the Government results in budget cuts within projects, impacting on the ability of the subprogramme to implement its projects, affecting the MTEF and 5 year objectives and targets.	<ol style="list-style-type: none"> <li>1. Assess different ways of implementing projects, including greater collaborative support from external stakeholders.</li> <li>2. Advise leadership of the impact of the budget cuts on the project deliverables and overall targets to allow for informed budget prioritisation.</li> <li>3. If relevant, revise project and subprogramme targets and goals downwards.</li> </ol>

## 11.9 Subprogramme 5.7: Green Economy

### 11.9.1 Performance Delivery Environment

The Western Cape continues to be among the provinces worst hit by climate change, with increasing drought conditions in a region that is already water-stressed. Agriculture, as the largest employer in the region, faces continued challenges around the viability of crops due to climate change.

In 2013, under the support of the Office of the Premier, a holistic Western Cape Green Economy Strategy Framework was developed and adopted by the WCG. This Strategy Framework brought together all the elements impacting and impacted by climate change and resource limitations, highlighted potential job creation and economic opportunities in growing the green economy and carved a coherent vision which provided direction not only to the WCG but also to citizens, businesses, not for profit organisations and academia.

To facilitate the realisation of these objectives, the Green Economy Implementation Framework was developed in 2015/16, providing the principles and a filter to facilitate the selection of projects and programmes that will have the biggest impact within the limited financial resources available to the WCG. The implementation Framework is intended to be a tool for realising the WCG's vision of facilitating economic growth that consumes fewer resources, impacts less negatively on the environment, and is inclusive in terms of job creation and socio-economic benefit.



By promoting and stimulating a green economy within the Western Cape, the overall goal is to increase investment into green industries, thus stimulating employment creation and growth. This will imply fundamental changes in the structure of the region's production to generate a more inclusive and greener economy over the medium to long term through macroeconomic and micro-economic interventions.

### 11.9.2 Strategic Objective

<b>Strategic Objective</b>	To facilitate green economy opportunities that enhance the competitiveness of the region and stimulate business growth and investment
<b>Objective Statement</b>	To position the Western Cape as a leading Green Economic Hub of the continent through attracting and facilitating R1.35 billion green investment by 2020 into the province
<b>Baseline</b>	Value of investment = R800 million

### 11.9.3 Implementation Plan

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

The Green Economy Strategy framework sets out the challenges facing the province along with a set of key actions to achieve the Green Economy vision. As such, the Green Economy is reflected as both an enabler as well as a sector. As an enabler, its energy efficiency thrust will be aligned to the Project Khulisa's sectors, which have highlighted energy and water as two of the main resource constraints. Aside from this work, the Green Economy will continue to stimulate a circular economy in which industry and commerce are efficient and effective delivery agents of economic growth and employment creation, i.e. consuming and transforming resources in a low carbon and more sustainable manner. Nonetheless, the fiscal constraints experienced by the Department have meant that some projects have been cut, namely the Western Cape Industrial Symbiosis Programme and the Resource Efficiency in Agri-processing sector project.

The projects undertaken in 2017/18 include:

**Energy Security.** With Energy Security being identified as a key game changer for PSG1, the Department will be providing support to the realisation of the goals and projects that comprise the Energy game changer. Some of the work already initiated in the Energy Security space will continue, for instance, the Smart Grids team will continue to work with municipalities to monitor implementation of tariffs and rules for rooftop PV, and to build capacity around embedded generation. Work on the Liquefied Natural Gas project will accelerate in 2017/18 with a focus on developing a shared vision for a pipeline from Saldanha to Cape Town, facilitating gas off-take within industry and supporting a natural gas distribution. This long term project has the potential to not only impact positively on the energy security of the province but also open up new manufacturing opportunities in the region.

**Resource Efficiency.** The Green Economy Strategy Framework is about achieving the double dividend of optimising green economic opportunities and enhancing our environmental performance. As such, resource efficiency underpins the entire Strategy Framework. A particular emphasis is placed on waste. The projects for 2016/17 are aimed at addressing the efficient use of these two resources. The Waste Economy departmental projects in 2017/18 will flow from the recommendations made in the Waste Economy Business Case completed in 2016/17. The Waste Economy Business Case will also be used as a transversal guide for any future waste economy interventions in the Western Cape beyond 2017/18.

The Water Decision-Making Tool that will be finalised in 2017/18 is aimed at assisting with the efficient allocation of the water resource in a context where the availability of water presents a potential constraint on economic growth in, for example, the Saldanha Bay region. The project, which is part funded by DEDAT, examines and tests interventions from governance and decision making to practical engineering solutions. It is implemented jointly through GreenCape, the University of Cape Town and the Water Research Commission.

**Leadership and Co-ordination.** The Green Economy is a highly transversal area with implementation stretching across various entities and departments. The Leadership and Co-ordination component of the Green Economy is therefore a cross-cutting thematic area that encapsulates the expansion of the 110% Green brand building intervention into a broader communications plan, focused initially on the Energy Security Game Changer, the green economy eco-system development platform which is driven by GreenCape, as well as the coordination of all inter and intra departmental stakeholder relations.

The 110% Green initiative is aimed at promoting and growing the green economy through networking and brand building. A key component that was added to the 110% Green platform in 2016/17 and that will continue into 2017/18 is an energy security stakeholder activation campaign. This campaign encourages businesses, households and government to implement energy efficiency and to invest in small-scale embedded generation (SSEG), both of which are critical to the success of the game changer. Programme 1 has been allocated responsibility for funding this project, but it links very closely to the broader aims of the Green Economy subprogramme.

Cluster co-ordination and eco-system development in the green economy is undertaken by GreenCape. The key focus of the work – through sector desks – is to understand the opportunities and constraints within Green Economy sub-sectors, provide credible and up-to-date market information, build relationships and facilitate communication between various national and provincial stakeholders and industry in the Green Economy, provide investor support and lobby on behalf of industry where appropriate. There is a close link between these clustering activities and the project work conducted under the Green Economy subprogramme, as the approach to resolving barriers is continually informed by what industry tells the Department through GreenCape. Importantly, the clustering function is also aimed at attracting green economy investment into the Western Cape. The Atlantis Green Technology Special Economic Zone (SEZ) is due to be designated in 2016/17; the focus of the SEZ is attracting manufacturing and service companies in the green technology space to the Zone, establishing an operational model for the SEZ and ensuring that effective support is provided to potential investors in the SEZ. The province will take over responsibility for the operational expenditure associated with the further development of the SEZ, and the project forms part of the broader strategic economic development infrastructure programme being driven out of the Department.

#### 11.9.4 Strategic Objectives annual targets for 2017/18

Strategic Objective (Outcome Indicator)	Audited/Actual performance			Estimated performance	Medium-term targets		
	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
Value of investment	-	-	-	R550 million	R550 million	-	-

#### 11.9.5 Performance indicators and annual targets for 2017/18

Programme performance indicator (Output Indicator)	Audited/Actual performance			Estimated performance	Medium-term targets			
	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	
<b>Subprogramme: Green Economy</b>								
1.1	Number of Green Economy projects supported	-	-	11	10	6	8	8

#### 11.9.6 Quarterly targets for 2017/18

Performance indicator	Reporting period	Annual target 2017/18	Quarterly targets				
			1st	2nd	3rd	4th	
<b>Subprogramme: Green Economy</b>							
1.1	Number of Green Economy projects supported	Annually	6	-	-	-	6

## 11.9.7 Risk Management

Strategic Objective: To provide economic strategy and policy leadership in the Province.	
Risk Statement	Risk Mitigation Strategies
The failure of other provincial departments and local municipalities to support and implement green economy projects which will result in failure to realise the green economy strategic framework.	<ol style="list-style-type: none"> <li>1. Green Economy Work Group and multi-stakeholders project management teams to ensure relevance and buy-in of stakeholders.</li> <li>2. Joint or co-funding of projects in order to ensure better buy-in of projects.</li> </ol>
The fiscally constrained environment of the Government results in budget cuts within projects, impacting on the ability of the subprogramme to implement its projects, affecting the MTEF and 5 year objectives and targets.	<ol style="list-style-type: none"> <li>1. Assess different ways of implementing projects, including greater collaborative support from external stakeholders.</li> <li>2. Advise leadership of the impact of the budget cuts on the project deliverables and overall targets to allow for informed budget prioritisation.</li> <li>3. If relevant, revise project and subprogramme targets and goals downwards.</li> </ol>

## 11.10 Reconciling performance targets with the Budget and MTEF

### 11.10.1 Expenditure estimates

Subprogramme		Audited			Main appropriation	Adjusted appropriation	Revised estimate	Medium term expenditure		
		R'000	2013/14	2014/15	2015/16	2016/17	2016/17	2016/17	2017/18	2018/19
1.	Economic Policy and Planning	14 159	21 377	4 518	3 291	3 372	3 372	4 176	4 167	4 407
2.	Research and Development	5 775	4 840	6 693	7 869	8 152	8 152	6 692	7 170	7 675
3.	Knowledge Management	12 841	11 401	12 010	9 654	9 654	9 654	10 136	10 724	11 325
4.	Monitoring and Evaluation	1 915	3 396	1 776	1	1	1	1	1	1
5.	Enabling Growth and Infrastructure Initiatives	22 136	129 340	65 319	114 520	214 292	214 292	64 298	59 788	54 887
6.	Broadband for the Economy	32 143	35 116	28 314	54 161	41 191	41 191	32 529	34 824	36 909
7.	Green Economy	496	255	20 155	25 689	21 685	21 685	28 199	26 682	28 524
<b>Total payments and estimates</b>		<b>89 465</b>	<b>205 725</b>	<b>138 785</b>	<b>215 185</b>	<b>298 347</b>	<b>298 347</b>	<b>146 031</b>	<b>143 356</b>	<b>143 728</b>
<b>Economic Classification</b>										
<b>Current payments</b>		<b>47 484</b>	<b>59 601</b>	<b>60 564</b>	<b>89 411</b>	<b>64 835</b>	<b>64 835</b>	<b>72 981</b>	<b>73 832</b>	<b>78 328</b>
Compensation of employees		16 997	16 987	20 683	22 916	19 711	19 711	26 085	24 789	26 543
Goods and services		30 487	42 614	39 881	66 495	45 124	45 124	46 896	49 043	51 785
<b>Transfers and subsidies</b>		<b>41 447</b>	<b>145 894</b>	<b>77 727</b>	<b>125 513</b>	<b>232 988</b>	<b>232 988</b>	<b>72 621</b>	<b>69 101</b>	<b>64 950</b>
Provinces and municipalities		5 150	500							
Departmental agencies and accounts		7 735	31 091	33 258	33 159	133 159	133 159	48 955	44 049	38 224
Universities and technikons		550								
Foreign governments and international organisations										
Public corporations and private enterprises										
Non-profit institutions		27 961	114 271	44 430	92 354	99 829	99 829	23 666	25 052	26 726
Households		51	32	39						
<b>Payments for capital assets</b>		<b>531</b>	<b>211</b>	<b>377</b>	<b>261</b>	<b>524</b>	<b>524</b>	<b>429</b>	<b>423</b>	<b>450</b>
Buildings and other fixed structures										
Machinery and equipment		470	179	353	261	524	524	427	423	450
Software and other intangible assets		61	32	24				2		
<b>Payments for financial assets</b>		<b>3</b>	<b>19</b>	<b>117</b>						
<b>Total economic classification</b>		<b>89 465</b>	<b>205 725</b>	<b>138 785</b>	<b>215 185</b>	<b>298 347</b>	<b>298 347</b>	<b>146 031</b>	<b>143 356</b>	<b>143 728</b>

