



## FOREWORD

In June 2003, a national Growth & Development Summit was held. This was followed in November 2003 by a Provincial Growth & Development Summit (PGDS), which had two significant outcomes. Firstly, it brought together the four social partners in the Province – Civil Society, Labour, Business, and Government – in an organised way for the first time. Secondly, the social partners produced and committed themselves to a Framework Agreement to take forward social dialogue on socio-economic development through the Provincial Development Council (PDC).

If we are to realise the vision contained in both the national and provincial agreements, there is little question that the essential business of the Department over the next five years will need to be:

- Promoting and mobilising investment and creating decent work for all.
- Ensuring economic empowerment for all, especially for black people, workers, people with disabilities, women and youth.
- Eradicating poverty and addressing the legacy of under-development.
- Strategically engaging globalisation to the best advantage of the Province.

We are in the process of developing and continuously updating a comprehensive, detailed, intellectually sound, and widely agreed Micro-economic Development Strategy (MEDS) for the Province, which will ensure:

- that we select the best possible policy options and levers to achieve these objectives; and
- that we combine specific interventions arising from these in the most beneficial and cost effective manner.

The MEDS will inform, integrate, and prioritise **all** interventions made by Provincial Government in the economy (in conjunction with our social partners and other spheres of government) in a manner that crowds in all available domestic and international resources required for success.

Interventions arising from the MEDS will fall into four main categories:

- sector-based interventions;
- theme-based interventions;
- interventions to increase economic participation by all; and
- general economic stimulation interventions.

### **Sector-based Interventions**

The Micro-economic Development Strategy (MEDS) and the PDC processes will yield provincial strategies and interventions agreed by all social partners in the following key economic sectors: Agriculture; Aqua-culture and associated value chains; Clothing, textiles and leather; Metals, engineering, boat-building and ship repair; Oil & Gas Service Hub; Furniture; Cultural Industries, crafts and jewellery; Tourism; Call centres and business process outsourcing; Information and communication technology; and Film.

### **Theme-based Interventions**

Strategies and interventions will be developed in the following thematic areas which cut across sectors and which contribute significantly to global competitiveness. Theme-based interventions include: HRD; R&D; Innovation; New materials; New Technology; a Provincial Manufacturing Technology Strategy; Design in industry; Energy (price, reliability and sufficient capacity); Logistics (ports, road, rail and air transport); the Knowledge Economy; the effective use of ICT; and HIV/Aids.

## **Economic Participation Interventions**

To address the equity issues, several comprehensive strategies and interventions will be developed. These include BEE, Women's EE, Youth EE, and Economic Empowerment for people with disabilities, rural dwellers and workers.

Our approach to enterprise development (including co-operatives) will be anchored by our one-stop-shop advice and business support centres, which will focus on creating an accessible entry point to enterprise development; access to finance; access to support services; skills development; access to business opportunities; and export-readiness.

In Local Economic Development, the major focus will be on building capacity to undertake economic development work on the ground in municipalities and townships; establishing economic development units (EDUs) in municipalities; obtaining and maintaining key base data for economic decision-making; and assisting in broadening and deepening the Integrated Development Programmes (IDPs) of municipalities.

## **General Economic Stimulation Interventions**

Export, investment and tourism promotion activities will continue to be developed and strategically expanded on. In addition, growth will be accelerated through the following activities:

- facilitating increased market access, particularly in Africa;
- establishing a capacity to maximise finance, donor funds, incentives and grants available to provincial businesses;
- assisting provincial businesses to land Provincial, National and International contracts to supply goods and services; and
- playing an active role in optimising all public and private procurement in the Province.

Major interventions based on our role in relation to creating a well-regulated and fair business environment will be undertaken in terms of:

- promulgating a Provincial Liquor Act;
- establishing an independent Provincial Liquor Board;
- declaring war on foetal alcohol syndrome (FAS);
- dealing with the issue of illegal liquor outlets in a holistic manner;
- amending the Businesses Act;
- establishing Consumer Protector offices in every municipality and large urban township; and
- regulating the tourist guiding industry.

I believe that our strategic interventions will place the economy on a new upward trajectory and will deliver on our undertakings in the PGDS Framework Agreement.

**Lynne Brown**

**MEC: FINANCE, ECONOMIC DEVELOPMENT & TOURISM**



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## PART A: OVERVIEW OF STRATEGIC PLAN

### 1. Overview of Strategic Plan

We have been inspired by the vision of a thriving, free society contained in the National Growth and Development Summit Agreement and have translated it into our own vision for the provincial economy with 10- and 25-year outlooks.

We have dared to set a deadline for the successful achievement of our vision of a growing, sustainable, labour-absorbing, globally competitive economy by 2030.

We have been tasked to develop and refine one of the critical pillars of iKapa Elihlumayo, which is the Province's comprehensive socio-economic development strategy and we have begun to deliver on this.

So, for the first time, we have in place the makings of a detailed battle plan – the Micro-Economic Development Strategy (MEDS). We anticipate having the first comprehensive version of the MEDS by the third quarter of 2005.

The MEDS will provide certainty on the 10-year economic development view of Government. It will provide a firm platform for launching, co-ordinated meaningful cost-efficient interventions in the economy by all social partners. It will be the authoritative reference point for all-important views by Provincial Government on matters economic for planners, analysts, and investors.

We will continue to develop and refine this plan ad infinitum. From now on, we will always have a detailed, integrated, intellectually sound view on how we see

economic development in the Western Cape unfolding over a 1 to 25-year outlook.

We have reorganised and reorientated our Department to be an effective vehicle for translating the key proposals of the MEDS into fully developed interventions, setting these in motion and monitoring and evaluating the impact.

We anticipate the following:

- A very significant increase in the funds made available for economic development, from now on. In the past, funding was extremely limited, relative to the enormity of the challenges of achieving both sustainable growth and equity in the democratic era.
- That small business development, with the huge potential boost for employment, will receive a quantum growth spurt occasioned by our one-stop-shop advice and business support centres.
- A great leap forward in interventions in human resource development to equip all our citizens to be effective players in the workplace in the era of unbridled competition and rapid change in the global marketplace.
- That large-scale interventions will be put in place to deal with growth and equity in promising industry sectors like tourism, film, oilrig construction, mari-culture and jewellery.
- Pioneering large-scale initiatives to find sustainable decent work for those whose skill-level have condemned them to the apparent scrap heap of global employment.

However, we do not anticipate doing the above alone. Part of our strategy is to harness the resources of all spheres of Government and those of all social partners into meaningful co-operation and co-funding arrangements to achieve our goals in a focused and co-ordinated manner.

We have built important new stimulatory capacities into our structure, for example, a unit that will be dedicated solely to keeping our enterprises at the cutting edge of global competitiveness. We have put in place initiatives to help our firms win global contracts. We have devoted resources to build the capacity of political office-bearers, government officials, and NGOs to deliver effectively on economic development.

We are confident that we have the plan and the machine to deliver maximally and optimally against every tax Rand with which we are entrusted.

**Brendon Roberts**  
**HEAD OF DEPARTMENT**

## 2. Strategic plan update analysis

The Department of Economic Development and Tourism's vision is encapsulated in the vision of the National Growth and Development Strategy and the vision of iKapa Elihlumayo.

National Growth and Development Strategy Vision – a South Africa, which is:

- The leading emerging market and destination of first choice for investors while retaining and expanding social equity and fair labour standards.
- A productive economy with high levels of service, a highly skilled workforce, and modern systems of work organisation and management.
- A society in which there are economic opportunities for all, poverty is eradicated, income inequalities are reduced and basic services are available to all.
- A society in which our people, our most precious resource, are given the opportunity and support to develop to their fullest potential.
- A society that promotes the values of social equity, fairness, and human dignity in the global economy.

iKapa Elihlumayo vision:

Our vision is one of a Western Cape which offers dignity, equity and prosperity to all those who make it their home.

The Department's mission is to achieve the abovementioned vision by:

- promoting and mobilising investment;
- creating decent work for all;
- ensuring economic empowerment for all, especially for black people, workers, people with disabilities, women and youth;
- eradicating poverty and addressing the legacy of under-development; and
- strategically engaging globalisation to the best advantage of the Province.

## The Macro Framework

The Department of Economic Development and Tourism (DEDT) operates in an environment characterised by the following *two distinguishing framework conditions* that shape the scope, form and direction of its work:

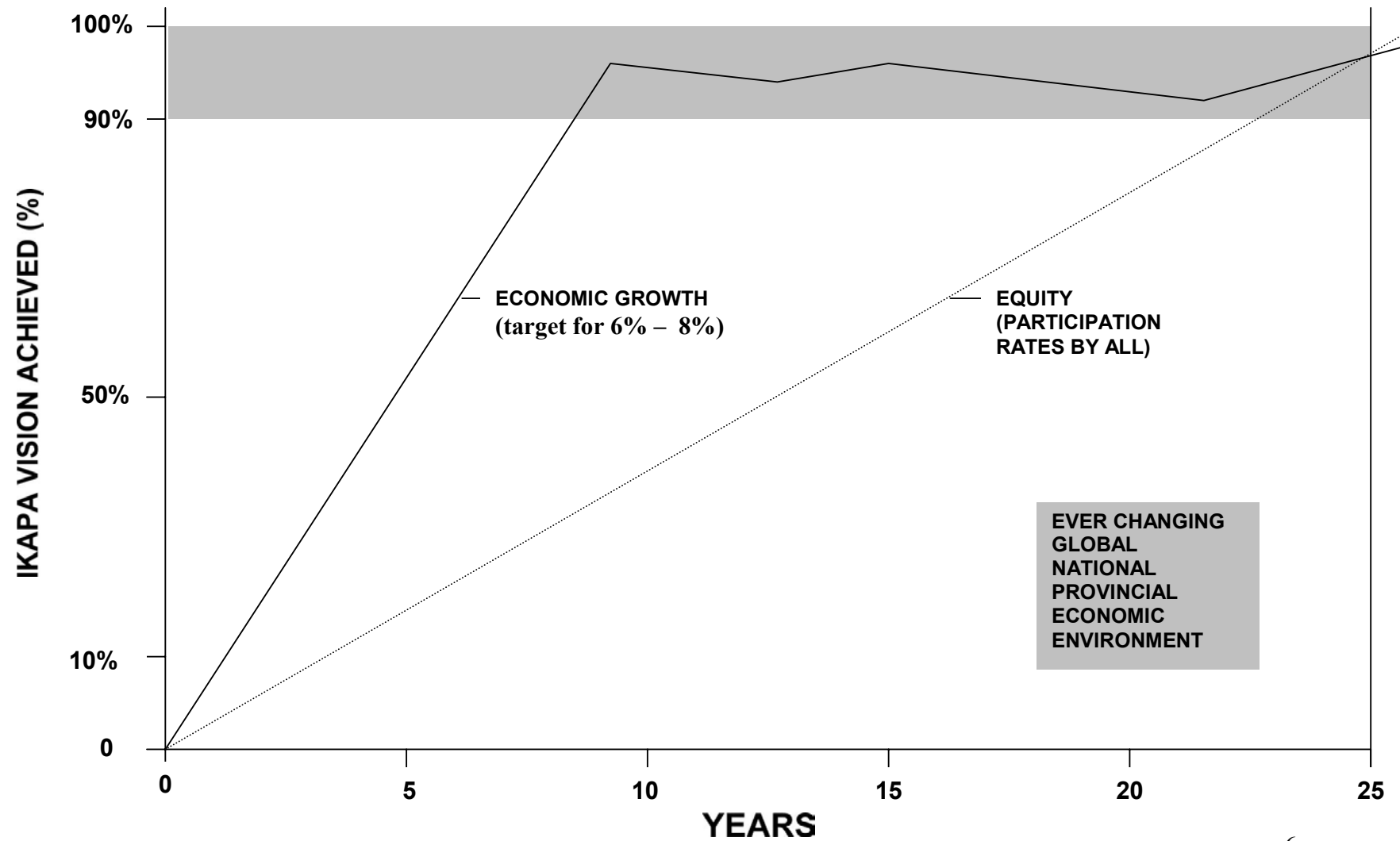
- President Mbeki, in his 2004 State of the Nation Address, highlighted the necessity for state intervention in economic affairs of the country while emphasising the specifically developmentalist nature of our state formation and function.
- The new Constitution and post 1994 Legislation make provision for 3 spheres of government – National, Provincial and Local – each with specific powers, competencies and responsibilities.

The substantive content and modalities of state intervention are determined by constitutional and policy imperatives of poverty reduction, inequality reduction, and equitable development growth.

The Western Cape's vision, iKapa Elihlumayo (also refer to **Figure 1**), captures these macro policy imperatives and sets the stage for the Department's role as a Provincial organ of the developmentalist state.