## Programme 6: Tourism, Arts and Entertainment



DEPARTMENT OF ECONOMIC DEVELOPMENT AND TOURISM

## 12. PROGRAMME 6: TOURISM, ARTS AND ENTERTAINMENT

### 12.1 Purpose

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

### 12.2 Programme structure

The Programme is structured as follows:

- **Subprogramme 6.1: Tourism Planning**  
To develop and coordinate the strategic agenda for tourism.
- **Subprogramme 6.2: Tourism Growth and Development**  
To facilitate growth and development of the tourism industry.  
To enhance the quality of the visitor experience to the destination through the provision of quality tourism support services.
- **Subprogramme 6.3: Tourism Sector Transformation**  
To provide for the registration and regulation of tourist guides.
- **Subprogramme 6.4: Tourism Destination Marketing**  
To provide resources to the tourism, trade and investment promotion public entity to enable it to deliver on its mandate, as defined in the Western Cape Investment and Trade Promotion Agency Act, 1996 (Act 3 of 1996) as amended.
- **Subprogramme 6.5: Commercial Arts and Entertainment**  
To assist creative entrepreneurs to protect and benefit fully from their intellectual property. To promote and nurture the commercialisation and globalisation of product offering as part of the Cape offering to the tourism industry.

### Performance Delivery Environment

Project Khulisa identified tourism as one of the key sectors, which offers the Province the greatest potential return in terms of jobs and growth.

During 2015, the Western Cape accounted for 14.5% of all South African tourist arrivals and received 21.8% of South Africa's total spend. The Western Cape experienced a 2.3% growth in 2015 with 1 418 513 tourist arrivals recorded, compared to the 1 386 100 tourist arrivals in 2014. Europe was ranked as the Western Cape's strongest contributor to arrivals, with the UK, Germany and France as the top 3 source markets for the province.

During the same period the total spend for the Western Cape grew by 11% with the province recording R16.1 billion in 2015, compared to the R14.4 billion total spend recorded in 2014.

The Department of Economic Development and Tourism has the provincial statutory and legislative mandate for tourism. It responds to all the elements of the tourism industry, including tourism development, tourism regulation and tourism marketing. The Tourism, Trade and Investment Act, 2013 provides for tourism destination marketing to be implemented in the Wesgro public entity.

Project Khulisa Tourism is a transversal approach that provides delivery on tourism initiatives across the programmes in the Department. Direct tourism destination marketing implementation is provided by Wesgro (legislative mandate). This transversal approach will ensure that the following regional outcomes are met for the tourism sector as a whole:

- To achieve an increase in tourism GVA from R17 billion to R28 billion and grow tourism direct jobs by up to 100 000 additional formal jobs.

### Problem statement

How do we drive breakaway growth in domestic and international arrivals, across the province which will allow the Western Cape tourism industry to create an additional 100 000 jobs by 2019?

### Challenges

- Awareness – no clear brand; uncoordinated and sometimes competing marketing efforts; overlap in destination marketing spend by multiple public sectors; negative perception associated with Africa.
- Accessibility – onerous visa restrictions; long-haul destination; limited direct flights.
- Attractiveness – fragmented provincial tourism strategy; undeveloped tourism product offering; difficulty for tourists to move around within the destination; negative perceptions around safety of the destination.

## Strategic intents

Project Khulisa identified three strategic intents that have focused and prioritised activities and outputs for delivery between 2015 and 2020. These activities and outputs contribute to the outcomes of increased GVA and direct jobs for the tourism industry. The three strategic intents are:

- Strategic intent 1: Boost awareness of the Western Cape in key markets and sectors to drive conversion.
- Strategic intent 2: Improve accessibility to Cape Town and the regions.
- Strategic intent 3: Boost the attractiveness of the region through competitive product offerings and compelling packaging.

## Key initiatives

The following outlines the major outputs for each of the three strategic intents.

Strategic intent 1: Boost awareness of the Western Cape in key markets and sectors to drive conversion from a business tourist to a leisure tourist destination.

1. Define the value proposition of the destination.
2. Develop and implement a Delegate Boosting and Conversion Programme.
3. Develop and implement an aggressive Africa and the Gulf Cooperation Council (GCC) growth strategy.
4. Develop a data and real-time business intelligence capacity.
5. Develop and implement a stakeholder co-ordination strategy.

Strategic intent 2: Improve accessibility to Cape Town and the regions.

6. Secure three direct new air routes.
7. Lobby for friendlier visa regulations.
8. Create and drive an awareness campaign on local transport options.

Strategic intent 3: Boost the attractiveness of the region through competitive product offerings and compelling packaging.

9. Position the Western Cape as the Cycling Capital of Africa.
10. Maximise culture and heritage tourism through a Madiba Legacy Tourism Route.
11. Invite the world to gather at our table as a food and wine destination.
12. Position the province as an international business and leisure events destination.
13. Develop and implement a service level improvement programme and a 'tourism benefits me' citizen campaign.

## 12.3 Subprogramme 6.1: Tourism Planning

### 12.3.1 Performance Delivery Environment

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

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

### 12.3.2 Strategic Objectives

#### Tourism Destination Management: Tourism Planning

<b>Strategic Objective</b>	To co-ordinate a single tourism destination strategy and delivery model, which ensures effective and integrated destination management and marketing.
<b>Objective Statement</b>	Single tourism destination strategy and delivery model developed by 2020.
<b>Baseline</b>	2015/16 Khulisa Tourism Cabinet Submission and Tourism Activity Plan.

### 12.3.3 Strategic objective annual targets for 2017/18

Strategic Objective (Outcome Indicator)	Audited/Actual performance			Estimated performance	Medium-term targets		
	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
A single tourism destination strategy and delivery model developed by 2020.	-	-	-	-	-	1	1

### 12.3.4 Implementation Plan

In response to the facilitation of the key initiatives as part of the Western Cape Government's transversal approach, this sub-programme is responsible for facilitation of stakeholder management. In addition, consultative and cooperative tourism planning will be focussed on:

- Provide a collaborative platform for dialogue between public and private sectors.
- Address industry blockages.
- Chairing the Western Cape Tourism Partnership. This is the institutional mechanism driving stakeholder engagement on strategic and critical issues facing the tourism industry.

### 12.3.5 Performance indicators and annual targets for 2017/18

Programme performance indicator (Output Indicator)		Audited/Actual performance			Estimated performance	Medium-term targets		
		2013/14	2014/15	2015/16		2016/17	2017/18	2018/19
<b>Subprogramme: Tourism Planning</b>								
1.1	Number of stakeholder coordination strategies developed	-	-	-	1	1	1	1

### 12.3.6 Quarterly targets for 2017/18

Performance indicator		Reporting period	Annual target 2017/18	Quarterly targets			
				1st	2nd	3rd	4th
<b>Subprogramme: Tourism Planning</b>							
1.1	Number of stakeholder coordination strategies developed	Annually	1	-	-	-	1

### 12.3.7 Risk Management

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

## 12.4 Subprogramme 6.2: Tourism Growth and Development

### 12.4.1 Performance Delivery Environment

Tourism Growth and Development will contribute to the Western Cape's Tourism Strategy by developing and managing the Western Cape as a tourism destination for improved global competitiveness. For the destination to be globally competitive, it is important that the product offering is varied, of good quality and provides world class tourism experiences.

This area will adopt a transversal approach with Wesgro, DEDAT's Ease-of-Doing Business Unit and Strategic Initiatives Unit to deliver targeted actions designed to improve destination accessibility and attractiveness by supporting prioritised tourism niche markets, products and infrastructure in the destination.

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



## 12.4.2 Strategic Objectives

### Tourism Destination Management: Tourism Growth and Development

<b>Strategic Objective</b>	To boost the attractiveness of the region through competitive product offerings and to improve accessibility to Cape Town and the regions.
<b>Objective Statement</b>	To facilitate tourism <i>niche</i> markets, products and infrastructure support in the destination.
<b>Baseline</b>	2016/17: 2 tourism <i>niche</i> markets supported.

### 12.4.3 Strategic objective annual targets for 2017/18

Strategic Objective (Outcome Indicator)	Audited/Actual performance			Estimated performance	Medium-term targets		
	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
Number of tourism <i>niche</i> markets supported	-	-	1	2	2	2	2

### 12.4.4 Implementation Plan

In response to the implementation of the Khulisa Tourism's 13 key initiatives as part of the Western Cape's Government's transversal approach, this sub-programme will be responsible for driving the development and facilitation of the following six initiatives in the 2017/18 financial year:

- Secure one direct new air route.
- Position the Western Cape as the Cycling Capital of Africa, by focusing on supply-side destination issues such as signage.
- Maximise culture and heritage tourism through a Madiba Legacy Tourism Route with the erection of a memorial (statue) at the City Hall.
- Develop and implement a service level improvement programme and a 'tourism benefits me' citizen campaign.

Facilitate the following supply-side measures to enhance the attractiveness of the tourism visitor experience for the 2017/18 financial year:

1. Manage the negative perceptions around safety of the destination by providing a pro-active and a re-active response to tourists in distress.
2. Improve the movement of tourists within the destination, by facilitating tourism road signage applications.
3. Enhance and create an awareness of the tourism product offering through the development of tourist guides and by ensuring registration and regulatory compliance.

### 12.4.5 Performance indicators and annual targets for 2017/18

Programme performance indicator (Output Indicator)	Audited/Actual performance			Estimated performance	Medium-term targets		
	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
<b>Subprogramme: Tourism Growth and Development</b>							
1.1	Number of tourism products supported	1	2	1	2	2	2
1.2	Tourism Support Services: Number of tourism establishments/ individuals supported/ assisted	225	210	287	180	200	250
1.3	Number of beneficiaries participating in the service level improvement programme	-	-	-	-	150	200
						250	

## 12.4.6 Quarterly targets for 2017/18

Performance indicator		Reporting period	Annual target 2017/18	Quarterly targets			
				1st	2nd	3rd	4th
<b>Subprogramme: Tourism Growth and Development</b>							
1.1	Number of tourism products supported	Annually	2	-	-	-	2
1.2	Tourism Support Services: Number of tourism establishments/ individuals supported/ assisted	Quarterly	200	50	50	50	50
1.3	Number of beneficiaries participating in the service level improvement programme	Bi-annually	150	-	50	100	-

## 12.4.7 Risk Management

Strategic Objective: To boost the attractiveness of the region through competitive product offerings and to improve accessibility to Cape Town and the regions.	
Risk Statement	Risk Mitigation Strategies
<p>Lack of diverse and undeveloped product offering in the Western Cape could result in tourists finding the destination less attractive. The Western Cape's ability to compete as a tourist destination globally is hampered by:</p> <ul style="list-style-type: none"> <li>The proposed visa regulations.</li> <li>The threat to tourist personal safety to health.</li> </ul>	<p>Support of prioritised tourism <i>niche</i> markets in collaboration with private and public sector to enhance the product offering.</p> <p>The following risk mitigating actions will be in place:</p> <ul style="list-style-type: none"> <li>The Ease of Doing Business Unit will conduct regular engagements with the National Department of Home Affairs with regard to visa regulations.</li> <li>Dedicated pro-active and re-active institutional mechanism that manages safety perceptions and creates awareness and provides a positive response to tourists in distress.</li> </ul>

## 12.5 Subprogramme 6.3: Tourism Sector Transformation

### 12.5.1 Performance Delivery Environment

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

As a regulatory body, it is imperative to ensure that the tourist guiding sector grows to continually meet the needs of 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.

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

### 12.5.2 Strategic Objectives

<b>Strategic Objective</b>	To register and regulate the tourist guiding sub-sector.
<b>Objective Statement</b>	To ensure an effective and efficient tourist guide regulatory service.
<b>Baseline</b>	2015/16: 1 617 tourist guides registered. 2015/16: 154 tourist guides developed. 2015/16: 127 tourism businesses inspected.

### 12.5.3 Implementation Plan

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

The Provincial Registrar is responsible for registering and renewing tourist guides in the Western Cape. The database of tourist guides must also, in terms of the Tourism Act 3 of 2014, be maintained and published. The Western Cape Database in the form of the Tourist Guide Register is the system used to register and renew tourist guides as well. The Tourist Guide Register needs to be upgraded and maintained in order to complement current technology and requirements to tie into the national database. A direct link from the Western Cape Government's website into the Tourist Guide Register enables tour operators and potential clients to search for and find registered tourist guides.

In order to give effectiveness to the Tourism Act 3 of 2014, the Department implements a tourist guide inspection programme. The objectives of the tourist guiding inspections are:

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

### 12.5.4 Performance indicators and annual targets for 2017/18

Programme performance indicator (Output Indicator)		Audited/Actual performance			Estimated performance	Medium-term targets		
		2013/14	2014/15	2015/16		2016/17	2017/18	2018/19
<b>Subprogramme: Tourism Sector Transformation (Tourism Regulation)</b>								
1.1	Number of tourist guides developed	-	512	154	52	52	52	52
1.2	Number of individuals registered (tourist guides)	1 477	1 666	1 617	1 100	1 200	1 300	1 300
1.3	Number of individuals/ tourism related businesses inspected or monitored (tourist guides)	1 108	1 044	127	80	100	130	130

### 12.5.5 Quarterly targets for 2017/18

Performance indicator		Reporting period	Annual target 2017/18	Quarterly targets			
				1st	2nd	3rd	4th
<b>Subprogramme: Tourism Sector Transformation (Tourism Regulation)</b>							
1.1	Number of tourist guides developed	Annually	52	-	-	52	-
1.2	Number of individuals registered (tourist guides)	Quarterly	1 200	300	300	300	300
1.3	Number of individuals/ tourism related businesses inspected or monitored (tourist guides)	Quarterly	100	25	25	25	25

## 12.5.6 Risk Management

<b>Strategic Objective: To boost the attractiveness of the region through competitive product offerings and to improve accessibility to Cape Town and the regions</b>	
<b>Risk Statement</b>	<b>Risk Mitigation Strategies</b>
Reputational risk to the destination if incorrect information is provided by illegal guiding.	Dedicated regulatory capacity in place to ensure the registration of tourist guides and monitoring of the tourist guiding industry and upskilling for existing tourist guides.

## 12.6 Subprogramme 6.4: Tourism Destination Marketing

### 12.6.1 Performance Delivery Environment

Tourism Destination Marketing will contribute to the Western Cape's Khulisa Tourism Strategy by developing, managing and implementing trade and consumer marketing initiatives. These initiatives will contribute to the increased awareness, attractiveness and accessibility of the destination.

Implementation is a transversal approach with the Department, regional and local tourism offices and private sector to deliver actions designed to improve the awareness, attractiveness and accessibility to the destination.

One of the challenges the unit faces is limited funding to compete on a global scale, with regard to marketing campaigns.

#### Legislative mandate

Wesgro's (a schedule 3 public entity) strategic powers, as provided for in the Western Cape Investment and Trade Promotion Agency Act, 1996 (Act 3 of 1996) as amended, include:

- To furnish tourism, trade and investment marketing assistance and expert and specialised advice, information and guidance to any business, company or association of persons who so request it from the Agency or would assist the Agency in achieving its objectives.
- To act as the tourism, trade and investment promotion agent on behalf of the Province and to facilitate co-ordinated destination marketing activities for the Western Cape.
- To develop, implement and promote a provincial tourism, trade and marketing strategy and implement any project that realises growth in the economy of the Western Cape.

#### Strategic mandate

The Western Cape Government's strategic mandate provides that Wesgro:

- Conduct tourism destination marketing and promotion for Cape Town and the Western Cape.
- Ensure that priority focus is given to the initiatives identified by Project Khulisa Tourism.

### 12.6.2 Strategic Objectives

#### Tourism Destination Marketing

<b>Strategic Objective</b>	To provide resources to the tourism, trade and investment promotion public entity to enable it to deliver on its legislative and strategic mandate for trade and investment promotion.
<b>Objective Statement</b>	Total estimated economic value of tourism destination marketing initiatives supported by 31 March 2020.
<b>Baseline</b>	New indicator. Baseline to be established by the end of 2016/17.

### 12.6.3 Strategic objective annual targets for 2017/18

Strategic Objective (Outcome Indicator)	Audited/Actual performance			Estimated performance	Medium-term targets		
	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
Estimated economic value of tourism destination marketing initiatives supported	-	-	-	R149m	R156m	R164m	R172m

#### 12.6.4 Implementation Plan

In response to Project Khulisa Tourism and in relation to its role in terms of tourism destination marketing and promotion, Wesgro will be responsible for direct implementation of the following key initiatives in the 2017/18 financial year:

- Marketing campaigns to promote the newly developed competitive identity in all key markets via traditional and digital channels.
- Partnership growth strategies in key markets to increase visitor numbers.
- Digital management and acquisition of data and intelligence for the trade, provided via dashboards.
- Grow business tourism.
- CRM and stakeholder management.
- Improving direct air access to the Cape through the Air Access team.
- Facilitation of workshops around local transport options.
- The Cross Cape promotion to assist in positioning the destination as the Trail Capital of Africa.
- Gastronomy tourism promotion.
- Marketing of the Madiba Legacy Route.
- The marketing of the Cape of Great Events internationally and the support of local regional events.
- Launch of the "Tourism Benefits Me" campaign in line with the service level improvement programme.

#### 12.6.5 Performance indicators and annual targets for 2017/18

Programme performance indicator (Output Indicator)		Audited/Actual performance			Estimated performance	Medium-term targets		
		2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
<b>Subprogramme: Tourism Destination Marketing</b>								
1.1	Number of tourism destination marketing initiatives supported	-	-	-	13	13	13	13

#### 12.6.6 Quarterly targets for 2017/18

Performance indicator	Reporting period	Annual target 2017/18	Quarterly targets				
			1st	2nd	3rd	4th	
<b>Subprogramme: Tourism Destination Marketing</b>							
1.1	Number of tourism destination marketing initiatives supported	Annually	13	-	-	-	13

#### 12.6.7 Risk Management

<b>Strategic objective: To provide resources to the tourism, trade and investment promotion public entity to enable it to deliver on its legislative and strategic mandate for tourism promotion.</b>	
<b>Risk Statement</b>	<b>Risk Mitigation Strategies</b>
Failure to provide strategic leadership and the necessary resources, which may lead to mis-aligned strategy and delivery on the WCG's strategic priorities.	Strategic direction provided by the Executing Authority, the Accounting Officer and the relevant Senior Managers in the Department. The necessary resources agreed upon between the Board, the CEO and the Executive of Wesgro and the Executing Authority, the Accounting Officer and the relevant Senior Managers in the Department.
Failure to effectively ensure and oversee that the allocated funds are utilised as per the transfer payment agreement, which may result in the non-delivery of pre-determined output and outcome targets.	Improved and co-ordinated interaction between the Department and Wesgro to monitor progress via quarterly progress meetings and reports (including management accounts). Monthly updates of the operational plan and the agreed upon evidence framework.