**Figure 1: Vision for achieving growth and equity over the next 25 years**



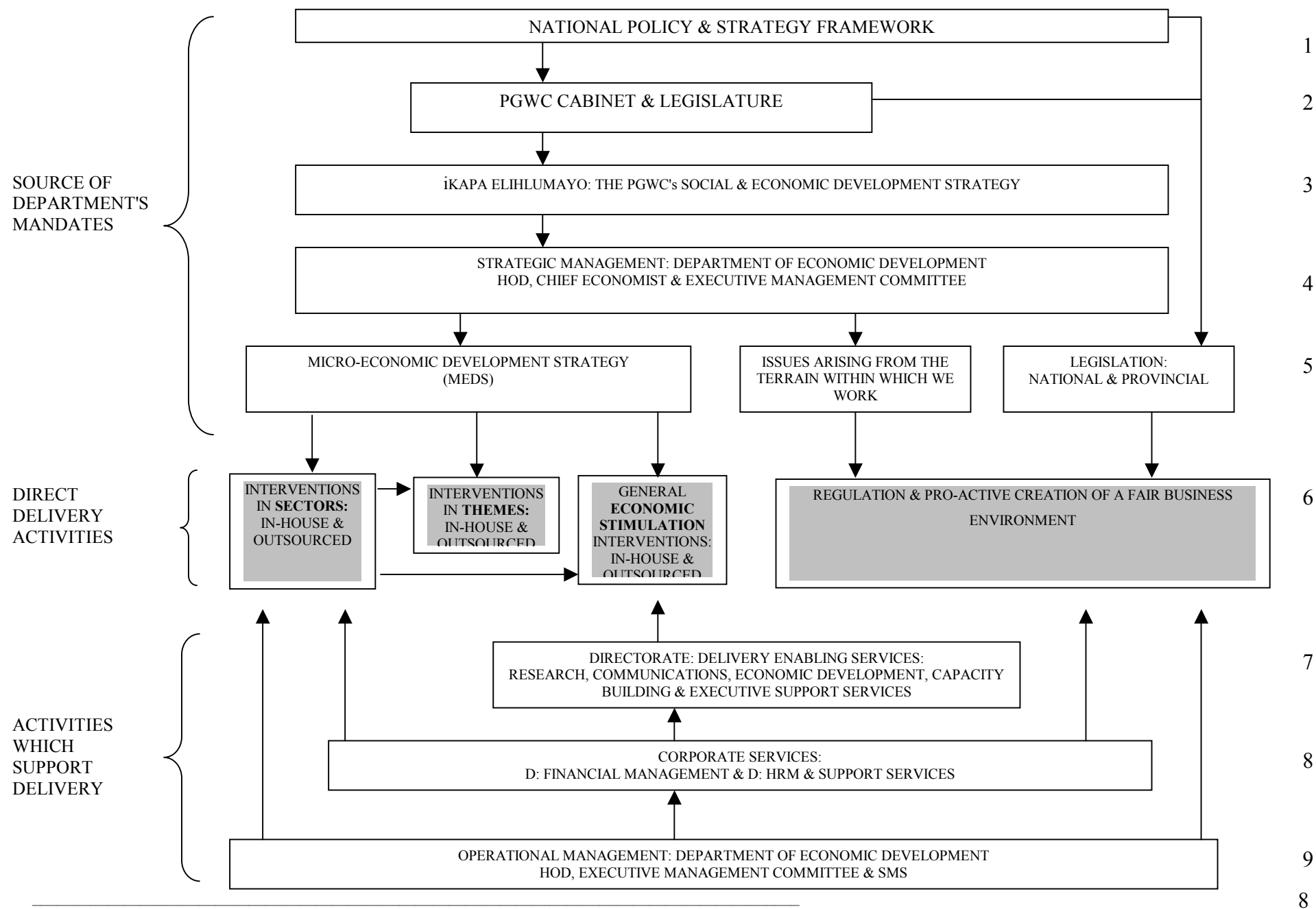
... the two key issues confronting our people: creating work and fighting poverty

Premier Ebrahim Rasool, April 2004

In the light of the vision, the Department examined national policies, strategies, mandates, Cabinet Lekgotla outcomes, and speeches of the President and National Ministers, and combined these with the Provincial political imperatives of iKapa Elihlumayo. The Department's **essential mandates** (refer to **Figure 2**) are:

- To **grow** the economy in a sustainable manner, for the benefit of all who make the Western Cape their home.
- To create **employment**, especially for the presently unemployed.
- To make **ownership** of the economy representative of the demography of the Province.
- To increase levels of **participation** in the economy by all, especially by the previously excluded and presently marginalised.
- To make citizens and their enterprises effective players in the **global** economy.
- To create a fair, effective and conducive **business environment** for enterprises and consumers.

**Figure 2: Structure of the reorganised Department to meet delivery against set mandates**



... the two key issues confronting our people: creating work and fighting poverty

Premier Ebrahim Rasool, April 2004

## Service Demand

The following dimensions and features of the Western Cape's socio- economic landscape impact significantly on the interventionist and servicing challenges:

- Traditional, low skills absorbing economic sectors and sub-sectors are shedding labour and/or resorting to the "casualisation" of employment contracts.
- Intra-sectoral, value chain fragmentation – agriculture/agri-business; clothing/textiles; and steel/metals – result in diseconomies which impact adversely on optimising resource use of potentials and global competitiveness.
- Mis-alignment, poor integration and blunt targeting of HRD service providers impact adversely on the supply of intermediate and high-end labour market skill bands required in niche market growth sectors and sub-sectors.
- The Provincial economy lacks a robust, innovative, middle layer of SMMEs to support broad based economic growth, job creation, and BBBEE.
- The Western Cape is one of the few provinces, which is a "net importer" of labour (mainly low skill labour from the Eastern Cape).
- The Western Cape is the second least poor province in South Africa.
- The Western Cape heads-up the provincial inequality league in the country with an embedded, racially skewed distribution of enterprise ownership, management, employment, and unemployment profile.

In addition, socio-spatial marginalisation, information asymmetries, and capacity deficits create vicious circles of inequitable growth that fuel migration, skills mismatches and heightened inequalities, while constraining optimal utilisation of local resources or potentials.

The menu of challenges highlighted above is indicative of structural fault lines endemic to the landscape. The scale, scope and intensity of these economic fault

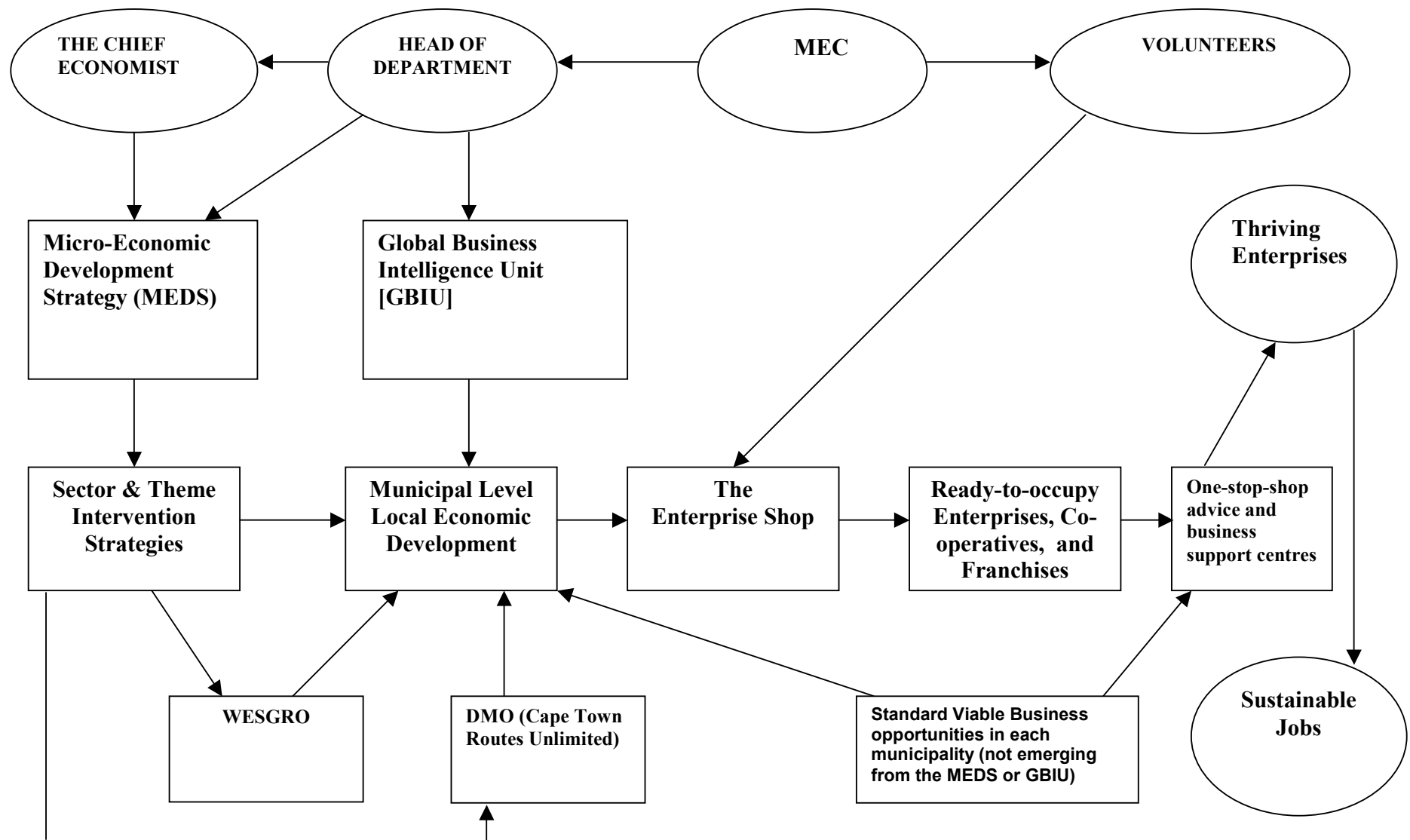
lines are suggestive of demand side impulses that will remain over the medium to long term since they are structurally embedded and not cyclic swings.

During the 2003/04 financial years, the Department was tasked as the lead department in the province's economic cluster grouping. Along with this responsibility, the Department was charged with the management of the iKapa Elihlumayo funds and the development and implementation of strategies that would impact and deliver on the vision of iKapa Elihlumayo.

Taking the above into account, the Department underwent a programme of internal evaluation. During this evaluation process, the management of the Department realised that significant restructuring needed to take place to realign the Department to deliver on its mandate as developed by the Executive Authority, Provincial Cabinet and the Department.

To achieve its mandates, the Department has introduced four new units, namely, economic participation, economic stimulation, fair business environment and economic sector development, to better align its servicing portfolio to demand side impulses and requirements. Each of the new units comprise between 5 to 6 specialised sub-units, and will ensure (together with institutions) the implementation of several key interventions in order to produce enterprises and to create jobs (refer to **Figure 3**). The organisational arrangement accommodates a broad operational constellation of specialised fields and activities. Issues of strategic leadership; strategic alliance; knowledge management and institutional learning; communications and networking; and relationship management still need to be incorporated.

**Figure 3: Illustration of key interventions by the Department & Institutions to produce enterprises & to create jobs**



The Department is faced with gargantuan constraints in terms of human, financial and intellectual capacity that will be geared at meeting and successfully addressing the ever-changing demands placed on the Western Cape economy. To significantly improve the impact on service delivery, greater financial resources need to be leveraged and the Department will need to fundamentally increase and improve its intellectual capacity by employing suitably qualified and skilled human capital.

The nature and substantive content of the demand side frame necessitate alignment between different service providers, as a single department cannot command all the capabilities or services required. HRD; technology development and transfer; physical and communications infrastructure; spatial planning; local economic development; environmental and land use planning and monitoring; trade policies; regimes and incentives; and investment policies and incentives all number amongst the extra-departmental institutional mixes / stakeholders involved.

The above highlights the strategic and integrative leadership function, where the Department is required to expeditiously facilitate, manage and monitor pro-active and interventionist servicing of programmes. Strategic leadership, smart organisation, effective resource pooling efficient, appropriate and inclusive institutional delivery are all primary requirements of the new brand of pro-active servicing which includes building empowering partnerships with end-users.

Service delivery and intervention capabilities of the type required are not readily available on the market. It is imperative that intra-departmental institutional learning be cultivated as a conscious, regular and formalised practice in order to develop the Department's institutional memory and knowledge base as mechanisms to enhance service efficacy and efficiency as well as extra departmental sustainability of service offerings.

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

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

Arising from the first phase, it became apparent that the Department was not correctly positioned to best implement and develop strategies that could deliver on the priorities as described in the MEC's broad strategic goals for the Department. This then gave rise to the second phase in the strategic planning process.

The second phase was the restructuring process, which the Department underwent to determine its strategic direction and realign its focus to give proper effect to the principles of iKapa Elihlumayo. During the restructuring process, three questions were asked:

- What is the Department doing that it should continue?
- What is the Department doing that it should not continue?
- What should the Department be doing, that it is not?

The full management component was involved in this process and was encouraged to inform and involve their respective units, and to provide comments and suggestions as to what would best suit the Department.

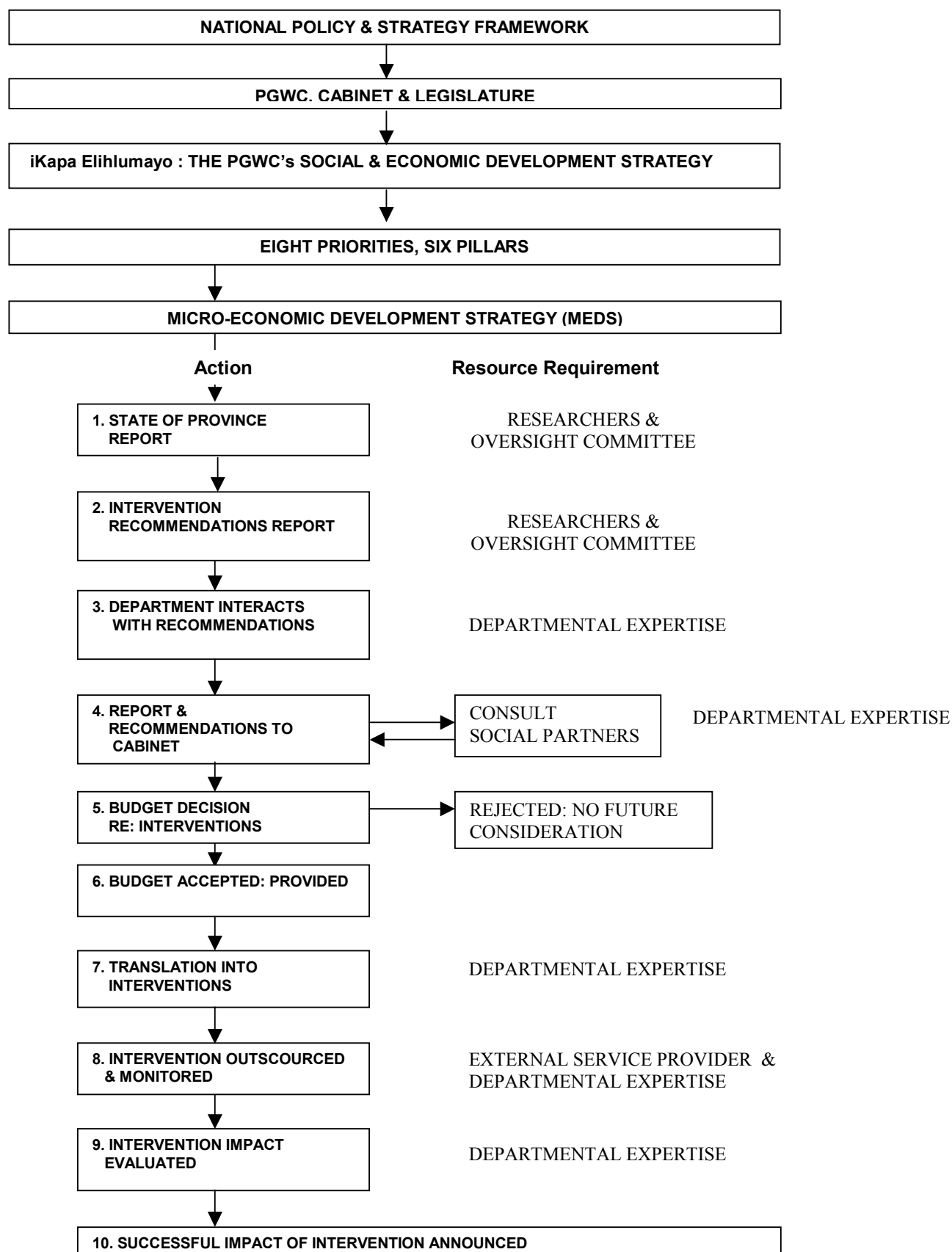


The third phase in the process was the breakaway session of the management component. In this phase, specific plans and measurable objectives were discussed and agreed upon. These measurable objectives were linked to the new structure of the Department. It must be noted that within certain programmes, the measurable objectives of some units must still be finalised as the Department has not finalised its Micro-economic Development Strategy (MEDS).

The MEDS would better describe the functional areas the Department is operating in and would therefore provide a better understanding of the developmental needs and constraints that the Department would need to focus on.

The Department's mandate is derived from the context within which it operates, both at a national and a provincial level. This mandate guides the MEDS process, and implementation of strategic interventions arises from the MEDS (refer to **Figure 4**). Furthermore, both sector- and theme-based interventions are derived from the MEDS. At a municipal level, these interventions are aimed at informing and strategically impacting on Municipal IDPs (refer to **Figures 5 & 6**).

**Figure 4: Critical path to successful economic development interventions**



**Figure 5: Matrix representation of sector- and theme-based interventions**

Summary Sheet 1										
Year One	Municipality 1	Municipality 2	Municipality 3			Municipality 24	Unicity District 1	Unicity District 2	District 1	All Localities
Sector 1	See Summary Sheet 2									
Sector 2										
Theme 1										
Theme 2										

**Figure 6: Matrix representation of MEDS interventions in a single municipality over more than one budget year**

							Year Two	
Year: One		Municipality 1					Intervention	Total
		WCPG	Municipality	Partner 1	Partner 2	Total		
Sector 1 Fishing	Intervention 1: SMME			IDC	FABCOS			
		R10 - m	R1 - m	R12 - m	R1 - m	R30 - m		R12 - m
	Intervention 2: BEE							
		R2 - m	R2 - m	-	-	R4 - m		R8 - m
	Intervention 3: Regulation/Legislation							
		R5 - m	-	-	-	R5 - m		R2 - m
Sector 2 Agriculture	Intervention 1: HRD			Dept of Labour				
		R10 - m	R3 - m	R30 - m	-	R43 - m		R13 - m
	Intervention 2: Infrastructure			DBSA	Land Bank			
		R20 - m	R2 - m	R22 - m	R22 - m	R66 - m		R22 - m

The fourth phase in the strategic planning process, was where each individual programme held its own strategic planning sessions. The aim of this phase was two-fold. Firstly, it communicated the overall departmental strategy and direction to the individual staff members of the Department. Secondly, it aimed to obtain staff buy-in, without which no strategy can be fully implemented.

The fifth and final phase, involves the meaningful engagement and consultation with the stakeholders and partners of the Department. This would include consultations with National Government; Provincial Treasury; other departments in the Economic Cluster of the Province; the Department's Public Entities; other departmental agencies and non-profit institutions linked to the Department; and organised business, labour and partners.



## **PART B: PROGRAMME AND SUB-PROGRAMME PLANS**

### **3. Programme 1: ADMINISTRATION**

The main aims of Administration are to conduct the overall management of the Department; to provide support to the Executive Management of the Department; and to provide economic statistics and research to inform policy development.

To optimally achieve the mandates, as set out in the strategic goals, the programme has been structured to deliver on the following functions:

- Ensuring effective financial management
- Management of human resources and administrative support services
- Executive management support (including the office of the HoD)
- Management of research and policy development within the Department.
- Management of communications and corporate image
- Promotion of economic development and capacity building

### **3.1 Sub-programme 1.1: CORPORATE SERVICES**

#### **i. Purpose of the sub-programme**

The purpose of the Corporate Services is to support the Department in the achievement of its strategic goals, and to deliver on its essential mandates, by delivering a human resource management and financial administrative support service to line functionaries.

#### **ii. Specified policies, priorities and strategic objectives**

##### **Financial Management**

Financial Management is divided into the following four units:

- Management Accounting
- Departmental Accounting Services
- Supply Chain Management (SCM)
- Internal Control

**Management Accounting** strives to ensure efficient and effective Revenue and Expenditure control of the Department's budgetary resources.

It aims to promote transparency and enforce effective and efficient financial management practices in the Department by:

- developing and promoting systems and structures for effective budgetary management; and
- providing efficient reporting to the relevant Provincial Treasury and Departmental Structures.

The main responsibility of **Departmental Accounting Services** is to ensure efficient and effective financial management services in the Department and the alignment of financial prescripts to achieve sustainable service delivery by the public sector.

The above is achieved through:

- promotion of transparency;
- provision of effective and efficient financial management and departmental accounting services; and
- enhancement of systems and structures of effective governance.

**Supply Chain Management** (SCM) promotes the consistent application of "best practice" throughout the Department's supply chain and optimises cost effectiveness and efficiency in the achievement of the Department's objectives.

This is achieved by:

- ensuring compliance with the provisions of the Constitution, the PFMA and the PPPFA;
- promoting an efficient, effective and economic utilisation of resources; and



- developing and promoting systems and structures to deliver an efficient and effective procurement service.

The main aim of **Internal Control** is to provide assurance to management and the public:

- that risk to the Department is understood and managed properly;
- that reporting can be relied upon;
- that regulations are complied with; and
- that all processes are operating effectively and efficiently.

Financial Management, being the Department's custodian of financial resources, espouses to the following values:

- Aspire to the highest standard of financial management and fiscal discipline.
- Fulfil responsibilities with professionalism and humility.
- Recognise and respect staff as valued assets, offering them opportunities to enhance their skills and have access to the best technology to achieve their potential.
- Acknowledge the importance of delivering an effective service to clients by planning with precision and executing responsibilities with enthusiasm and commitment.
- To comply with the rule of law and to oppose personal or collective prejudice and preference regarding decisions and actions.
- Act fairly, objectively, transparently and with integrity when interacting with clients.
- Promote the principles of Batho-Pele.

Arising from the above, Financial Management has the following strategic goals:

- Rendering an effective, efficient and economical budget management service.
- Rendering departmental accounting services.
- Rendering and management of an effective, efficient and economical Supply Management System.
- The rendering and management of an effective Internal Control and Risk Management Function.

### **Human Resource Management and Support Services**

Human Resource Management and Support Services is divided into the following units:

- Personnel Management
- Labour Relations and Transformation
- Human Resource Development
- Support Services

The component **Personnel Management** is responsible for the effective and efficient recruitment and selection of the suitable staff and the management of the PERSAL system.

The component **Labour Relations and Transformation** is responsible for effective and efficient handling of labour matters and the managing of Human Rights matters within the Department.

The component **Human Resource Development** is responsible for ensuring that the Department has suitable and well-capacitated staff members in order for them to deliver on their key performance areas.

The component **Support Services** is responsible for providing an effective and efficient administrative support service to the Department.

The above will be achieved by:

- delivering services that support these responsibilities; and
- capacitating managers to effectively perform their human resource management functions.

The above responsibilities will be achieved by delivering services that support these responsibilities, and by capacitating managers to effectively and efficiently support their human resource management responsibilities. The unit aims to conduct all its processes and deliver on its mandates within the principles of Batho Pele and the objectives of iKapa Elihlumayo. The prescripts and guidelines that govern the functioning of the unit is encompassed in the Public Service Act (1994), the Public Service Regulations (2001), and the National and Provincial Collective Agreements.

### ***Progress Analysis:***

### **Financial Management**

Financial Management, has in a short period of time been highly successful in the implementation of systems surrounding its core functions of budget administration; the rendering of a departmental accounting service; the management of a provisioning and procurement section; and the management of an internal and risk management unit.

Successes are:

- the development and implementation of a financial manual, which outlines all relevant prescripts and financial norms and standards;
- the efficient management of the Department's budgeted expenditure to be within the 2% of its adjusted appropriation;
- the development and implementation of an Accounting Officer's system to manage assets and procurement; and
- an unqualified audit report received for the 2003/04 financial year.

### **Human Resource Management and Support Services**

Performance assessments for the period 2003/2004 were submitted for staff members who qualified for incentives. These assessments were reviewed and recommendations were made on future implementation of the system. The Department did not exceed the 1.5% of the compensation of employees.

In the development of human resource capacity of the department, staff training needs were assessed and addressed through scheduling of human resource development interventions and the provision of bursaries. A budget has been provided for a project focusing on Quality of Work Life of employees.

As an indication of the Department's commitment to contribute to the National Skills Development Strategy, work-based experience for currently unemployed graduates and undergraduates is provided through internships.

To enhance the labour relations and transformation services rendered, the Department has made inputs on the drafting of provincial labour relations and HR policies; dealt with misconduct in a decisive manner; and engaged with organised labour at a departmental level.

In the rendering of an effective support service, a registry has been established to address the issue of records management, messenger service and other support. The units is currently in the process of addressing occupational health and safety issues and service delivery improvement.

### **iii. Situation analysis**

#### **Financial Management**

As a corporate support function, the service rendered by the unit is essential for the achievement of the Department's strategic deliverables. The unit delivers in-house services for the financial management of the Department in its entirety.

Financial Management's primary function is the effective, efficient and economical management of all the Department's assets and financial requirements.

#### **Human Resource Management and Support Services**

The deliverables of Human Resource Management and Support Services were previously managed by the Department of Transport and Public Works, as part of an agency service rendered since departmentalisation in 2002. This agency service was suspended at the end of the 2003/2004 financial year when the newly staffed departmental unit assumed the responsibility of delivering on the objectives of Human Resource Management and Support Services.

Given the challenges the unit has been or is facing, reasonable attempts have been made to ensure the realisation of the unit's strategic goals.

In rendering an effective personnel management function, the unit is responsible for:

- ensuring the recruitment and selection of competent staff, by managing the PERSAL system;
- implementation of the provincial staff performance management system; and
- management of the proposed reorganisation of the Department.

Currently, 75% of the approved staff establishment is filled. However, the proposed reorganisation of the Department has resulted in the prioritisation of filling posts, given the current personnel budget available.

The unit also ensures that the Department:

- inputs on the drafting of provincial labour relations and other human resource management policies;
- aligns departmental policies with provincial and national guidelines;
- deals with misconduct in a decisive manner; and
- meaningfully engages with organised labour at a departmental level.

To enhance the human resource capacity of the Department, the developmental needs of staff are currently being assessed, at least on an annual basis and addressed in the most appropriate manner (for example, scheduling of interventions and provision made for skills development in the unit's budgets). This will include, ensuring that line functionaries are capacitated to deliver on their human resource management responsibilities. The Department submitted its first post departmentalisation Workplace Skills Plan to the Public Service Sector Education and Training Authority in September 2004.

In the rendering of effective support services, the process of records management, messenger service, occupational health and safety issues and

other support services will be further refined in order address the changing needs of the Department.

Resources and capacity within the unit have proved challenging for the effective and efficient delivery of the services. However, this challenge should be addressed by the proposed new organisational structure and should prove sufficient, at least for the short-term needs of the unit.