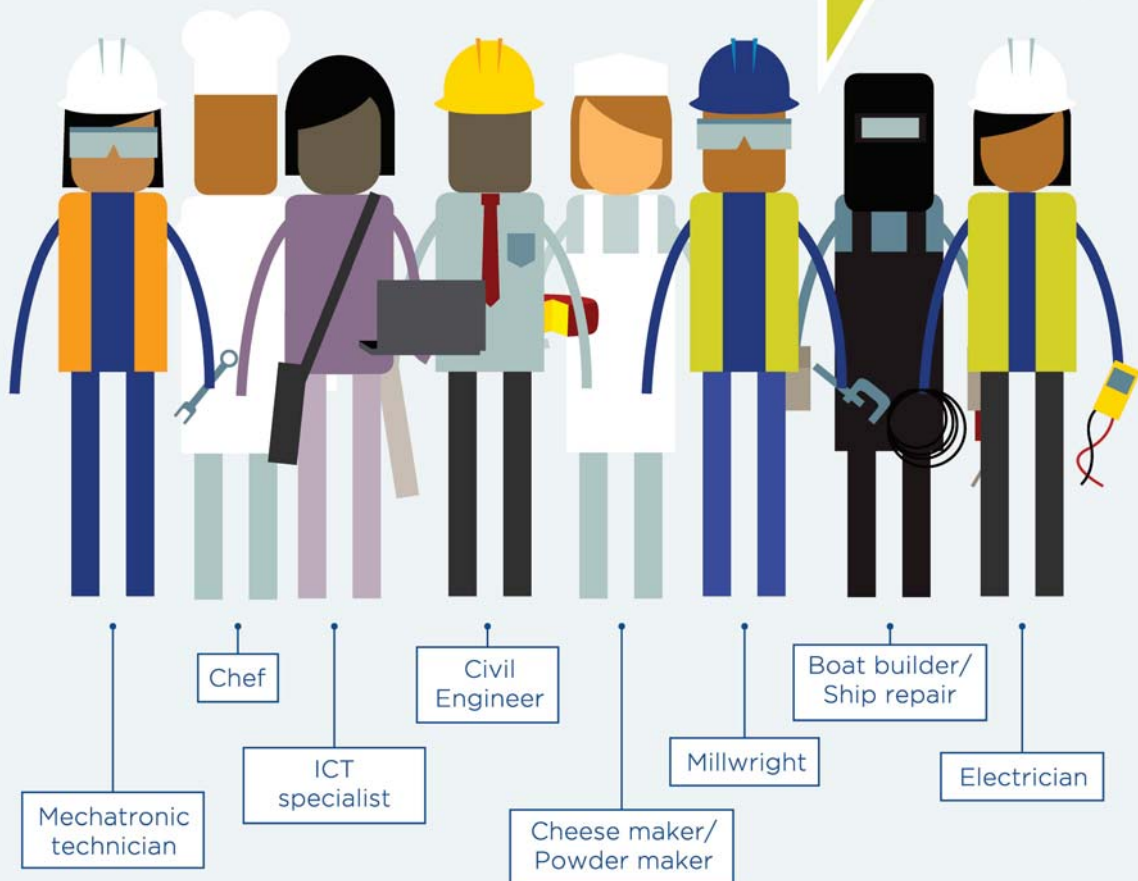
## 12.7 Reconciling performance targets with the Budget and MTEF

### 12.7.1 Expenditure estimates

Subprogramme		Audited			Main appropriation	Adjusted appropriation	Revised estimate	Medium term expenditure		
		R'000	2013/14	2014/15				2015/16	2016/17	2016/17
1.	Tourism Planning	3 863	4 198	1 410	1	1	1	1	1	1
2.	Tourism Growth and Development	4 838	3 110	1 710	1	1	1	1	1	1
3.	Tourism Sector Transformation	8 702	9 231	8 205	14 061	12 483	12 483	13 828	12 941	13 778
4.	Tourism Destination Marketing	22 600	22 000	28 300	32 525	37 325	37 325	42 676	45 194	47 593
5.	Commercial Arts and Entertainment	7 551	6 560	257	-	-	-			
<b>Total payments and estimates</b>		<b>47 554</b>	<b>45 099</b>	<b>39 882</b>	<b>46 588</b>	<b>49 810</b>	<b>49 810</b>	<b>56 506</b>	<b>58 137</b>	<b>61 373</b>
<b>Economic Classification</b>										
<b>Current payments</b>		<b>17 013</b>	<b>16 361</b>	<b>11 021</b>	<b>11 413</b>	<b>9 716</b>	<b>9 702</b>	<b>13 773</b>	<b>12 873</b>	<b>13 700</b>
Compensation of employees		12 500	12 706	9 594	7 850	7 850	7 850	8 287	8 980	9 696
Goods and services		4 513	3 655	1 427	3 563	1 866	1 852	5 486	3 893	4 004
<b>Transfers and subsidies</b>		<b>30 413</b>	<b>28 600</b>	<b>28 312</b>	<b>35 175</b>	<b>40 047</b>	<b>40 061</b>	<b>42 676</b>	<b>45 194</b>	<b>47 593</b>
Provinces and municipalities										
Departmental agencies and accounts		25 100	24 500	28 300	35 175	39 975	39 975	42 676	45 194	47 593
Universities and technikons										
Foreign governments and international organisations										
Public corporations and private enterprises							14			
Non-profit institutions		4 000	3 500							
Households		1 313	600	12		72	72			
<b>Payments for capital assets</b>		<b>128</b>	<b>123</b>	<b>549</b>		<b>43</b>	<b>43</b>	<b>57</b>	<b>70</b>	<b>80</b>
Buildings and other fixed structures										
Machinery and equipment		128	123	547		42	43	57	70	80
Software and other intangible assets				2		1				
<b>Payments for financial assets</b>			<b>15</b>			<b>4</b>	<b>4</b>			
<b>Total economic classification</b>		<b>47 554</b>	<b>45 099</b>	<b>39 882</b>	<b>46 588</b>	<b>49 810</b>	<b>49 810</b>	<b>56 506</b>	<b>58 137</b>	<b>61 373</b>

## Programme 7: Skills Development and Innovation

Mechatronic technician, chef, ICT specialist, engineer, cheese maker, millwright, boat builder, electrician...  
What do **YOU** want to be? **SKILL UP!**



## 13. PROGRAMME 7: SKILLS DEVELOPMENT AND INNOVATION

### 13.1 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.

### 13.2 Programme structure

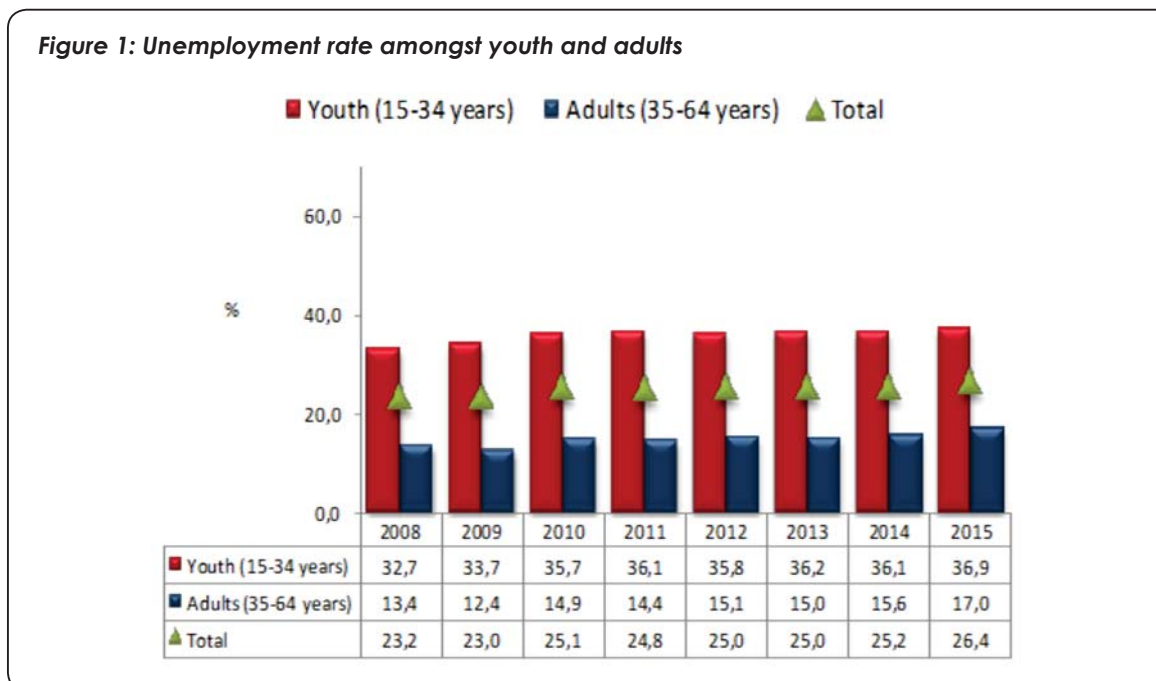
The Programme is structured as follows:

- **Subprogramme 7.1: Provincial Skills and Partnership**  
To promote coordination, partnerships and collaboration for increased access to occupationally directed programmes; and  
To develop provincial mechanisms for the management of skills information and data.
- **Subprogramme 7.2: Skills Programmes and Projects**  
To facilitate/support unemployed or underemployed youth to access jobs.
- **Subprogramme 7.3: Skills Incentives**  
To facilitate demand led work placement and funding opportunities for youth to gain workplace experience.
- **Subprogramme 7.4: Management: Skills Development**  
To conduct the overall management and administrative support to the programme.

### Performance Delivery Environment

The Quarterly Labour Force Surveys released by Statistics South Africa reveal that the unemployment rate among youth is consistently higher than the adult unemployment rate over the period 2008 to 2015.

Figure 1 below provides insight into adult and youth unemployment across provinces and shows that in 2015 the unemployment rate amongst adults (aged 35 to 64 years) was estimated at 17 %, while the unemployment rate for the youth category (aged 15 to 34 years) was 37 %.



While the Western Cape has the lowest youth unemployment rate in the country, it still stands undesirably high at 29.9% and has deteriorated by 4.0 percentage points in the past 5 years.

Cursory observations pertaining to the high levels of unemployment relate to low education attainment levels, high secondary school drop-out and, in general, that most young people are inadequately prepared for employment.

The inability of the economy to absorb youth into employment when they become available results in delays in affording young people the opportunity to strengthen their existing skill sets.



The National Development Plan highlights that youth holds profound possibilities for putting our economic growth on a higher trajectory and creates an opportunity for higher levels of employment.

The MTSF (2014-2019) states that investment in quality education, as well as in skills development should form the bedrock of the government's approach to addressing the challenges of the youth. It also indicates that to reduce poverty, eliminate structural unemployment and growing the economy in an equitable manner needs to be underpinned by a growing skills base.

Creating sustainable opportunities for the development and advancement of youth has been identified as a strategic priority by the Western Cape Government. This has resulted in three of the seven Game Changers being primarily focused on the betterment of young people: After School Programmes, eLearning and Apprenticeship based learning. They are guided by the Western Cape Youth Development Strategy (PYDS), which was adopted in 2013 and which identified the key interventions that would place young people on a pathway to productive adulthood.

Skills are an essential contributor to the development of individuals, businesses, societies and economies. Its importance is even more pronounced in the South African context where high levels of structural unemployment among the youth is still more prevalent than in other emerging economies. According to the National Planning Commission (2012: 98), South Africa is experiencing a youth bulge, and this represents an opportunity for positive growth if young people are meaningfully employed, but poses a potential for grave social instability if they are not.

While low skill levels and lack of experience are widely known as the primary causes of unemployment amongst youth, it is also becoming increasingly apparent that a large number of young graduates are unable to find employment due to an education system that is supplying industry with skills that are either inadequate or irrelevant. Globally, apprenticeship based learning remains the most effective learning methodology that produces high quality workers that have the skills that employers actually need.

In South Africa apprenticeships are linked to traditional artisan trade occupations such as electricians, welders, fitters etc., but globally many countries have expanded their apprenticeship systems to include any occupation that you would find in the workplace. The reason for this is that apprenticeships have proved that they have a significant impact on youth unemployment reduction<sup>1</sup>. This is because an apprenticeship:

- ensures that training matches the needs within a company or industry;
- keeps up-to-date with changes in technology, work practices, and market dynamics;
- links classroom and workplace training so that young people acquire relevant skills;
- equips young people with critical core skills, such as problem solving, teamwork, and communication;
- offers young people a small income while preparing for the job market; and
- helps them clear the hurdle of having no job experience, a barrier that prevents many university graduates from securing their first job.

The emphasis of apprenticeship development for a broad range of occupations required by the South African economy has been recognised at a national government level with the Department of Higher Education and Training having already initiated a process to develop the 21st Century Apprenticeship programme in collaboration with international partners such as Germany, Switzerland and Austria.

Therefore, the Western Cape Government (WCG), in support of and in alignment with national processes, is promoting the Apprenticeship Game Changer to leverage the power of work-based learning through apprenticeships to improve people's livelihoods. Its primary aim is to ensure that there are sufficiently qualified technical and vocational skilled young people to supply the needs of the prioritised economic growth sectors in the Western Cape – notably, tourism, agri-processing, oil and gas as well as in the enabling sectors of renewable energy and Information Communication Technologies (ICT).

The national scarce skills list released by national government reveals that 18 of the top 31 scarce skills in the country fall within the artisan sector. The shortage is set to worsen with the National Development Plan envisaging that the country will need to produce 30 000 qualified artisans a year by 2030, while the current annual production rate is only 13 000 - and just under 1 000 in 2015 in the Western Cape.

There are a number of reasons for these shortages, which include:

- Poor maths and science pass rates at schools;
- Lack of awareness of scarce skills and related employment opportunities;

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<sup>1</sup> <http://www.gan-global.org/#!why/qsobt>

- Learners preferring to enrol at universities, which they view as superior to technical colleges;
- Negative societal perceptions of the status of artisans; and
- A shortage of funding and workplace based learning opportunities.

The Skills Game Changer will focus on five specific economic sectors, namely: Oil and Gas, Tourism, Agri-processing, Energy and Information Communication Technology.

Three of these have been prioritised under the provincial government's growth strategy – Project Khulisa – due to their high growth potential, namely: Oil and Gas related manufacturing and services, Tourism and Agri-processing.

In addition, business needs the Energy and ICT (Broadband) backbone as enablers to support economic growth in the three priority Khulisa sectors – therefore these sectors are also a focus of the Game Changer.

The Apprenticeship Game Changer will focus on identifying the critical occupations for which there is, or will be high demand, but inadequate supply within these five priority sectors and implementing a strategy to tackle these shortages.

This is critical if Project Khulisa is to achieve its ambitious growth and jobs targets – 343 000 additional jobs by 2019 under a high growth scenario.

**Table 1: Project Khulisa Targets**

Khulisa Sector	Current Gross Value Add (GVA)	Projected 2019 Gross Value Add (GVA)	Current Formal Jobs	Additional Formal Jobs
Oil and Gas	R1 billion	R2 billion	35 000	60 000
Tourism	R17 billion	R28 billion	204 000	100 000
Agri-Processing	R12 billion	R26 billion	79 000	100 000
Totals	R30 billion	R56 billion	318 000	260 000

To ensure that the Western Cape Province achieves these ambitious Project Khulisa targets and accrues benefits to its citizens, it is critical that skills are not an inhibitor. To ensure this, accurate and current data is a priority – it needs to be collected, analysed and utilised to steer appropriate technical and vocational skills development. As such, the WCG is developing an extensive real-time data system to continuously track the Game Changer's implementation and performance.

But the key priority that will ensure the success of the Apprenticeship Game Changer – apprentices in appropriate occupations who qualify as competent, work ready young people – is the active participation of employers. The employer needs to be firmly at the centre, creating the bridge that will enable learners to move from educational institutions into the workplace as apprentices in increasing numbers. This will require consistent and sustained partnerships and coordination between stakeholders that is underpinned by sharing critical data. These partnerships are based on a two tier consultative approach that draws together technical expertise from all the partners as well as a guiding coalition of executive leaders.

The workplace supply target is based on those learners that complete their workplace-based learning each year and enter the labour market as competent workers. Some of these learners are in traditional apprenticeships but many are in work and skills programmes, learnerships and internships. The 2015 data shows that at least 6 000 learners completed their training. The aim is to increase that number to at least 15 000 by March 2019 (150% increase). The cumulative target for additional workplace learners over the Game Changer period is 32 500 competent workers.

Although the majority of these workplace-based learners will be produced through skills programmes as well as upskilling/re-skilling of existing workers through short courses and specialisation training, the Game Changer aims to progressively increase the actual number of learners in apprenticeships. The targets cover all sectors in the Western Cape economy that will cross-subsidise and thereby support the skills needs of the priority sectors in order to achieve the envisaged ambitious economic growth and job targets of Oil and Gas, Tourism and Agri-processing sectors.

### 13.3 Subprogramme 7.1: Provincial Skills and Partnerships

#### 13.3.1 Performance Delivery Environment

This subprogramme is project leading the Apprenticeship Game Changer that has a vision of supplying sufficient, appropriately qualified technical and vocational skilled people to meet the needs of prioritised economic growth areas in the Western Cape .

One of the Strategic Objectives is to increase academic supply that will meet the needs of employers for quality learners to contract into workplace-based programmes such as apprenticeships or learnerships within the priority economic sectors.

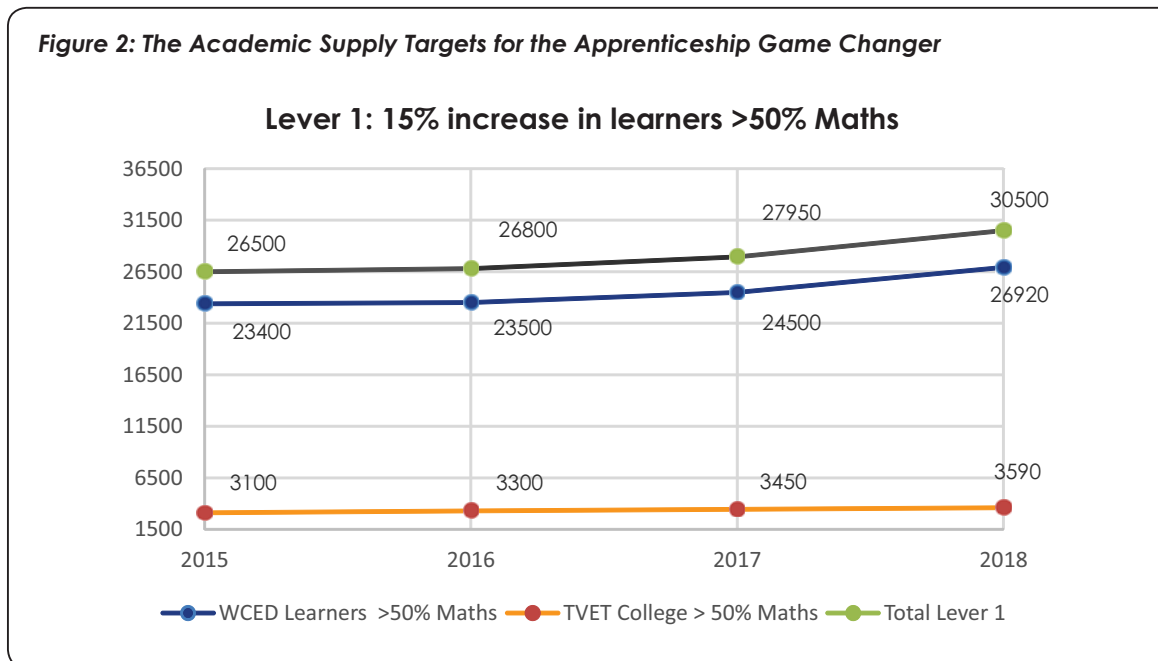
Industry has indicated that it needs “quality” learners who achieve at least 50% in mathematics, and preferably achieve similar results in science and languages. This is the basic requirement employers have of learners to enter the workplace as apprentices. To increase the number of quality learners who are attracted to technical and vocational occupations, a number of strategies are to be pursued:

The first requirement is to expand the overall pool of learners with more than 50% in maths from which to recruit learners for workplace technical and vocational skills. The primary recruiting ground for these learners is: the public TVET colleges under the National Department of Higher Education and Training (DHET) and the Western Cape Education Departments’ (WCEDs) technical high schools, maths, science and technology schools as well as academic schools which offer technical subjects. To increase the pool of learners available to the economy, the Apprenticeship Game Changer will specifically target learners who achieve between 40% and 49% for maths. These schools will be identified and provided with academic support, in particular drawing on eLearning as a key means of providing maths tutorship.

The second requirement is to increase the proportion of learners within this pool who are keen to take up technical and vocational skills and to be placed with employers on apprenticeships/learnerships. Young people need to know more about the many technical and vocational occupations available to them and the career opportunities they offer. The Apprenticeship Game Changer also needs to assist in tackling the negative perception that a career as an artisan means a “dirty overalls” job, which is why the provincial government will be driving a major awareness campaign in schools to change this perception and to achieve the first outcome.

The Apprenticeship Game Changer is targeting 24 Technical Vocational Education and Training College campuses and 175 Western Cape Education Department schools.

Figure 2 provides a base (2015) on the academic supply.



### 13.3.2 Strategic Objectives

The introduction of the Apprenticeship Game Changer has shifted the focus to consider the pipeline of skills entering vocational and technical skills. Addressing the throughput of TVET's will result in more workers with the requisite skills entering the labour market.

<b>Strategic Objective</b>	Increase in number of quality workplace ready TVET learners (Institutional Supply)
<b>Objective Statement</b>	80% of apprenticed learners achieve a positive summative assessment in the TVET system
<b>Justification</b>	6 000 (estimated)
<b>Links</b>	An apprenticed learner is a catch-all phrase for learners in workplace-based learning programmes including internships, learnerships, apprenticeships, skills programmes and learners placed in work exposure programmes.
<b>Baseline</b>	Alignment of stakeholder planning, implementation and reporting together with concomitant resource allocations.

<b>Strategic Objective</b>	To better coordinate government training programmes of internal and external candidates across departmental programmes and departments.
<b>Objective Statement</b>	The objective is to improve the coordination of government training programmes of internal and external candidates across departmental programmes and for departments to increase the absorption rate of interns into government and business by 10% by March 2020.
<b>Justification</b>	Baseline will be established in 2016/17.
<b>Links</b>	<p>Departments across the Western Cape Government are involved in a number of training initiatives, which include pre- and in-service training, internal and external skills development initiatives and the placement and employment of bursary beneficiaries and interns. These activities are often not coordinated within the Province, resulting in government not being able to harness the potential of the beneficiaries or optimise the benefits of having trained the individuals.</p> <p>Working in an integrated manner across the programmes in the Departments of Economic Development and Tourism and Agriculture, the two departments, together with the Provincial Empowerment and Training Chief Directorate, will adopt a more inclusive and coordinated approach to skills development and training.</p> <p>The focus will be on training programmes, bursaries, external placement of bursary holders, placement and employment opportunities, and a greater focus on the Expanded Public Works Programme to create a pipeline into the skills development arena.</p>
<b>Baseline</b>	National Skills Development Strategy III for SA; HRDSSA; National Development Plan; Medium Term Strategic Framework; DPSA.