#### **iv. Analysis of constraints and measures planned to overcome them**

##### **Financial Management**

Financial management currently experiences the following constraints:

- With the current restructuring process underway, it has become apparent that the unit will need to increase its staff complement to meet the needs of the Department. Intellectual capacity will also need to be improved, as the management of financial issues has moved away from a rule- driven approach to one that is service delivery based.
- Resources and capacity within the unit could prove challenging for the effective and efficient delivery of the services. However, this is being addressed by the proposed new organisational structure and should prove sufficient at least for the short-term needs of the unit.
- Another challenge is to ensure that line functionaries are capacitated to deliver on their human resource management responsibilities. Capacity building interventions will be delivered, through amongst others the provincial function training units, in an attempt to address this challenge.
- Departmental policies will be reviewed regularly in an attempt to not only streamline the Financial and HR processes, but also to enhance services such as accounting services; supply chain management; budgeting; recruitment and selection; and human resource development.

## **Human Resource Management and Support Services**

The current lack of sufficient human, and to a certain extent physical resources in the unit, poses some constraints for the realisation of its goals. In order to deliver an effective and efficient corporate support service, the unit must be staffed by competent personnel and have a sufficient number of appropriate posts available.

Another challenge is to ensure that line functionaries are capacitated to deliver on core mandates and the responsibilities of human resource management. Specific priority needs will be identified and capacity-building interventions delivered, through the utilisation of both internal and external service providers. Line functionaries need to accept greater responsibility for their role in human resource management.

New departmental policies will be formulated and current policies will be reviewed on a regular basis, in order to streamline HR processes and to enhance services such as recruitment and selection; and human resource development. Infrastructural challenges with regard to implementation of programmes (learnerships and internships) must be addressed.

In certain units, the necessary information management systems must be developed to ensure:

- the appropriate management of relevant information; and
- that reliable, accurate and up-to-date information is available for reporting and decision-making.



## **v. Description of planned quality improvement measures**

### **Financial Management**

Financial Management has identified the following quality improvement measures as critical to the achievement of its goals and objectives:

- the need for Service Level Agreements to be entered into with all units in the Department; and
- an increased staff complement, together with an increase in intellectual capacity.

Development of a structured service delivery improvement strategy will include the following interventions:

- increase staff capacity;
- identify and address training needs of all staff;
- assess staff performance and address under-performance; and
- assess clients' perception of service delivery.

### **Human Resource Management and Support Services**

The following quality improvement measures are envisaged:

#### ***Personnel Management:***

The current personnel management practices will be reviewed to ensure that:

- sufficiently competent staff are appointed;
- appointments support the Department's transformation agenda; and
- personnel management processes are flexible enough to address the challenges of an ever-changing environment in which the Department is expected to deliver.

***Human Resource Development:***

Systems and procedures will be put in place to enhance the human resource capacity of the Department that will contribute towards:

- improved service delivery;
- improved productivity; and
- personal development of staff.

***Labour Relations and Transformation:***

The unit will proactively engage with employee parties to establish and maintain co-operative, rather than adversarial relationships. Strategies will be developed and implemented to enhance transformation and Human Rights issues.

***Support Services:***

The unit will implement systems to ensure continuous improvement with regard to:

- the management of records;
- ensuring a safe work environment; and
- other support services (for example, messenger services and the registry).

Human Resource Management and Support Services will serve as a support function to line functionaries to ensure the delivery of key departmental outputs. Therefore, as an additional quality improvement measure the unit will endeavour to conduct regular information workshops with management and staff in an attempt to familiarise them with the relevant policies and guidelines which govern the services rendered.

vi. Measurable objectives, performance indicators and targets

Financial Management

Measurable Objective	Performance Measure Indicator	Year 1 (actual)	Base Year	Year 1 (target)	Year 2 (target)	Year 2 (target)
Planning and Budget management	Strategic plan approved by the Executive Authority (EA) and tabled in the Provincial Legislature			Annual revision and alignment to changing needs Measurable objectives for each programme		
	Department's products and services costing for effective budgeting			Under/over expenditure		
	Strategic plan consistent with the MTEF budget			Quarterly reporting to EA		
	Sustainable service delivery programme established			Annual statement of public service commitment		
	Approved budget (main and adjustments estimate)			Budget Circular		
	Measurable outputs per programme specified			Performance measure/indicator per output for economy, effectiveness and efficiency		
	Sound budgeting and budgetary control exercised			Expenditure in accordance with budget		

Measurable Objective	Performance Measure Indicator	Year 1 (actual)	Base Year	Year 1 (target)	Year 2 (target)	Year 2 (target)
Planning and Budget management continued	Organisational processes and structures aligned to achieve outputs and outcomes			Frequency of evaluation		
	Procedures for monitoring, evaluation and corrective action established			Procedures in existence		
	Revenue tariff applicable to the Department reviewed to ensure maximum collection of revenue			Treasury approval for tariff structure		
	Revenue collection and expenditure monitored and reported to the EA and Treasury			Monthly reporting 10 days after month end		
	Transfer payments utilised for purposes intended in terms of Section 38(1)(j)			Certificate of written assurance		
	Payroll certificates timeously certified			Timeliness		
	Monthly expenditure monitored and kept in line with cash flow projections			% of variance		
	New sources or potential sources of revenue identified			Maximising revenue generation		

Measurable Objective	Performance Measure Indicator	Year 1 (actual)	Base Year	Year 1 (target)	Year 2 (target)	Year 2 (target)
Asset management	Supply Chain Management (SCM) process managed			Updated AO System		
	Needs assessment determined to manage demand by ensuring that value for money is achieved			Acquisition justified		
	Appropriate procurement system in place to manage acquisitions that are fair, equitable, transparent, competitive and cost effective			Reviewed regularly and complied with		
	Systems in place for the evaluation of all major capital projects			Existence		
	Stock losses, shortages and excess monitored and reported			<ul style="list-style-type: none"> <li>• Number of redundant and excessive inventory</li> <li>• Value of inventory</li> <li>• % inventory losses</li> <li>• Existence</li> </ul>		
	Comprehensive asset register for the Department maintained and managed			Compliance with statutory obligations		

Measurable Objective	Performance Measure Indicator	Year 1 (actual)	Base Year	Year 1 (target)	Year 2 (target)	Year 2 (target)
Asset management continued	Policy and procedures manual for effective management of assets in place and reviewed regularly			<ul style="list-style-type: none"> <li>• Regular evaluation</li> <li>• Signed inventory to Treasury and A-G within 14 days of transfer</li> </ul>		
	Policy in place to manage disposal of assets			Policy complied with		
	Retrospective analysis of the Supply Chain performance undertaken (value for money)			<ul style="list-style-type: none"> <li>• Proper process followed</li> <li>• Objectives achieved</li> </ul>		
Liability management	Debt management and write off policy established in the Department			Policy complied with		
	Processes for the collection of outstanding debt established in the Department			<ul style="list-style-type: none"> <li>• Debt collection period</li> <li>• Debtors age analysis</li> </ul>		
	Creditors settled within prescribed period			Normal creditors less than 30 days Creditor age analysis		
	Regular risk assessment conducted to identify emerging risks (key strategic and material risks)			Existence and communication		

Measurable Objective	Performance Measure Indicator	Year 1 (actual)	Base Year	Year 1 (target)	Year 2 (target)	Year 2 (target)
Liability management continued	Risk management and internal control models in place to manage risks in the Department			Existence and communication		
	Fraud Prevention plan implemented and operational			Existence and communication		
	Internal control procedures reviewed and maintained, including: Segregation of functions maintained i.r.o. the following activities: <ul style="list-style-type: none"> <li>• Execution of transaction</li> <li>• Accounting of transaction</li> <li>• Custody of related assets</li> </ul> Segregation of accounting maintained for the following transaction types: <ul style="list-style-type: none"> <li>• Approving</li> <li>• Processing</li> <li>• Recording</li> <li>• Reconciling</li> </ul>			Existence and communication		
	Auditor-General and Internal Audit reports dealt with and remedial steps initiated			Audit reports Internal audit findings Inspection reports		

Measurable Objective	Performance Measure Indicator	Year 1 (actual)	Base Year	Year 1 (target)	Year 2 (target)	Year 2 (target)
Accounting and accountability	Approved delegations and instructions in place			Auditor-General, Internal Audit and inspection findings		
	Suspense accounts cleared and reconciled			Reports to AO		
	An effective cash management system implemented and monitored			Frequency		
	Control measures in place to ensure supporting documentation for all transactions			Post audit component findings		
	Actual revenue and expenditure, projections, and variances reported on a monthly basis			Quality and timelines		
	The following reported quarterly to senior management: <ul style="list-style-type: none"> <li>• Performance against strategic plan</li> <li>• Revenue and expenditure of public entities</li> <li>• Compliance with PFMA by public entities</li> <li>• Transfer payments</li> </ul>			Quality and timelines		
	Annual reporting: Annual Financial Statements submitted timeously for audit purposes			Timeliness		



Measurable Objective	Performance Measure Indicator	Year 1 (actual)	Base Year	Year 1 (target)	Year 2 (target)	Year 2 (target)
Accounting and accountability continued	Annual reporting: Annual Report for Department and public entities submitted and tabled timeously			Timeliness		
	Disciplinary steps/preventative steps and early warning systems in place			Prescripts and policy complied with		
	Integrity of financial information and systems					
	Approved chart of accounts			Reporting i.t.o. standard chart of accounts		
	General ledger objectives aligned with estimates of expenditure			Compliance with reporting formats		
	Information between systems reconciled			Reconciliation executed between Persal, Logis and Financial system		

## Human Resource Management and Support Services

Measurable Objective	Performance Measure Indicator	Year 1 (actual)	Base Year	Year 1 (target)	Year 2 (target)	Year 2 (target)
To render a support function i.t.o. recruitment and selection, HRM information system, maintenance of the establishment and staff performance management	<ul style="list-style-type: none"> <li>Filling of vacancies</li> <li>Review of staff establishment</li> <li>Review and assessment of staff performance rewards</li> </ul>	<ul style="list-style-type: none"> <li>75% of vacancies filled</li> <li>90% correctly updated Persal system</li> <li>Incentives allocated within 1.5% as prescribed</li> </ul>	<ul style="list-style-type: none"> <li>75% of vacancies filled</li> <li>90% correctly updated Persal system</li> <li>Incentives allocated within 1.5% as prescribed</li> </ul>	<ul style="list-style-type: none"> <li>75% of vacancies filled</li> <li>90% correctly updated Persal system</li> <li>Incentives allocated within 1.5% as prescribed</li> </ul>	<ul style="list-style-type: none"> <li>80% of vacancies filled</li> <li>90% correctly updated Persal system</li> <li>Incentives allocated within 1.5% as prescribed</li> </ul>	<ul style="list-style-type: none"> <li>80% of vacancies filled</li> <li>90% correctly updated Persal system</li> <li>Incentives allocated within 1.5% as prescribed</li> </ul>
Ensuring appropriate staff behaviour through establishment of departmental labour relations policies; managing transformation issues, misconduct and grievances and disputes; and the management of departmental collective bargaining	<ul style="list-style-type: none"> <li>Management of misconduct and grievances</li> <li>Managing transformation issues (HIV/Aids, Gender, Disability, etc.)</li> </ul>	<ul style="list-style-type: none"> <li>Misconduct and grievances below 15%</li> <li>Proper Constitution of HRFU, with draft strategies for HIV/Aids, Gender &amp; Disability</li> </ul>	<ul style="list-style-type: none"> <li>Misconduct and grievances below 15%</li> <li>Proper Constitution of HRFU, with draft strategies for HIV/Aids, Gender &amp; Disability</li> </ul>	<ul style="list-style-type: none"> <li>Misconduct and grievances below 15%</li> <li>Proper Constitution of HRFU, with draft strategies for HIV/Aids, Gender &amp; Disability</li> </ul>	<ul style="list-style-type: none"> <li>Misconduct and grievances below 10%</li> <li>Formally approved strategies for HIV/Aids, Gender &amp; Disability, and implementation</li> </ul>	<ul style="list-style-type: none"> <li>Misconduct and grievances below 10%</li> <li>Implementation of strategies, monitoring impact, review, and updating of strategies</li> </ul>

Measurable Objective	Performance Measure Indicator	Year 1 (actual)	Base Year	Year 1 (target)	Year 2 (target)	Year 2 (target)
Support line managers and employees in the management of performance, identification of training and development needs in accordance with Department's strategy and management of employee assistance initiatives which reflect values and concerns of the Department	<ul style="list-style-type: none"> <li>• Manage SPMS</li> <li>• Manage drafting and implementation of WSP (bursaries, learnerships, internships and training)</li> <li>• Ensure appropriate and relevant policies</li> </ul>	<ul style="list-style-type: none"> <li>• Incentives allocated within 1.5% as prescribed. Review implementation for improvements</li> <li>• WSP drafted and submitted to PSETA / DPSA – at least 1% allocated for HRD</li> <li>• Quarterly WSP implementation – reports submitted to PSETA / DPSA</li> <li>• Assessment of need for HRD policies</li> </ul>	<ul style="list-style-type: none"> <li>• Incentives allocated within 1.5% as prescribed. Review implementation for improvements</li> <li>• WSP drafted and submitted to PSETA / DPSA – at least 1% allocated for HRD</li> <li>• Quarterly WSP implementation – reports submitted to PSETA / DPSA</li> <li>• Assessment of need for HRD policies</li> </ul>	<ul style="list-style-type: none"> <li>• Incentives allocated within 1.5% as prescribed. Review implementation for improvements</li> <li>• WSP drafted and submitted to PSETA / DPSA – at least 1% allocated for HRD</li> <li>• Quarterly WSP implementation – reports submitted to PSETA / DPSA</li> <li>• Assessment of need for HRD policies</li> </ul>	<ul style="list-style-type: none"> <li>• Alignment of performance management system with SDIP</li> <li>• Manager/Supervisors capacitated</li> <li>• All staff assessed on annual basis – Incentives not exceeding 1.5%</li> <li>• Fully consulted (DTC) WSP drafted and submitted to PSETA / DPSA – at least 1% allocated</li> <li>• Quarterly report on all HRD (WSP &amp; others) submitted to PSETA / DPSA</li> <li>• Prioritisation of essential HRD policies and drafts submitted</li> </ul>	<ul style="list-style-type: none"> <li>• WSP drafting processes refined</li> <li>• Fully consulted (DTC) WSP drafted and submitted to PSETA / DPSA – at least 1% allocated for HRD</li> <li>• Previous year's policies approved and implemented</li> <li>• Further prioritisation of essential HRD policies and drafts submitted</li> </ul>