### 13.3.3 Strategic Objective annual targets for 2017/18

Strategic Objective (Outcome Indicator)	Audited/Actual performance			Estimated performance	Medium-term targets		
	2013/14	2014/15	2015/16		2016/17	2017/18	2018/19
<b>Subprogramme: Provincial Skills and Partnerships</b>							
Number of Collaborative Skills Interventions supported	-	10	14	8	8	8	8
Value of Funds Leveraged	-	R21.785m	R23.527m	R20m	R10m	R20m	R20m

### 13.3.4 Implementation Plan

The implementation plan involves the identification of priority schools to kick start the career awareness programme, the development of relevant career awareness material and the implementation of a communication strategy ensuring an emphasis on apprenticeships in the Apprenticeship Game Changer priority occupations.

The World Skills South Africa competition provides learners with the incentive to enter the technical and vocational skills sector. Having Western Cape learners being exposed to the provincial competition and potentially participating in the National and the International Skills Competition in Abu Dhabi should provide further incentives to young people entering the apprenticeship initiatives.

Identifying learners in schools and colleges per public institution that obtain maths results between 40% and 50% will form the basis of the piloted interventions. This process will also focus on identification of the current interventions being implemented to improve learner results and to identify programmes that can be supported or upscaled. Envisaged programmes will also assess eLearning opportunities and available eLearning maths programmes suitable for these learners and develop collaborative interventions between institutions and employers within specific geographic areas to support learners at risk within each priority economic growth area.

The completion and hosting of the e-skills project offers further opportunities to extend the reach and efforts of skills development practitioners and other stakeholders in their relative sphere of influence. Included in the e-skills ecosystem are: the Skills Intelligence Platform (SIP); Learning Management System (LMS); the Career Awareness Platform (CAP); and the Learning Market.

This project, started in previous financial years, is now reaching an advanced stage and will within 2017/18 have a fully operational skills intelligence platform, career awareness platform and learner management system to provide users with an option to engage in blended learning opportunities.

The e-skills platform will facilitate collaboration and communication between stakeholders, offer an integrated open source learning management system and a career awareness platform.

### Data Management

An important role of the Provincial Skills unit is the management of skills data and reporting to the various structures as mandated. A key initiative that will be undertaken in this financial year is developing an understanding of the occupations in demand, sectorally and regionally and to overlay it with the supply of these skills across providers. It is hoped that this will provide for improved predictions as to the extent and type of skills demanded by and supplied to the Western Cape economy. This analysis will be undertaken in partnership with the Department of Higher Education and Training and other partners and will assist with the skills planning process.

#### 13.3.5 Performance indicators and annual targets for 2017/18

Programme performance indicator (Output Indicator)		Audited/Actual performance			Estimated performance	Medium-term targets		
		2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
<b>Subprogramme: Provincial Skills and Partnerships</b>								
1.1	Number of structured and scheduled skills stakeholder engagements, forums and events	14	16	22	24	24	24	30

#### 13.3.6 Quarterly targets for 2017/18

Performance indicator		Reporting period	Annual target 2017/18	Quarterly targets			
				1st	2nd	3rd	4th
<b>Subprogramme: Provincial Skills and Partnerships</b>							
1.1	Number of structured and scheduled skills stakeholder engagements, forums and events	Quarterly	24	6	8	6	4

### 13.3.7 Risk Management

<b>Strategic objective:</b> <b>Increase in number of quality workplace ready TVET learners (Institutional Supply).</b> <b>To better coordinate government training programmes of internal and external candidates across departmental programmes and departments.</b>	
Risk Statement	Risk Mitigation Strategies
Lack of participation/buy-in of key stakeholders and social partners could result in uncoordinated interventions.	<p>Continue the management of skills forums that allow for collaborative planning, implementation and monitoring of skills interventions.</p> <p>Enhancement of data, information, administration and tracking of graduates and funding sources; and improve communication mechanisms to achieve synergy and the sharing of good practice/models.</p>

## 13.4 Subprogramme 7.2: Skills Programmes and Projects

### 13.4.1 Performance Delivery Environment

A number of mechanisms have been established to open the "work place" doors to companies taking on young TVET graduates. These include incentives such as claiming back on the training levies collected from Sector Education and Training Authorities; the Youth Tax Incentives; and Broad Based Black Economic Empowerment improved ratings. Despite these, many companies are not accessing the necessary skills incentives and have not provided adequately for skills development internally or internship offering. DEDAT, to strategically remedy these challenges, will survey selected companies to better understand what regulatory barriers are hampering companies from accessing skills development funding and support to youth. The results of this survey will be used to develop detailed action plans to reduce those regulatory barriers and facilitate easier access to skills incentives.

This section will ensure the supply of skills towards supporting the Skills Game Changer trades and other vocational and technical related skills identified by Project Khulisa.

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

### 13.4.2 Strategic objectives

<b>Strategic Objective</b>	To increase the number of appropriately skilled persons, by providing them access to work experience and/or training opportunities.
<b>Objective Statement</b>	<p>Decrease youth unemployment in the province by 5% over the next five years by increasing access to work and training opportunities.</p> <p>The scarce and critical skills required by Oil rig repair, Agri-processing and Tourism will be used as a guide for business to determine the required training and or placement opportunities to allow access to practical experience.</p>
<b>Justification</b>	1 920 People trained through Skills Development Programmes implemented by the Department in propulsive economic or labour absorbing sectors.
<b>Links</b>	National as well as Provincial imperatives require a skilled and capable workforce, able to sustain a resilient, growing and inclusive economy. Industries' demand for specific skills can only be met by tailored interventions that include skills programmes, workplace experience programmes as well as the importation of skills. The focus is on ensuring that workplaces are able to indicate their current shortages, suggest any anticipated shortages where possible, as well as indicate any obstacles that they experience in recruiting and retaining individuals with the relevant skills, and in implementing occupational readiness programmes intended to meet these skills requirements. The scarce and critical skills required by economic priority sectors will be used as a guide for business to determine the required training or placement opportunities to allow access to practical experience. Since the scarce and critical skills are demand-led, the prospects for successful training and placement in the identified sectors are increased.
<b>Baseline</b>	Strong links to national strategies such as NSDS III, provincial economic policies and local skills development ecologies.

### 13.4.3 Strategic Objective annual targets for 2017/18

Strategic Objective (Outcome Indicator)	Audited/Actual performance			Estimated performance	Medium-term targets		
	2013/14	2014/15	2015/16		2016/17	2017/18	2018/19
<b>Subprogramme: Skills Programmes and Projects</b>							
Number of Artisanal candidates ready for trade testing	-	33	69	20	30	300	200
Value of funds leveraged	R76.7m	R30.598m	R2.226m	R1m	R5m	R10m	R10m

Funding leveraged is a factor of the economic environment and therefore conservative projections over the MTEF are provided.

### 13.4.4 Implementation Plan

#### Skills Training

Skills Training will ensure the supply of skills towards supporting the Apprenticeship Game Changer trades and other vocational and technical related skills identified by Project Khulisa.

To support the Apprenticeship Game Changer and the Project Khulisa mandate, skills training will be focused on vocational and technically related skills for priority demand-led trades and occupations, to increase the quality and quantity of employable persons in the Province.

The Skills Training Programme focuses on training of vocational, technical skills, soft skills and practical assimilated skills for the targeted people at Technical, Vocational and Educational Training (TVET) level. These focus areas will allow for a multi-entry and multi-exit approach along the pipeline of skills for beneficiaries in the artisanal, vocational and technical related fields from entry, intermediate to advanced skills level. This also includes on-the-job training and up-skilling and assists with enhancing productivity of the workforce. Such a system allows all participants access and gives them the opportunity to develop to their own level of competency, to further support their career path development in trades and occupations.

### 13.4.5 Performance indicators and annual targets for 2017/18

Programme performance indicator (Output Indicator)	Audited/Actual performance			Estimated performance	Medium-term targets			
	2013/14	2014/15	2015/16		2016/17	2017/18	2018/19	2019/20
<b>Subprogramme: Skills Programmes and Projects</b>								
1.1	Number of Artisanal candidates trained	-	-	262	250	346	400	600
1.2	Number of semi-skilled people trained	-	-	1 938	310	440	500	500

### 13.4.6 Quarterly targets for 2017/18

Performance indicator	Reporting period	Annual target 2017/18	Quarterly targets				
			1st	2nd	3rd	4th	
<b>Subprogramme: Skills Programmes and Projects</b>							
1.1	Number of Artisanal candidates trained	Quarterly	346	-	66	200	80
1.2	Number of semi-skilled people trained	Quarterly	440	-	100	200	140

### 13.4.7. Implementation Plan

#### Work Placement Programme

Key to achieving the main goal under the Apprenticeship Game Changer is the need for employers within the prioritised economic growth sectors of the Western Cape to step up and take ownership of the Apprenticeship Game Changer. The Western Cape Government as an employer will set an example where possible, but all over the world where workplace-based learning such as apprenticeships is successful, it is driven by the private sector.

DEDAT will engage with employers at both the executive and technical levels, creating where necessary appropriate action-orientated forums and guiding coalitions of decision-makers which are critical to driving delivery.

Should it be found that the skills in demand are not available locally and cannot be developed within the required time frames for critical projects, it may be necessary as a last resort to assist employers to apply for and be granted critical skills visas for foreign skilled workers. Such a process will be implemented with necessary skills transfer mechanisms to ensure that local workers benefit from the importation of immigrant skills.

A leading group of CEOs in each priority sector will be requested to drive support for the Apprenticeship Game Changer among employers and agree to employer responsibilities and actions that are necessary to achieve the outcomes and targets. Employers will also be requested to support real time data collection on priority occupations and shortages, with WCG managing the data systems.

The National Department of Higher Education is focused on refining Workplace-Based Learning Programme Regulations, with the purpose of making it easier for SETAs to fund the workplace-based learning. The introduction of the new Grant Regulations on 1 April 2013 has seen an increased focus by SETAs on workplace-based learning programmes.

Learners exiting DEDAT skills intervention programmes will secure entry into required work experience to complete their qualifications, while others will access the Artisan Development Programme.

Work placement ranges between 4 and 18 months and is supported by stipends to the learners across the various trades and, occupations and offered to unemployed youth in mainly (not exclusively), Agri-processing, Tourism and Oil and Gas sectors, followed by the enabling sectors (ICT and Energy) of Project Khulisa.