<b>Measurable Objective</b>	<b>Performance Measure Indicator</b>	<b>Year 1 (actual)</b>	<b>Base Year</b>	<b>Year 1 (target)</b>	<b>Year 2 (target)</b>	<b>Year 2 (target)</b>
Management of employee assistance initiatives	Improving quality of work life for employees	Drafting of strategy for improving employee quality of worklife	Drafting of strategy for improving employee quality of work life	Drafting strategy for improving employee quality of work life	Assessment of organisational climate and recommendation of interventions	Implementation of interventions and continual assessment of organisational climate
Rendering of effective information and records management support services; and addressing issues of occupational health and safety	<ul style="list-style-type: none"> <li>• Ensure appropriate record management</li> <li>• Ensure safe and healthy work environment for staff</li> </ul>	<ul style="list-style-type: none"> <li>• Drafting and submission of filing strategy for the Department</li> <li>• Drafting and submission of Occupational Health and Safety Plan</li> </ul>	<ul style="list-style-type: none"> <li>• Drafting and submission of filing strategy for the Department</li> <li>• Drafting and submission of Occupational Health and Safety Plan</li> </ul>	<ul style="list-style-type: none"> <li>• Drafting and submission of filing strategy for the Department</li> <li>• Drafting and submission of Occupational Health and Safety Plan</li> </ul>	<ul style="list-style-type: none"> <li>• Implementation, monitoring, and review of filing strategy</li> <li>• Review of Occupational Health and Safety Plan</li> </ul>	<ul style="list-style-type: none"> <li>• Continuous updating of filing strategy</li> <li>• Review of Occupational Health and Safety Plan</li> </ul>

## **vii. Description of planned quality improvement measures**

Resources and capacity within the unit have proved challenging for the effective and efficient delivery of the services. However, this is being addressed by the proposed new organisational structure and should prove sufficient at least for the short-term needs of the unit. The proposed new structure makes provision for additional management resources to attempt to normalise the current situation.

The current under-utilisation of information management systems must be reviewed and an investigation of optimal usage must be investigated.



## **PART B: PROGRAMME AND SUB-PROGRAMME PLANS**

### **3.2 Sub-programme 1.2: DELIVERY ENABLING SERVICES**

#### **i. Purpose of the sub-programme**

Delivery Enabling Services came into being as a result of the Department's restructuring process. Prior to the restructuring process, parts of this unit, were located elsewhere: the research component was based in the Economic Development Co-ordination programme and Communication reported directly to the HoD.

The restructuring resulted in a clear distinction being made between frontline delivery of interventions and services; services which exist to enhance delivery; and the broad corporate services that underpin the entire Department.

The services that exist to enhance delivery, were combined into Delivery Enabling Services, which comprises the following units: Executive Management Support (office of the HoD); Research Support and Impact Evaluation; Communications and Corporate Image Management; and Economic Development Capacity Building and funding recruitment.

## ii. Specified policies, priorities and strategic objectives

Delivery Enabling Services will provide support to the **Executive Management of the Department**, which includes:

- providing support to the HoD in the execution of his/her strategic agenda;
- providing operational support to the office of the HoD;
- providing administrative, secretarial and reception support to the office HoD;
- providing a secretariat to the Department's Executive Management Committee and all departmental committees chaired by the HoD;
- managing the Ministerial Projects Portfolio;
- managing and implementing Organisational Systems Management for the Department; and
- managing and co-ordinating the Rapid Response Unit.

In order to achieve its strategic goals and to be able to deliver on its essential mandate, the Department needs to have a clear understanding of the economy of the Western Cape. Its interventions need to be based on evidence and analysis. It needs to measure the impact of its interventions. **Research Support and Impact Evaluation**, will be responsible for the support activities around the development, implementation and monitoring and evaluation of the provincial Micro-economic Development Strategy (MEDS). This process will begin with research work that will identify key sectors of the economy and sketch the main regional, national and international developmental trends.

The research aims to identify the desired medium-term repositioning of the economic sector in the Western Cape. The MEDS will identify policy levers and projects to achieve such a repositioning and inform the work of the Department. In developing the Micro-economic Development Strategy (MEDS), baseline data will be generated through research on the state of the key sectors of the province. The unit will be responsible for translating research outcomes into policy options with which decision-makers can engage.

Furthermore, Research Support and Impact Evaluation will be responsible for:

- monitoring and evaluating the impact of the Department's work;
- managing all outsourced research by co-ordinating departmental research activities;
- providing in-house research;
- developing departmental position papers;
- managing the integration of all research and policy developments; and
- be a co-ordinating base for knowledge management in the Department.

**Communications and Corporate Image Management** will provide a cohesive support service to all departmental units with regard to communication and corporate image enhancement. The unit will be responsible for managing the Department's communications and corporate image and will be a co-ordinating base for information management in the Department. This includes monitoring and evaluation, and management of internal and external communications; corporate image; and events.

**Economic Development Capacity Building** will be responsible for promoting economic development by building the capacity of public officials, elected local government officials, NGOs and departmental delivery agents to undertake serious economic development initiatives, which will identify, document and disseminate benchmarked best practice for institutional learning. The unit will assist in providing training to identify potential opportunities and to translate opportunities into action plans with deliverables, milestones, targets and budgets. In addition, training will include project cycle management and will provide coaching and mentoring.



## ***Progress analysis***

As noted previously, the unit is relevantly new. Progress to date is evident in the basic operational and administrative functions evidenced in the operations of the office of the HoD, which includes Communications.

In terms of **Executive Management of the Department**, the Department has established an Executive Management Committee (EMC) consisting of senior managers. The EMC is divided into regular strategic and operational meetings, which allow for broad oversight of departmental activities. The EMC strategic meetings concentrate on strategic issues such as the Department's reorganising and further elaboration on the Department's role with regard to Global Business Intelligence, Broad Based Black Economic Empowerment, the role of Local Economic Development, etc. The EMC operational meetings concentrate on operational issues pertaining to the HoD's Management Issues, Financial Management, Human Resources and Support Services and Delivery Enabling Services, as well as Minister/Premier/Cabinet issues.

In addition, Executive Management of the Department has a newly established Rapid Response Unit, which is responsible for overall assessment and intervention with regard to saving jobs in distress across different sectors in the Province.

In terms of **Research Support and Impact Evaluation** the following progress has been made with regard to the Micro-economic Development Strategy (MEDS):

MEDS entails a number of sector-specific and theme-based studies. The first phase of the MEDS process is on track and will be concluded on 15 December 2004. By this date, the desired positioning of the sectors and themes, with an identification of major policy implications should have been completed. The key

sectors and themes researched during the first phase included: agriculture and aquaculture; fishing and mari-culture; clothing and textiles; metals and engineering; tourism; ICT; SMMEs; and human resources development.

Aligned to the first phase of the MEDS, is a MEDS training programme that has been introduced, in order to address the racial and gender composition of the research teams engaged in the MEDS. The MEDS training programme intends to restore a more equitable and broader based skillspool of researchers equipped to engage in strategic socio-economic work of the MEDS. The purpose of the MEDS training programme is to provide selected trainees with practical experience in the formulation of provincial economic development interventionist strategies.

The second phase of the MEDS is being developed and will include research of the following identified sectors and themes: call centres/BPOs; film; craft; furniture; jewellery; oil and gas; bio-technology; construction; financial services; cultural industries; arts, culture and creative arts; technologies; transport; energy; human resources development and SMMEs. The second phase of the MEDS will be completed by June 2005.

The ultimate product of the MEDS will be an important tool for the Department, as this will form the initial point of reference from which all projects and programmes will be evaluated. The MEDS is part of a set of provincial strategies, which are being developed simultaneously as a common point of departure for provincial government and will assist in providing a common understanding the regional economic context. The MEDS will provide a broad depiction of the critical factors and the important trends, which affect our economy in its regional, national and global milieu. It would also guide and direct provincial involvement and engagement with the private sector.

The Research Support and Impact Evaluation unit is also responsible for monitoring and evaluation of the Department's programmatic work, which is done through an evaluation of all programmes, services and initiatives being logged onto the Departmental Operations Performance Management System (DOPMS).

The DOPMS is the Department's first attempt at monitoring and evaluation and provides information on departmental activities to a variety of audiences (including the Minister and Parliamentary Standing Committees). To date, DOPMS reports have been printed in Departmental Operations Performance Management meetings held with EMC members. In addition, DOPMS reports are attached to quarterly reviews of EMC members.

For the first time the Department is able to quality control its events, communications and corporate image branding through the **Communications and Corporate Image Management** unit. The unit is in the process of completing a Communications and Corporate Image Strategy and to date have managed to implement systems in the form of internal circulars and extensive quality control mechanisms with regard to any form of external communication to ensure professional and standardised imaging. For example, interim measures have been put in place with regard to standardised business cards, letterheads, etc.

Also, the unit has successfully completed the Department's 2003/2004 annual report, and has contributed to ensuring media coverage for different events. For the first time, there is a pre-determined strategy with regard to a Calendar of Events and integrated media campaigns for the Department's programmatic work, thereby contributing to a continued external awareness of programmes, services or initiatives offered by the Department.

### **iii. Analysis of constraints and measures planned to overcome them**

Currently various project-based monitoring and evaluation systems, exist unevenly in the Department. This absence of a monitoring, evaluation and reporting system was also noted by the Public Service Commission Report (June, 2004). The report further noted that there is a tendency to focus largely on monitoring of financial accountability rather than the development impact on service-users. This lack of comprehensive monitoring and evaluation systems and the unevenness of the existing ones can be ascribed to the absence of a coherent and overarching government framework to guide the development of monitoring and evaluation in (Public Service Commission, 2004). Research Support and Impact Evaluation aims to develop a coherent, comprehensive and overarching monitoring and evaluation and reporting system for the Department.

The unit will monitor, evaluate and report on the impact of the subsequent interventions. It will also ensure that all the interventions of the Department are aligned with national and provincial policies. It will further ensure that they are integrated within the Department, with other departments as well as with other spheres of government so as to ensure minimisation of duplication and maximisation of impact on the beneficiaries.

The lack of sufficient human and physical resources in the unit poses a major constraint for the realisation of its goals. Gathering and collation of research information, the Department's ongoing economic development initiatives and the delivery enabling support for Communications & Corporate Image and Economic Development Capacity Building, require adequate personnel and information management system. These requirements will ensure the Department has reliable, accurate and up-to-date information that will inform the Department's interventions and to be able to assess whether or not the desired impact is achieved. In order to overcome these challenges a process of recruitment and

procurement for the acquisition and the desired human and physical resources will be facilitated.

#### **iv. Description of planned quality improvement measures**

Delivery Enabling Services will:

- Provide support to the Executive Management of the Department.
- Co-ordinate and manage all the research activities contributing to the development of the Micro-economic Development Strategy (MEDS).
- Co-ordinate and facilitate research activities of all the departmental units and ensure that research outputs are aligned to the Micro-Economic Development Strategy (MEDS).
- Co-ordinate and implement systems to ensure efficient systems with regard to internal and external communications and corporate image enhancement.
- Provide capacity building that will include public officials, elected local government representatives, NGOs and departmental delivery agents.

The unit will implement systems to ensure improvement with regard to quality, especially in the areas of Executive Management of the Department, research, communications and capacity building. Essentially the unit will serve as a support service to ensure that key departmental outputs are delivered.

The following quality improvements are planned:

- In terms of Executive Management Support, all systems will be redeveloped at an operational level and capacity will be newly developed at a strategic level.
- Managing all functions from a conceptual point of departure, which will be informed by an understanding of the relationship of the services to ensure effective service delivery.

- The MEDS research process has been ad hoc and outsourced in part. The unit will streamline the methodology and professionalise the MEDS development process.
- The Department has been not successfully communicated its delivery to all stakeholders. A careful strategy, which targets messages to defined audiences, will be developed and executed.
- The new economic development capacity building unit will be developed and implemented.

In terms of the **Research Support & Impact Evaluation's** monitoring and evaluation, a gap analysis will be undertaken with regard to the terrain being covered by the Department and the terrain not being covered by the Department. In terms of the terrain being covered, an evaluation of projects, services and initiatives will be formalised in the development of KPIs per project/service/initiative. These KPIs will be measured against general and project/service/initiative specific indicators. The evaluation will be quantitative and be in the context of the broader objectives of the Department (together with the integration of the Department's policies and strategies; management of the Department; and the support provided by Delivery Enabling Services and Corporate Affairs) and Province as a whole. The KPIs will also be externally evaluated against opinions in terms of targeted surveys and focus groups. The monitoring and evaluation as a whole would include quantitative and qualitative indicators and will be linked to the DOPMS (Departmental Operations Performance Management System).

The above monitoring and evaluation will be firmly based in the context of DOPMS (Departmental Operations Performance Management System), which is the current database used as a reporting mechanism to log all projects/services/initiatives undertaken by the Department and to fully describe the impact on the economy. In effect, the DOPMS serves as an information input and retrieval system to produce reports on various past, current and future

planned activities of the Department. In addition, the DOPMS serves as a retrieval system to produce reports on particular types of activities and its impacts, for example, SMME development and its impact on BEE, WEE, etc. Delivery Enabling Services is responsible for rapidly assembling annual reports, budget speeches and content relevant to any geographical area, theme or sector.

This will enable:

- The HoD to keep track of departmental activities in the Department and to intervene, where necessary.
- Chief Directors, Directors and Deputy Directors to keep track of activities within the respective areas of responsibility and to intervene, where necessary.
- Delivery Enabling Services to monitor progress and identify gaps with regard to projects/initiatives/services in terms of monthly reporting meetings with the Executive Management Committee.

Furthermore, the DOPMS will be utilised in an integrated manner by Human Resources (in terms of evaluating performance of individual staff members) and Finance (in terms of evaluation budget allocations and budget spend). The monitoring and evaluation system in its entirety will be in place at the beginning of the next fiscal year.

Research Support and Impact Evaluation has initiated a process of drafting position papers. The following departmental position papers will be completed during this fiscal years:

- Co-operatives Development Strategy for the Western Cape
- Exploring the implications of the 2010 Soccer World Cup on the economy of the Western Cape

- The extent to which the position of the African people in the Western Cape is extraordinary in terms of employment and participation
- The economic impact of in migration into the Province
- The impact of HIV/Aids in the province, specifically examining: productivity; skills replacement; economic costs to the public sector social strategy net; and the individual family
- Development of the pebble bed modular reactor at Koeberg
- Genetically modified seeds, crops and foods in relation to: the environment and biodiversity; food safety and regulation based on the precautionary principle; food security; and social and economic impacts, especially on poor consumers and small farmers
- Supporting alternative energy initiatives
- The state of water availability and its implications for industry, including agriculture

Additional topics for position papers are provided by the Department's EMC on a continuous basis and the above list is not all-inclusive.

Immediate deliverables for in-house research will be the development of Western Cape Business Maps for Black Business (basic evaluation of the extent of BEE ownership of businesses in the Province – sector by sector) and Big Business (summary of key players across the sectors).

**Communications and Corporate Image** will be responsible for developing the Department's communication Strategy and Corporate Image Strategy, which will be continuously reviewed and updated. The unit's operations will include the following:

- implementation of communication strategy (including: publicity calendars, awareness/media/publicity/marketing campaigns, media conferences,



events management, media liaison, and liaison with the Ministry and the Premier's offices;

- building external relations (including: Provincial Government, Legislature, municipalities, City, business and business organisations, labour organisations, national departments, parastatals, embassies, and foreign organisations);
- implementation of corporate image strategy (including: letterheads, business cards, and PowerPoint templates);
- training (including: media liaison, event organising, public speaking, writing skills, and training of frontline personnel – telephone techniques and non-verbal communication);
- internal departmental systems of control (circulars);
- external departmental systems of control (including: speeches, media releases, advertisements, and pamphlets);
- quality control of all outputs; and
- complaints management.

Management of the above will be in the form of internal and external departmental control systems, for example, the co-ordination and final approval of external communication (including speeches and advertisements).

The Department's corporate image will be enhanced through the implementation of a communication strategy that will be in the form of an imaging campaign in terms of Government, the Province and the Department. Furthermore, the impact of messages, in terms of specific messages (for example, Consumer Advice and the RED Door) and general image messaging will be defined with regard to target audiences. Monitoring and evaluation of impact will be evaluated and measured against specific content that will be developed for a multiplicity of audiences in relation to the three languages of the Western Cape (English,

Afrikaans and Xhosa), across 2 educational levels and across the geographical spread of the Province.

With regard to **Economic Development Capacity Building**, management support systems to track the process will be established. An instrument to track results will be developed and implemented. This will include tools to record key activities and responsibilities assigned (who does what); specifications for objectively verifiable indicators; and specifications for verification, risks and budgets. Training will be provided on the management of results, including a focussed management instrument to measure the inputs, throughputs, results and impacts. For this fiscal year, economic development capacity building courses will have a rural emphasis and be delivered to provincial officials, NGO components, etc. in the 5 District Municipalities (excluding the unicity).

v. Measurable objectives, performance indicators and targets

Measurable Objective	Performance Measure Indicator	Year 1 (actual)	Base Year	Year 1 (target)	Year 2 (target)	Year 2 (target)
<b>Executive Management Support</b>						
Office of the HoD	<ul style="list-style-type: none"> <li>Support HoD in the execution of his strategic agenda</li> <li>Provide operational/administrative/secretarial/reception support</li> <li>Secretariat support to the EMC and all departmental committees</li> <li>Managing the Ministerial Projects Portfolio</li> </ul>		Improvement of systems and efficiency in terms of turnaround times			
Operational systems management	Implement systems for measuring programmatic performance and delivery in establishing best practice		Scoping exercise and implementation of operational systems management	To be determined	To be determined	To be determined
Rapid Response Unit	Develop and implement a Rapid Response Unit in terms of saving jobs in distress across various sectors in the province		Develop a Rapid Response strategy, which is aligned to the Provincial Growth & Development Strategy			

Measurable Objective	Performance Measure Indicator	Year 1 (actual)	Base Year	Year 1 (target)	Year 2 (target)	Year 2 (target)
<b>Research Support &amp; Impact Evaluation</b>						
To ensure the production and dissemination of the Micro-economic Development Strategy (MEDS)	Completion of phase 1 and 2 across the identified sectors and themes		Completed Micro-economic Development Strategy (MEDS) (outcomes of phases 1 & 2)	Updated MEDS	Updated MEDS	Updated MEDS
Draft position papers for the Department	Completion of Position Papers identified by the Department's EMC		Completed position papers	Completed position papers	Completed position papers	Completed position papers
In-house research	Business Maps for Black Business and Big Business		Complete Business Maps	Complete other identified in-house research	Complete other identified in-house research	Complete other identified in-house research
DOPMS	Monitor progress and identify gaps w.r.t. programmes/initiatives/services i.t.o. monthly reporting meetings		Evaluate effectiveness of reporting system			

Measurable Objective	Performance Measure Indicator	Year 1 (actual)	Base Year	Year 1 (target)	Year 2 (target)	Year 2 (target)
<b>Communications &amp; Corporate Image Management</b>						
Annual Report	2004/2005 Annual Report		2004/2005 Annual Report	2005/2006 Annual Report	2006/2007 Annual Report	2007/2008 Annual Report
Communication strategies	Implementation of communication and corporate image strategy		Development of strategy	Development and implementation of strategy	Review of strategy	Review of strategy
Internal departmental control systems	Quality control of all outputs: include internal circulars and ensuring departmental awareness of provincial government's vision & strategies.		Develop criteria and priority ranking and evaluate effectiveness of internal communication	Implement	Review	Review
External departmental control systems	Quality control of all outputs		Develop criteria and priority ranking and evaluate effectiveness of all external communication	Implement	Review	Review
Events Management	Co-ordination of all departmental events		Develop standardised checklists for co-ordination and quality control of events	Establish criteria for different types of events and establish event portfolios		

Measurable Objective	Performance Measure Indicator	Year 1 (actual)	Base Year	Year 1 (target)	Year 2 (target)	Year 2 (target)
<b>Communications &amp; Corporate Image Management</b>						
Departmental Training	Staff training across the department in terms of media liaison, events, public speaking, writing skills and frontline personnel		With HR, identify and implement targeted staff training to improve effective external communications	Implement	Implement and Review	Implement and Review
<b>Economic Development Capacity Building</b>						
Capacity building for office bearers and EDUs	Development of course which will be offered free to provincial officials, NGO components, etc.		Economic Development capacity building training course for x 5 DMs (excluding the unicity)	Economic Development capacity building training courses	Economic Development capacity building training courses	Economic Development capacity building training courses

## vi. Resourcing Information

The unit currently experiences constraints, especially with regard to capacity building and human resources, as it is reorganised.

### 3.3 Reconciliation of budget with plan

#### Programme 1: Programme budget by sub-programme (R million)<sup>1</sup>

Sub-programme	Year 2 2001/02 (actual)	Year 1 2002/03 (actual)	Base Year 2003/04 (estimate)	Average annual change (%)	Year 1 2004/05 (budget)	Year 2 2005/06 (MTEF projection)	Year 3 2006/07 (MTEF projection)	Average annual change (%)
1. Management						2931	3135	
2. Corporate Services	2909	3614	8977		11052	9954	11012	
3. Delivery Enabling Services			2020		5970	5235	6760	
<b>Total programme</b>	<b>2909</b>	<b>3614</b>	<b>10997</b>		<b>17022</b>	<b>18120</b>	<b>20907</b>	



## PART B: PROGRAMME AND SUB-PROGRAMME PLANS

### 4. Programme 2: ECONOMIC PARTICIPATION

The purpose of Economic Participation is to improve the economy and to entrench the participation of HDIs through enterprise development, local economic development and economic empowerment. The unit has been structured to deliver on the following functions:

- Promotion of Enterprise Development
- Promotion of Local Economic Development (LED)
- Promotion of Economic Empowerment of the targeted groups of women, youth, the disabled and those located in rural areas

#### i. Specified policies, priorities and strategic objectives

In order to achieve the strategic objectives, the unit has been structured three core functions of enterprise development, local economic development, and economic empowerment.

The main aim of **Enterprise Development** is to create and maintain an environment conducive to the development and growth of small, medium and micro enterprises (SMMEs), both formal and informal. This will be accomplished through:

- the promotion of access to information, opportunities and resources;
- the co-ordination of a reliable network of competent small business support service providers; and



- the stimulation of an entrepreneurial culture amongst the people of the Western Cape.

The main thrust of the unit's interventions will be the establishment of a number of conveniently located one-stop-shop advice and business support centres across the province.

**Economic Empowerment** will provide a strategic direction for empowerment and transformation of the economy of the province. The process of empowerment of the Historically Disadvantaged Persons include elements of human resource development, employment equity, enterprise development, preferential procurement, as well as investment, ownership and control of enterprises and economic assets. The unit will focus on the key elements underpinning the targeted groups of women, the disabled, youth and the rurally located.

**Local Economic Development (LED)** is committed to providing a coherent, integrated framework and environment in which to achieve local economic development, by focussing on HDI ownership and the geographic spread of economic activity in the province. The main aim of the unit's strategy will be strengthening support of local municipalities through interventions such as the Economic Development Units (EDUs).

Economic Participation's objectives and strategies will be delivered in the context of iKapa Elihlumayo. In aligning its objectives and strategies with that of national government, it will base these on policy documents and programmes such as the National Small Business Act (amended 2004), the Broad Based Black Economic Empowerment Strategy, the ISRP, Urban Renewal Programme and the Micro Reform Strategy. The provincial Growth and Development Strategy and the Department's MEDS, will form the platform upon which the unit's objectives will be based.

## ii. Progress Analysis

Small business development is regarded as the main driver in achieving economic growth and development. The key areas of focus, include competitiveness, employment generation, and income generation. Enterprise Development has adopted a policy and implementation framework, which has drawn significant features from local, national and international strategies, in order to ensure a coherent and integrated approach for small business development.

Achievements in Enterprise Development include:

- Close working relationships with local authorities in planning and roll-out of the one-stop-shop advice and business support centres.
- Sustained collaborative initiative with other government departments and private sector organisations.
- Business information points at 35 rural libraries.
- Good working relationships with the major financial institutions in region and with RFIs.

Enterprise Development will actively ensure that small business services and projects are available at municipal level. The unit will work closely with the municipalities through the Economic Development Units (EDUs) to ensure integration of support and services; and to maintain and foster relationships with the **dti**, in order to reinforce projects and programmes aimed at small business growth and development.

Local Economic Development is critically responsible for maintaining and sustaining relationships at municipal level through partnership and collaboration. The unit will provide support to the municipalities through the establishment of the Economic Development Units (EDUs) at district level and will roll out the

programme to the B-municipalities. This will improve and ensure alignment between district municipalities, B-municipalities and provincial government.

The unit further assisted municipalities with their IDP assessments and reviews. This has enabled identification of needs and key areas of opportunity within rural communities and townships. In conjunction with the MEDS, the identified opportunities can be piloted to increase job creation and to increase participation of all communities and historically disadvantaged individuals. In addition, provincial-wide roadshows will ensure that awareness is created and maintained.

Economic Participation is a new unit within the Department, and is under-resourced with limited capacity. Even though development of an Economic Empowerment policy has been relatively slow across the provinces, the unit has made major strides thus far. Economic Empowerment has engaged key national stakeholders such as the **dti**, to ensure alignment of national and provincial objectives. Since November 2003, intense consultation with provincial stakeholders in terms of the Provincial Growth and Development Summit has been undertaken. This is critical to ensure buy-in and support of all role-players.

The unit will also aim to bridge the gap of inadequate resources, statistics and information, by commissioning research. This research will inform policy and strategy development, implementation and monitoring. Engaging local municipalities will be critical to ensure that the policies are taken through to grassroots level. In addition, the unit has played a critical role and will continue to do so in facilitating BEE deals. Currently a gap exists, and the unit has taken up the role of broker and independent intermediary.