The Work Placement Programme aims to gradually meet the demand for skilled labour by providing a matched labour supply, across various regions of the Western Cape and focused on scarce and critical skills, which are specific to sector skills demands and cross-cutting sector skills.

The various Sector Skills Plans, across mainly Project Khulisa sectors, have generated extensive areas requiring work placement and based on demand, some of these could be covered in 2017/18.

In order to determine the scale of the skills shortages the province faces, the Western Cape Government, together with its partners, needs to build an accurate picture of demand and supply, based on the "Push and Pull Strategy" for each of the five priority economic sectors. Work to date indicates the following per sector:



Sector	Comment	Occupations
Oil and Gas	Under a high growth scenario the midstream oil and gas GVA is projected to have a contribution as high as R2bn, with an additional ~ 60 000 jobs created. The identified skills are in: <ul style="list-style-type: none"> <li>Liquefied Natural Gas (LNG)</li> <li>Rig Repair</li> <li>Bulk Service Infrastructure Development</li> </ul>	Boiler Maker, Welder, Electrician, Fitter and Turner, Rigger, Toolmaker, Automotive Motor Mechanic, Millwright, Air-conditioner & Refrigeration Mechanic, Diesel Mechanic, Bricklayer, Carpenter and Joiner, Plumber, Crane Driver
Tourism	Tourism is a major contributor to the economy with GVA of R17bn and 204 000 formal jobs in the province. Along with addressing the anticipated skills shortage, the growth strategy will prioritise resolving challenges that threaten further advancement of the industry. These include the lack of coordinated destination marketing between all stakeholders and improving accessibility to the region by boosting air access.	Chef, Painter, Electrician, Travel Consultant, Reception Manager (Restaurants), Receptionist (Front Office), Night Auditors, Bakers, Wine Stewards, Sales and Marketing Concierge, Sommeliers, Hostess
Agri-Processing	The agri-processing sector has the potential to increase its contribution from R12bn GVA to R26 billion GVA to the economy and create an additional 100 000 formal jobs. In order to achieve this, the province needs to increase its export market of wine and brandy in particular to China and Angola.	Research and Development Manager, Production and Operations Manager, Supply and Distribution Manager, Quality Assurance Manager, Production or Plant Engineer, Food Technologist, Microbiologist, Electrical Engineering Technician, Fitter and Turner, Millwright, Electrician, Baker, Food and Beverage Machine Operator, Product Tester, Blockman
Energy	The Western Cape Government has also prioritised energy security as a game changer over the next few years in response to the current energy challenges facing SA. The aim is to reduce the province's electricity demand from Eskom by 10% over the next few years by both savings through energy efficiency and alternative, low carbon generation. The main focus areas under the game changer are energy efficiency, load management, energy generation through rooftop solar photovoltaic panels (PV) and the importation of Liquefied Natural Gas (LNG) for power plants and industrial use.	Scaffolder, Solar Installer (PV Specialisation), Plumber, Boiler Maker, Electrician, Millwright, Hazardous Materials Removal Workers, Pressure Welder, Metal Fabricator, Transportation Electrician, Electrical Line Mechanic, Electronic Equipment Mechanic, Instrument Mechanician, Special Class Electrician, Electrical and Electronic Equipment Assembler
ICT	Expanding access to high speed broadband is another game changer. In 2014, the provincial government signed a R2.89bn 10-year contract with State Information and Technology Agency (SITA) and Neotel to connect over 1 900 public buildings to high-speed broadband. This infrastructure will impact significantly on attracting investment and creating jobs not just in the ICT sector but in all economic sectors over and above citizens with access to technology. Already multinationals are establishing their ICT innovation divisions in Cape Town, with this expected to expand.	ICT Service Managers, ICT Sales Professionals, Systems Analysts, Software Developers, Web and Multimedia Developers, Database Designers and Administration, System Administrators, Computer Network Professionals, Electronics Engineers, Telecommunications Engineers, Graphic and Multimedia Designers, Web Technicians, Broadcasting and Audio-Visual Technicians, Telecommunications Engineering Technicians, Information Technology Trainers

#### 13.4.8 Performance indicators and annual targets for 2017/18

Programme performance indicator (Output Indicator)	Audited/Actual performance			Estimated performance	Medium-term targets		
	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
<b>Subprogramme: Skills Programmes and Projects</b>							
Number of artisanal candidates placed in host companies	202	187	174	240	250	400	400
Number of semi-skilled people placed in host companies	-	-	1 136	940	500	1 000	1 500

### 13.4.9 Quarterly targets for 2017/18

Performance indicator	Reporting period	Annual target 2017/18	Quarterly targets			
			1st	2nd	3rd	4th
<b>Subprogramme: Skills Programmes and Projects</b>						
Number of artisanal candidates placed in host companies	Quarterly	250	25	35	95	95
Number of semi-skilled people placed in host companies	Quarterly	500	-	-	250	250

### 13.4.10 Risk Management

Strategic Objective: To increase the number of appropriately skilled persons, by providing them access to work experience and/or training opportunities.	
Risk Statement	Risk Mitigation Strategies
Lack of support and uptake from employers to absorb the unemployed due to negative perceptions on the quality of training and associated costs and lack of work readiness which will impact on the employability of the youth.	<ul style="list-style-type: none"> <li>• Increase stipends to below industry wage rates.</li> <li>• Incentivise skills training initiatives for employability.</li> <li>• Facilitate engagements in mainly labour absorbing clusters and local municipalities to increase awareness of quality, relevance and demand for youth exiting skills and work experience projects.</li> <li>• Intensify Strategic engagements with the Sector Development Agencies, Game Changer Forums, Tourism HRD forums, business chambers, Wesgro, SETA Cluster and FET CEO Forum participation, Transversal Technical Working Group for Skills.</li> <li>• The aim is to gather market intelligence on the present and future labour demands with the view to facilitate job opportunities for the appropriate labour.</li> </ul>
<p>Drop-out rate of learners on the programme increases due to stipend rate below minimum wage and mismatch of learner to company which could lead to targets not being met and learners possibly migrating to other more lucrative work experience programmes.</p> <p>Insufficient approved workplaces to meet quantity of artisans to be placed.</p> <p>Insufficient mentors to match quantity of artisans to be placed per company.</p> <p>Insufficient implementation of retention strategies for skills acquisition to access trade tests.</p>	<ul style="list-style-type: none"> <li>• Ensure good recruitment and selection processes.</li> <li>• Conduct regular site visits.</li> <li>• Ensure a demand-led process is followed.</li> <li>• Increase the stipend slightly.</li> <li>• Lobby with business (host companies) and relevant stakeholders, who are currently not co-funding stipends to do so.</li> <li>• Continuous lobbying with businesses to maintain mentorship and inform learners of career development to retain learners during placement period.</li> </ul> <p>National Artisan Moderating Body together with SETAs will assist decreasing red tape to increase approved workplaces to place artisans.</p> <p>Recognition of prior learning and coaching and mentorship training will be increased to fast track the pool of mentors in the workplace.</p> <p>Increased mentors with soft skills as well as technical skills in the workplace.</p> <p>Increase site visits and checking of learner log books around skills acquisition and mitigating any risks detected early.</p> <p>Facilitate access to GAP training to better prepare for trade tests.</p> <p>Sponsor the trade test fee for artisan learners.</p>

### 13.5 Subprogramme 7.3: Skills Incentives

This subprogramme, given the critical need of finding placement opportunities, is focused on placement where mainly youth can be hosted to gain work experience. This subprogramme will also look for opportunities for funding skills development initiatives.

### 13.5.1 Strategic Objective

<b>Strategic Objective</b>	To attract and access skills incentives for placement opportunities and skills initiatives.
<b>Objective Statement</b>	To increase skills incentives funding for placement opportunities as well as additional skills initiatives for job creation by R30 million over the MTEF (R10 million for 17/18 and R20 million for 18/19).
<b>Justification</b>	Not established.
<b>Links</b>	A number of stakeholders contribute to the skills development pipeline. However the efforts are not fully aligned, resulting in a discontinuous pipeline of efforts as it in the main relates to accessing skills funding.
<b>Baseline</b>	Alignment of stakeholder planning, implementation and reporting together with concomitant resource allocations. Active Seta Cluster to influence successful workplace engagements and work placement opportunities.

### 13.5.2 Strategic objective annual targets for 2017/18

Strategic Objective (Outcome Indicator)	Audited/Actual performance			Estimated performance	Medium-term targets		
	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
Value of funds leveraged	-	-	-	-	R10m	R20m	R20m

### 13.5.3 Performance indicators and annual targets for 2017/18

Programme performance indicator (Output Indicator)	Audited/Actual performance			Estimated performance	Medium-term targets		
	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
<b>Subprogramme: Skills Incentives</b>							
Number of Collaborative agreements signed	-	-	-	2	5	6	6
Number of Seta Cluster engagements	-	-	-	2	4	4	4

### 13.5.4 Quarterly targets for 2017/18

Performance indicator	Reporting period	Annual target 2017/18	Quarterly targets			
			1st	2nd	3rd	4th
<b>Subprogramme: Skills Incentives</b>						
Number of Collaborative agreements signed	Quarterly	5	-	2	2	1
Number of Seta Cluster Meetings	Quarterly	4	1	1	1	1

### 13.5.5 Implementation plan

#### Skills Incentives

The skills incentives unit will explore opportunities to align fundraising opportunities and skills development incentives with the strategic priorities of the Department of Economic Development and Tourism and the provincial plans for skills development. This unit will develop collaborative agreements (aimed at achieving synergy and partnerships) that would aim to strengthen targeted skills interventions, work placement and employment in selected Skills Game Changer and Project Khulisa economic sectors as well as in areas where increased demand led workplace opportunities exist or where collaborative funding agreements are obtained.

Skills Incentives will focus on demand led work placement exiting most training interventions and collaborations across the Skills Game Changer TVET and leveraging funding (financial and non-financial), human resource or opportunity to identify and secure work placement. However, the implementation and operationalization of work placement is within sub program 7.2 and the various Skills Game Changer TVET partners.

Skills Incentives will facilitate the relationship to have academic and work place supply matched for increased work placement through advocating benefits to employers, namely:

- a. Building a pipeline of skilled employees;
- b. Reduced recruitment costs;
- c. Identification of internal training needs;
- d. Job enrichment and improved morale for permanent staff assigned to mentor trainees; and
- e. Opportunity to influence TVET system curricula to suit employers' specific needs.

The National Skills Accord committed its signatories – government, organised business, organised labour and civil society – to greatly expanding the numbers of apprenticeships, internships, workplace-based experience for TVET students.

Further to the above the unit will aim to enhance collaboration with Sector Education and Training Authorities through coordination of the Western Cape Seta Cluster. The aim of this Cluster is the co-ordination of the WCSETAC to enable better inter-relationships (between SETAs) and to improve its intra-relationships (SETAs and relevant skills stakeholders). The value of the WCSETAC is aimed at SETAs who learn from each other's practices, collaborate with the key skills partners to deliver on skills interventions and to establish inter-SETA linkages with a specific focus on increasing the skills development and training footprint in the region.

### 13.5.6 Risk Management

Strategic Objective: To attract and access skills incentives for placement opportunities and skills initiatives	
Risk Statement	Risk Mitigation Strategies
Inability to attract resources for skills initiatives and work placement.	Promote collaborative CSI and skills development interventions linked to, amongst others, conglomerates; international parties; municipalities; and Business Chambers.
Insufficient approved workplaces to meet quantity of artisans to be placed.	National Artisan Moderating Body together with SETAs will assist decreasing red tape to increase approved workplaces to place artisans.
Inability to attract sufficiently prepared and competent TVET workers for skills initiatives and work placement.	Promote collaborative CSI and other skills development funding to enhance work readiness programmes for all learners to be placed.

### 13.6 Reconciling performance targets with the Budget and MTEF

#### 13.6.1 Expenditure estimates

Subprogramme		Audited			Main appropriation	Adjusted appropriation	Revised estimate	Medium term expenditure		
		R'000	2013/14	2014/15	2015/16	2016/17	2016/17	2016/17	2017/18	2018/19
1.	Provincial Skills and Partnership	12 350	5 637	6 655	10 488	10 488	9 722	19 217	15 465	16 395
2.	Skills Programmes & Projects	20 429	32 752	42 460	50 505	50 065	48 283	41 186	44 594	47 390
3.	Skills Incentives	1 239	1 288	356	2 249	2 249	4 797	2 833	3 028	3 235
4.	Management: Skills Development	2 140	3 338	3 073						
<b>Total payments</b>		<b>36 158</b>	<b>43 015</b>	<b>52 544</b>	<b>63 242</b>	<b>62 802</b>	<b>62 802</b>	<b>63 236</b>	<b>63 087</b>	<b>67 020</b>
<b>Economic Classification</b>										
<b>Current payments</b>		<b>20 991</b>	<b>25 454</b>	<b>39 891</b>	<b>36 330</b>	<b>47 396</b>	<b>47 388</b>	<b>40 244</b>	<b>37 863</b>	<b>40 162</b>
Compensation of employees		7 386	8 363	9 744	12 114	11 674	11 674	15 050	11 186	11 998
Goods and services		13 605	17 091	30 147	24 216	35 722	35 714	25 194	26 677	28 164
Interest on rent on land										
<b>Transfers and subsidies</b>		<b>14 939</b>	<b>17 483</b>	<b>12 592</b>	<b>26 833</b>	<b>15 024</b>	<b>15 024</b>	<b>22 843</b>	<b>25 062</b>	<b>26 683</b>
Provinces and municipalities										
Departmental agencies and accounts		2 813								
Universities and technikons			1 460							
Foreign governments and international organisations										
Public corporations and private enterprises		626								
Non-profit institutions		11 483	7 871	1 815	1 950	3 541	3 541	3 900	4 130	4 361
Households		17	8 152	10 777	24 883	11 483	11 483	18 943	20 932	22 322
<b>Payments for capital assets</b>		<b>228</b>	<b>75</b>	<b>61</b>	<b>79</b>	<b>379</b>	<b>387</b>	<b>149</b>	<b>162</b>	<b>175</b>
Buildings and other fixed structures										
Machinery and equipment		228	72	57	79	378	386	149	162	175
Heritage assets										
Specialised military assets										
Biological assets										
Land and subsoil assets										
Software and other intangible assets			3	4		1	1			
<b>Payments for financial assets</b>			<b>3</b>			<b>3</b>	<b>3</b>			
<b>Total economic classification</b>		<b>36 158</b>	<b>43 015</b>	<b>52 544</b>	<b>63 242</b>	<b>62 802</b>	<b>62 802</b>	<b>63 236</b>	<b>63 087</b>	<b>67 020</b>

## PART C: LINKS TO OTHER PLANS

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

Not applicable

### 15. CONDITIONAL GRANTS

Not applicable

### 16. PUBLIC ENTITIES

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

Wesgro's (a schedule 3 public entity) legislative mandate as provided for in the Western Cape Investment and Trade Promotion Agency Act, 1996 (Act 3 of 1996) (as amended) include:

- To furnish tourism, trade and investment marketing assistance and expert and specialised advice, information and guidance to any business, company or association of persons who so request it from the Agency or would assist the Agency in achieving its objects.
- To act as the tourism, trade and investment promotion agent on behalf of the Province and to facilitate co-ordinated destination marketing activities for the Western Cape.
- To develop, implement and promote a provincial tourism, trade and marketing strategy and implement any project that realises growth in the economy of the Western Cape.

Evaluation of the public entity and its performance:

- 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.
- Quarterly meetings between the Department and Wesgro to discuss performance and to ensure alignment.

#### 16.2 The Saldanha Bay IDZ Licencing Company (SBIDZ LiCo)

The SBIDZ LiCo's legislative mandate, as provided for in the Saldanha Bay Industrial Development Zone Licencing Company Bill, Gazetted 7 January 2016:

- Promoting, managing and marketing the SBIDZ;
- Providing internal infrastructure in the SBIDZ area;
- Facilitating the ease of doing business in the SBIDZ area; and
- Acquiring and leasing land incidental to the Company's business.

Evaluation of the public entity and its performance:

- A detailed performance report received from SBIDZ LiCo on a quarterly basis;
- Funding transferred in tranches, based on evaluation of quarterly reports and progress on defined areas of work;
- Departmental representation on the SBIDZ LiCo Executive Committee (weekly meetings); and
- Quarterly meetings between the Department and SBIDZ LiCo to discuss performance and to ensure alignment.

### 17. PUBLIC-PRIVATE PARTNERSHIPS

Not applicable

**ANNEXURED: CHANGES TO THE STRATEGIC PLAN 2015-2020 AND ANNUAL PERFORMANCE PLAN 2017/18**

	Strategic Plan 2015 – 2020	Annual Performance Plan 2017/18	Programme Comment
<b>Programme 2 – Integrated Economic Development Services (IEDS)</b>			
<b>Subprogramme 2.2: Regional and Local Economic Development</b>			
<b>Strategic Objective</b>	To improve the business environment in non-metro areas through effective LED coordination that supports growth of the regional economy.	To improve local business environments by improving municipal business-facing services that will contribute towards a cost saving or benefit (to government and business) of R1bn by 2019 in the regional economy.	
<b>Subprogramme 2.4: Red Tape</b>			
<b>Strategic Objective</b>	To improve the business regulatory environment for entrepreneurs and businesses to develop and grow in the Western Cape.	To improve local business environments by improving provincial and/or national business-facing services that will contribute towards a cost saving or benefit (to government and business) of R1bn by 2019 in the regional economy.	
<b>Programme 4 – Business Regulation and Governance</b>			
<b>Subprogramme 4.1: Consumer Protection</b>			
<b>Strategic Objective</b>	To provide an effective and efficient consumer protection service within the province which is aligned to the objectives and functions as prescribed by provincial and national consumer protection legislation. An effective trading environment facilitated through the effective finalisation of business licence appeals.	To provide an effective and efficient consumer protection service within the province which is aligned to the objectives and functions as prescribed by provincial and national consumer protection legislation.	The OCP has re-prioritised its focus areas to the issues of consumer education and consumer redress as provided for in the Consumer Protection Act, 2008. As such this area was amended as the Regulation services Subprogramme is no longer within the Programme. In this regard it must be noted that the issue of counterfeit goods operations was removed completely while the business licence appeal matter was transferred to the Consumer Protection section.
<b>Objective Statement</b>	To ensure that the WCG Provincial Strategic objective of making the Western Cape a destination of choice in which to do business is achieved through the provision of an effective complaints resolution service, ensuring that a minimum of 20 000 complaints are dealt with by March 2020, resulting in a financial saving of at least R15 million.  To ensure 4 business licence appeals are finalised so that business growth occurs where justified.	To ensure that the WCG Provincial Strategic objective of making the Western Cape a destination of choice in which to do business is achieved through the provision of an effective complaints resolution service, ensuring that a minimum of 20 000 complaints are dealt with by March 2020, resulting in a financial saving of at least R15 million.	

	Strategic Plan 2015 – 2020	Annual Performance Plan 2017/18	Programme Comment
<b>Programme 5 – Economic Planning</b>			
<b>Subprogramme 5.2: Research and Development</b>			
<b>Strategic Objective</b>	To conduct and facilitate economic research to support economic strategy policy development within the Department's strategic framework described by Project Khulisa.	To conduct and facilitate economic research and analysis to support economic strategy policy development within the Department's strategic framework.	
<b>Objective Statement</b>	None	None	
<b>Subprogramme 5.6: Broadband for the Economy</b>			
<b>Strategic Objective</b>	Grow and develop the provincial economy through the support of broadband usage, infrastructure and readiness by businesses and citizens to stimulate the broadband uptake in order to improve competitiveness.	None	
<b>Objective Statement</b>	To support the usage, readiness and accessibility of broadband to increase broadband uptake to 70% in the Western Cape.	To support the usage, readiness and accessibility of broadband to increase broadband uptake to 65% in the Western Cape.	The overall target for broadband uptake was 70%, but with the fiscal constraints experienced by WCG and resulting budget cuts, the overall target has been reduced to 65% of citizens using broadband.
<b>Programme 6 – Tourism, Arts and Entertainment</b>			
<b>Subprogramme 6.1: Tourism Planning</b>			
<b>Strategic Objective</b>	To coordinate a single tourism destination strategy and delivery model which ensures effective and integrated destination management and marketing.	None	Project Khulisa prioritised sector focus.
<b>Objective Statement</b>	A five-year single tourism destination strategy and delivery model.	Single tourism destination strategy and delivery model developed by 2020.	Project Khulisa prioritised sector focus.
<b>Programme 7 – Skills Development and Innovation</b>			
<b>Subprogramme 7.1: Provincial Skills and Partnerships</b>			
<b>Strategic Objective</b>	To increase the throughput rate of learners in the workplace based TVET System.	Increase in number of quality workplace ready TVET learners (Institutional Supply).	Alignment with the Apprenticeship Game Changer.
<b>Objective Statement</b>	None	None	
<b>Strategic Objective</b>	To increase the number of TVET graduates finding employment (formal self-employment).	Removed	Alignment with the Apprenticeship Game Changer.
<b>Objective Statement</b>	80% of qualified TVET graduates are either employed or self-employed.	Removed	Alignment with the Apprenticeship Game Changer.





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