### **iii. Analysis of constraints and measures planned to overcome them**

The focus on small business development is a relatively new concept within the democratic South African context. Post 1994, there has been a rise in the amount of 'necessity' entrepreneurs (persons with no possibility of finding other employment), with poor skills levels and/or access to assets. Furthermore, local municipalities and commercial banking institutions lack the institutional memory to be able to adequately assist small businesses. Local municipalities are poorly resourced and have little understanding of small business development. Commercial banks use traditional criteria to service a non-traditional market. In addition, a reliable network of service providers do not exist as the services are fragmented, duplicated or concentrated in the metro region.

To address the above, Enterprise Development will:

- Significantly drive the partnership of private sector organisations, especially the banking fraternity, to leverage support for government development objectives of "crowding" in investment for the 'unbankable'.
- Develop a network support of competent service providers.
- Establish a network of one-stop-shop advice and business support centres across the province.

A major constraint faced by Local Economic Development, is the lack of resources and capacity of implementing partners and local municipalities, especially those located within the rural municipalities. This challenge can be overcome by the willingness and enthusiasm of partners to align their programmes with national and provincial programmes in order to maximise integrated government impact.

It is envisaged that intensive engagements with all relevant role-players and partners is required to assist the unit with an understanding of the key problems

and issues experienced, and to assist with the design of appropriate support measures. The emphasis will be on sustainable support to rural municipalities.

Economic Empowerment has only been in operational since March of 2004. The unit is new and is faced with a lack of human and financial resources. Also, there is limited industry/sector-specific research available. This problem cuts across broad-based black economic empowerment, women-, youth- and disabled-empowerment.

The unit's objectives will be to implement the provincial strategic framework for Broad Based Black Economic Empowerment, and to forge and strengthen partnership with relevant role-players and stakeholders.

#### **iv. Description of planned quality improvement measures**

For optimal success of Economic Participation, it is essential to forge and maintain close links with both local and national government. There are definite synergies within programmes from both spheres of government.

Enterprise Development will continue to maintain a relationship with the **dti**, and maintain contact with local municipalities through the Economic Development Units (EDUs). Logistics and Support will ensure that information pertaining to SMME development is available at all one-stop-shop advice and business support centres, and that the information is user-friendly, up-to-date and in the languages appropriate to the region. All programmes developed and run through the one-stop-shop advice and business support centres will be closely monitored and evaluated. A sophisticated tracking system will be implemented to monitor the impact of both the interventions implemented, and the service providers used for providing services.

Local Economic Development will provide strategic direction for municipalities, LED strategies, and proposed targeted interventions to promote greater economic participation. To support this objective, the unit will establish Economic Development Units (EDUs) across the province, which will align the activities of the various spheres of government. The MEDS will be used extensively to target interventions; and to identify theme-based interventions within regional geographic locations. Special emphasis will be placed on pioneering pilot projects to establish and grow community-based business organisations and co-operatives.

Economic Empowerment will implement systems to facilitate the empowerment process (both supply and demand). Appropriate expertise will be acquired and accessed to benchmark and impact broad based economic empowerment (including women, youth and disabled). Furthermore, the unit will align its policies and strategies with national strategies; garner buy-in from relevant stakeholders; establish itself as a credible resource of information and contacts; and give strategic direction to local authorities regarding the targeted groups.



## **PART B: PROGRAMME AND SUB-PROGRAMME PLANS**

### **4.1 Sub-programme 2.2: ENTERPRISE DEVELOPMENT**

#### **i. Policies, priorities and strategic objectives**

The policies and strategies of the unit have been planned and decided upon after thoroughly interrogating key national and provincial policy documents and frameworks. To ensure complete alignment with the national strategy for enterprise development, the lead was taken from the National Small Business Act (as amended in 2003), the National Small Business Strategy, the annual Small Business Reviews, the Broad Based Black Economic Empowerment Strategy and the Micro-economic Reform Strategy.

In aligning the unit's strategy with the sectoral strategies, enterprise development activities will be aligned to the Integrated Manufacturing Strategy and the Advanced Manufacturing and Development Strategy (national and provincial). In contributing to integrated provincial economic development and growth, the agreements reached between social partners at the Provincial Growth and Development Summit (PGDS) has been infused into the strategy of the unit. The same can be said for the Provincial Micro-economic Development Strategy (MEDS), which will undoubtedly temper the strategy for enterprise development in the Western Cape. Of equal importance is that the strategy will always be guided and underpinned by the principles as enshrined in iKapa Elihlumayo.

To deliver on the strategy and to achieve Enterprise Development's objectives, the following functional units have been created:

- Outreach and Information
- Logistics and Support Network
- Business Opportunities and Resources

**Outreach and Information** will encourage and nurture entrepreneurship by creating an environment that is conducive to the establishment of new businesses and the growth of existing enterprises. This unit will strive to achieve its goal by making available information, advice and support to small businesses at convenient locations spread across the province. In addition, programmes addressing the needs of the broader small business community and the targeted groups of women, youth, the disabled, and those located in rural areas will be implemented.

**Business Opportunities and Resources** will focus on ensuring that opportunities and resources are available to entrepreneurs, and that entrepreneurs will be able to access opportunities and resources. Selected initiatives of this unit will include procurement, promotion and market linkages; and pro-active interventions to enable entrepreneurs to better access business finance (and incentives) and other critical resources (for example, trading sites). Mindful of the regulations and laws facing small businesses, special effort will be made to assist businesses in complying with statutory regulations.

**Logistics and Support Network** will essentially provide the core support and capacity for the unit to deliver on its goals as determined by Outreach and Information and Business Opportunities and Resources. Logistics and Support Network has the following strategic objectives:

- developing and supporting a network of competent service providers that serve the needs of small business; and



- ensuring the existence of a variety of services that contribute to the establishment of new businesses and the growth of existing businesses.

Enterprise Development's stand-alone elements are less than meaningful if not presented in an integrated and pro-active manner. A quantum leap in the level of support for real enterprise development is imperative. This means, that the provisioning of services, which address the needs of entrepreneurs in terms of range and location and which result in a significant increase in new business establishment and growth in existing businesses is needed.

## **ii. Progress analysis**

Since, 1995, the small business sector has been actively promoted to achieve economic growth and development, through competitiveness, employment generation and income distribution. While Government initiatives to promote SMMEs in the past have been well-intended, the Department believes that a quantum leap in the level of support been given to promoting SMMEs is needed to address problems in a holistic and integrated manner.

To tackle these challenges, the unit has adopted a policy and implementation framework, which has drawn from the salient features of existing frameworks, such as the National SMME strategy, the Provincial Growth and Development Summit, the Integrated Manufacturing Strategy, both the National and Provincial Micro-economic Reform Strategies and research generated by experts. This policy framework comprises six core elements that form the key thrusts in assisting SMMEs and entrepreneurs:

- convenient central points for entrepreneurs to access sound information, advice and support services at low cost;
- a network of competent and reliable business support service providers;
- opportunities and market linkages;
- access to finance;

- access to capacity-building and skills development programmes; and
- access to manufacturing accommodation and 35 rural libraries.

The unit will embark on the following to ensure that the stated strategic objectives are achieved:

- Implementation of the unit's strategy will be spearheaded by a pro-active programme, which will ensure that all services and projects undertaken by the sub-programme is available at convenient locations across all municipal areas in the province – numerous user-friendly one-stop-shops which offer advice and information for entrepreneurs and the broader small business community.
- Assistance and support of the local municipalities (via the Economic Development Units) will be solicited and encouraged in order to ensure successful implementation of the policy at local level.
- The existing relationship with the national **dti** will be significantly deepened through a collaborative effort to improve access by small businesses to support services.
- Development and maintenance of a reliable network of competent small business support service providers will be critical to the implementation of an effective small business development strategy.

### **iii. Analysis of constraints and measures planned to overcome them**

The growth in "necessity" entrepreneurs (those who have little or no chance of securing employment and thus have no other alternative but to become self-employed) and the misconception that enterprise development is a panacea for poverty and unemployment, has resulted in a huge demand by people to become "entrepreneurs". The aggravating circumstances to this situation are that these "necessity" entrepreneurs are poorly skilled and do not have possess or have access to assets. This has placed enormous pressure on all spheres of government, resulting in supply constraints regarding business advice, information, and other related services.

In most local municipalities, little support exists for small businesses. A combination of inadequate resources (both financial and human) and poor understanding of small business development, has resulted in the stifling of enterprise development. The local municipalities, especially those in the rural areas, look to national and provincial government to assume the responsibility for small business development. The "responsibility" placed on provincial government poses further significant challenges.

Support for small business, especially those owned by historically disadvantaged individuals, has thus far been inadequate. Commercial banks, clinging to lending criteria that discriminate against the resource-poor (typically black), have tacitly and explicitly "red lined" entrepreneurs who are unable to provide suitable collateral. Without access to finance even the keenest entrepreneur has little chance of starting a business. Although banks have alluded to addressing the needs of the "unbankable", commitment has been slow.

The existence of a reliable network of competent service providers that offer the full range of advice, information and other services are key to an environment that stimulates and enhances enterprise development. Unfortunately, support

services for small businesses has been fragmented, and not comprehensive with about 80% of all services of a generic training nature, dispensed by poorly qualified and experienced service providers and severely biased towards the metropolitan areas (resulting in little or no rural reach).

In dealing with the identified constraints, the following will be undertaken by the unit:

- Intensification to cement significant partnerships with the private sector, especially with the banking sector. Government resources will be used to leverage private sector support. This should result in the private sector being "crowded" into the investment of "unbankable" entrepreneurs.
- The active development and maintenance of a reliable network of competent service providers in order to offer entrepreneurial services that are comprehensive, affordable, relevant and convenient to access.
- The establishment of a network of one-stop-shop advice and support centres for entrepreneurs, across the province. These centres will be conveniently located around potential and existing entrepreneurs and staffed by competent personnel.

#### **iv. Description of planned quality improvement measures**

The effectiveness and efficiency of the service delivery will be closely linked to the unit's relationship with both local and national government. In aligning with the national strategy and securing financial support for its programmes, the unit will maintain an ongoing relationship with the Department of Trade and Industry (**dti**). Clear synergies have become apparent between the sub-programme's one-stop-shop advice and business support centres and the Small Enterprise Development Agency of the Department of Trade and Industry.

For the programme to have impact on the local front, the support and assistance of the local authorities will be paramount. Ongoing and strong working relations

will be maintained with local authorities through the Department's Economic Development Units (EDUs).

The establishment of Logistics and Support will ensure that information services points will be available to entrepreneurs at the 35 one-stop-shop advice and business support centres (covering the entire province). The unit will ensure that all distributed information is relevant, available in the languages of the region, and in user-friendly formats.

The measurement of the impact of programmes and projects have always been a challenge, not in only determining the continuation of the intervention, but also the gaps that exist in the range of services that need to be provided. Since the one-stop-shop advice and business support centres will be the main delivery points for the offerings, a sophisticated system of tracking every entrepreneur that has been assisted, will be implemented. In this way, the impact of all interventions on individual entrepreneurs – from basic advice and information, to training and to the provision of finance – can be measured. In addition, the system will measure the effectiveness and efficiency of all support service providers that are linked to the centres.

It is widely recognised that inadequate capacity exists among, especially NGO support service providers, who provide generic advice and referrals. The general collapse of the Local Business Service Centre programme of the **dti** can be partially ascribed to the lack of capacity among the staff of these centres. An absolute necessary quality improvement, for the one-stop-shop advice and business support centres to have impact, is that staff must be well qualified, competent and sensitive to the needs of entrepreneurs. To this end, the recruitment and selection process of staff will be rigorous. All staff will undergo on-going training and capacity-building exercises.

**v. Specifications of measurable objectives and performance indicators**

Measurable Objective	Performance Measure or Indicator	Year – 1 (actual)	Base year (outcome estimate)	Year 1 (target)	Year 2 (target)	Year 3 (target)
To nurture and encourage entrepreneurship and create an environment that enhances the development and growth of small businesses	Number of conveniently located SMME Support Service Centres <u>newly established</u>		R 6 986 000	7 SMME Support Service Centres assisting 1 000 entrepreneurs with advice, information, etc.	7 SMME Support Service Centres assisting 1 000 entrepreneurs with advice, information, etc	7 SMME Support Service Centres assisting 1 000 entrepreneurs with advice, information, etc.
	Number of conveniently located SMME Support Service Centres <u>Operating</u> (additional to those newly established)		R 10 542 000	7 SMME Support Service Centres assisting 1 000 entrepreneurs with advice, information, etc.	14 SMME Support Service Centres assisting 2 000 entrepreneurs with advice, information, etc	21 SMME Support Service Centres assisting 3 000 entrepreneurs with advice, information, etc
			R 500 000	1 pilot satellite SMME Support Service Centre	1 pilot satellite SMME Support Service Centre	1 pilot satellite SMME Support Service Centre

	Number of programmes and projects that address the needs of small businesses, business associations, co-operatives and entrepreneurs in local areas and communities (including the targeted groups of women, youth and the disabled). All programmes to comprise at least; * 30% women * 10% disabled * 80% HDI * 30% rural		Network of SMME support Service Providers	Dedicated programme to assist 200 manufacturing SMMEs in the Cape metro area	Dedicated programme to assist 200 manufacturing SMMEs in the Cape metro area	Dedicated programme to assist 200 manufacturing SMMEs in the Cape metro area
			Network of SMME support Service Providers	Dedicated programme to assist 200 manufacturing SMMEs in the south Cape area	Dedicated programme to assist 200 manufacturing SMMEs in the south Cape area	Dedicated programme to assist 200 manufacturing SMMEs in the south Cape area
			Network of SMME support Service Providers	10 mentorship programmes assisting at least 200 entrepreneurs	15 mentorship programmes assisting at least 300 entrepreneurs	20 mentorship programmes assisting at least 300 entrepreneurs
			Network of SMME support Service Providers	10 programmes of capacity building and training for at least 300 entrepreneurs	15 programmes of capacity building and training for at least 450 entrepreneurs	20 programmes of capacity building and training for at least 600 entrepreneurs
			Network of SMME support Service Providers	10 entrepreneurship programmes (including business plan competitions) for youth	10 entrepreneurship programmes (including business plan competitions) for youth	10 entrepreneurship programmes (including business plan competitions) for youth

Measurable Objective	Performance Measure or Indicator	Year – 1 (actual)	Base year (outcome estimate)	Year 1 (target)	Year 2 (target)	Year 3 (target)
<b>To manage and co-ordinate a reliable support network and logistics system that ensures and underpins the effectiveness of all programmes and projects created and implemented by the Subprogramme</b>	An information system that is relevant to the information and advice needs of small business		R 250 000	Provision of business information via a dedicated website and 14 physical locations	Provision of business information via a dedicated website and 21 physical locations	Provision of business information via a dedicated website and 35 physical locations
	Establishment of a dedicated Help Desk at Provincial Head Office		R0	1 Information and referral centre at Provincial Head Office (Cape Town)	1 Information and referral centre at Provincial Head Office (Cape Town)	1 Information and referral centre at Provincial Head Office (Cape Town)
	Establishment and maintenance of a network of competent SMME support service providers		R 1 100 000	Network of 30 service providers servicing the SMME needs of 14 SMME Support Centres	Network of 30 service providers servicing the SMME needs of 14 SMME Support Centres	Network of 30 service providers servicing the SMME needs of 14 SMME Support Centres
	Research impact study of Departmental SMME strategy		R 0 (MEDS)	Carry out independent research study (including monitoring and evaluation) into the Real Enterprise Development strategy regarding SMME Support Centres	Carry out independent research study (including monitoring and evaluation) into the Real Enterprise Development strategy regarding SMME Support Centres	Carry out independent research study (including monitoring and evaluation) into the Real Enterprise Development strategy regarding SMME Support Centres



Measurable Objective	Performance Measure or Indicator	Year – 1 (actual)	Base year (outcome estimate)	Year 1 (target)	Year 2 (target)	Year 3 (target)
<b>To ensure that business opportunities and enabling resources are available and accessible to small businesses</b>	Number of small businesses assisted in accessing private and public sector procurement opportunities and interfirm linkages		Network of SMME support Service Providers	10 programmes capacitating at least 300 entrepreneurs to access procurement & market opportunities	15 programmes capacitating at least 450 entrepreneurs to access procurement & market opportunities	20 programmes capacitating at least 300 entrepreneurs to access procurement & market opportunities
	Annual collaborative event with private and public sector partners showcasing real business opportunities and linkages		R 200 000	1 Small Business Week in partnership with City of Cape Town attracting at least 1 000 entrepreneurs	1 Small Business Week in partnership with City of Cape Town attracting at least 1 000 entrepreneurs	1 Small Business Week in partnership with City of Cape Town attracting at least 1 000 entrepreneurs
	Number of small businesses assisted with complying to statutory registrations and prescriptions		Network of SMME support Service Providers	10 programmes assisting at least 300 SMMEs	15 programmes assisting at least 450 SMMEs	20 programmes assisting at least 500 SMMEs
	Dedicated fund to assist entrepreneurs considered “unbankable”		R 3 500 000	Directly financing at least 30 entrepreneurs	Directly financing at least 30 entrepreneurs	Directly financing at least 30 entrepreneurs

## **vi. Co-ordination, co-operation and outsourcing plans**

### **Inter-programmal linkages**

The value and critical importance of partnerships can never be overemphasised. The very crosscutting nature of enterprise and small business development necessitates partnerships.

On the policy and strategy levels, the unit will strengthen its current good working relationship with the **dti** and national government agencies (for example, CSIR, NPI and Khula). Not only will the buy-in and support be critical to the success of the interventions, but also the synergies between programmes need to be exploited. The Department of Trade and Industry's Small Enterprise Development Agency centres, aimed at being established across all the provinces, is clearly an opportunity for the unit to enhance its own programme of support centres. The opportunity for the Department and the **dti** to merge this programme in order to create greater impact must be explored.

Enterprise Development received substantial support from provincial departments, for example, Agriculture and Public Works and Transport. These mutually beneficial relationships have ensured that services impact on emerging farmers, building contractors, transport enterprises, etc. Also, provincial departments have benefited from the unit's expertise in terms of small business interventions. This relationship will be maintained, strengthened and further expanded across other departments.

Within the Department, the same culture of co-operation is used. There are crosscutting elements within the Department from which the unit can leverage support and assistance for SMMEs. These linkages can especially be seen in the following areas:

- The unit endeavours to work closely with Financial Management to facilitate the use of reliable and competent new, emerging and existing SMMEs to render services to the Department.
- Business support development is critical for SMMEs within all industries. As the Tourism and Industrial Development and Marketing units have specific interventions for particular industries and sectors, the unit will offer support to new and expanding SMMEs in these industries as well as harness particular sector specific opportunities for SMMEs through these units.
- Particular close relationships need to be fostered and maintained with the Local Economic Development and Economic Empowerment units, as vital developments on a local level affect SMME growth and sustainability. Information sharing and support is a vital cornerstone to the adequate assistance of SMMEs at the local level.

### **Local Government linkages**

Enterprise Development will also work with local government to build a strong, varied and easily accessible network representing all the common categories of information, advice and services, which are needed by both potential and established entrepreneurs to create, develop and enhance their enterprises in a local area.

In addition, the entire process of setting up one-stop-shop advice and support centres will be in collaboration with the local municipalities (including the identification of sites and the management of the centres).



## PART B: PROGRAMME AND SUB-PROGRAMME PLANS

### 4.2 Sub-programme 2.3: LOCAL ECONOMIC DEVELOPMENT

#### i. Specified policies, priorities and strategic objectives

Local Economic Development is committed to providing a coherent and integrated framework, and environment in which to achieve local economic development, by focusing on HDI ownership and geographic spread of economic activity in the province.

Planning will direct all strategies, plans, practices, procedures and resources in achieving the Department's core service delivery objectives. With this in mind, the unit has identified the following strategic objectives that are aimed on delivering on *iKapa Elihlumayo* in a meaningful way.

Local Economic Development intends to ensure the establishment of effective economic development at local (municipal) level, by:

- Providing guidance, support and capacity to municipalities in achieving economic development, through the EDUs; IDP assessments and reviews; and strengthening of the institutional capacity of municipalities.
- Providing a municipal baseline data study, via the MEDS, which will inform local LED strategies and plans; and will guide and support the performance of local government in achieving increased economic participation.
- Ensuring practical alignment of departmental programmes with national and provincial objectives (for example, the PGDS); through regional

development initiatives (for example, ISRDP, URP, and Project Consolidate), and actively maximising provincial government's spending.

Furthermore, Local Economic Development intends to promote increased targeted economy activity, by:

- Assisting in the development of targeted interventions for local areas based on sector-specific profiles, theme-based interventions, global intelligence and partnerships.
- Facilitating and implementing pioneering projects with municipalities that will increase black ownership, women's participation, and opportunities for the disabled and the youth.

Finally, Local Economic Development will ensure that citizens of the province are fully informed of the offerings of all 3 spheres of government, by:

- Creating awareness and providing access for urban, rural and township communities to, departmental and national support programmes and benefits, this means, one-stop-shop advice and business support centres, co-operative development, and incentives programmes.

## **ii. Progress analysis**

In its drive to ensure more effective economic development at municipal level, the unit believes that establishing local economic relations and partnerships is critical. To this end, the division has provided guidance, support and capacity to municipalities in the establishment of Economic Development Units (EDUs) at district municipal level. The EDUs will provide in-house capacity to municipalities in delivering on their regional economic responsibility.

The unit will establish B-Level EDUs in order to strengthen the alignment of initiatives between districts, B-level municipalities and provincial government departments.

In addition, the unit has participated in provincial IDP assessments and the review stages of IDPs. Based on these assessments, the unit will be able to identify the need to strengthen the institutional capacity of municipalities in order to deliver on economic development. The provision of access to support programmes of the Department for rural and township communities have occurred through demand driven requests from regions.

The unit will embark on roadshows, which comprise a series of workshops throughout the province, throughout the year. The workshops will create awareness; build better participation; and assist the roll-out of departmental and national support programmes and benefits, for example, one-stop-shop advice and business support centers; co-operatives development; and EDU progress.

Alignment of departmental programmes with national and provincial objectives are encouraged to occur through initiatives like, the ISRDP and URP, but have not yet maximised provincial government's spending. Project Consolidate is an initiative intended to this.

The promotion of increased spread of economic activity has to date occurred as a result of projects identified from the IDPs of municipalities; or pilot projects undertaken by the Department that has reflected economic viability. Support for these projects have required leveraging external funding sources and crowding in of partnerships. The geographic spread of current economic participation is a consequence, and not a result of targeted intervention.

The application of the matrix approach; utilising the outcomes of the MEDS; and a comprehensive economic municipal baseline study, will:

- inform local LED strategies and integrated development plans (IDPs) in a far more strategic and integrated fashion; and
- allow for benchmarking of performance and impact.

The above will allow for development of targeted interventions of local areas based on sector-specific profiles, theme-based interventions, global intelligence and partnerships. Finally, the unit intends to implement pioneering pilot projects with municipalities, which will increase community-based ownership and participation; and provide opportunities for the previously disadvantaged in the achievement of the vision of iKapa Elihlumayo.

### **iii. Analysis of constraints and measures planned to overcome them**

Resource and capacity constraints within the unit could hamper the effective and efficient execution of the proposed interventions. A serious concern is the availability, readiness and capacity of the implementing partners and local municipalities (especially our rural municipalities). The challenge is to persuade all partners to align policies, strategies and programmes with national, provincial and local spheres of government.

The unit will focus on interventions targeted at local level to promote increased economic participation. This will require both a financial and human-resource capacity as indicated by the demand at municipal level. To address this, the unit will crowd in partnerships and ensure active alignment of provincial, national and local government programmes, which result in integrated government impact.

To overcome the above obstacles, intensive engagement with all partners will be required. This will assist us in, both understanding the problems experienced by stakeholders and, in designing appropriate support measures to address these problems. Again, emphasis will be on providing sustainable support to rural municipalities. Implementing partners will be carefully selected on the basis of proven expertise. All projects and programmes will be subject to a system of monitoring and evaluation measures.

#### **iv. Description of planned quality improvement measures**

The unit will provide strategic direction to municipalities on the development of LED strategies, and propose targeted interventions to promote greater economic participation across the geographic spread of the province.

The establishment of the Economic Development Units (EDUs) will be rolled-out at both District Municipal Level and B-Municipal Level. The EDUs will ensure that municipalities, especially in the rural areas, are provided with quality information and assistance. The unit will also increase alignment of activities with other spheres of government.

Our ever-increasing relationship building and collaboration with municipalities should ensure selection of well-planned, appropriate interventions to deliver successful implementation. The key to identifying and designing LED strategies and targeted interventions, will be a combination of:

- the Department's Micro-economic Development Strategy (MEDS); and
- the application of a "matrix" approach in tracking key economic variables; targeting key priority sectors; identifying theme-based interventions; and targeting specific regional locations given municipal data.



The matrix will allow a more strategic and integrated approach to local economic development, and will allow performance benchmarking of impacts. Efforts will be focused on pioneering pilot projects to establish and grow community-based business organisations and co-operatives.

The above interventions will be underpinned by the unit's efforts to assist local government in delivering effective services to communities, and in supporting community-based and owned enterprises to promote greater economic participation.

**v. Specifications of measurable objectives and performance indicators**

Measurable Objective	Performance Measure or Indicator	Year – 1 (actual)	Base year (outcome estimate)	Year 1 (target) 05/06	Year 2 (target)	Year 3 (target)
To provide guidance, support and capacity to municipalities in achieving economic development, through the economic development units; IDP assessments & reviews &, strengthening the institutional capacity of municipalities	Number of Economic development units (EDUs) or structures with a similar function supported to provide capacity at district and B-Level Municipalities		5 EDUs supported District municipal level	5 EDUs supported at District municipal level	5 EDUs supported at District municipal level	5 EDUs supported at District municipal level
				5 EDUs newly established at B-municipal level	5 EDUs newly established & 5 existing EDUs supported at B-municipal level	5 EDUs newly established & 10 existing EDUs supported at B-municipal level
Through the MEDS and a municipal baseline data study that will inform local LED strategies and plans (IDPs); and that will guide and support the performance of local government in achieving increased economic participation	The development of a municipal matrix sheet per municipal area that reflect: key economic variables, targeting key priority sectors, identifying theme-based interventions & targeting specific regional locations for targeted interventions & partnerships	Unfunded	The first economic municipal baseline study done of 29 municipalities to be used as inputs to the application of a “matrix” approach.  The MEDS translated into contributions towards the development of the matrix sheets	Baseline data that will inform interventions in 29 municipalities towards develop LED strategies and implementation plans of municipalities  (Number of interventions identified)	Baseline data that will inform interventions in 29 municipalities towards develop LED strategies and implementation plans of municipalities  (Number of interventions identified)	Baseline data that will inform interventions in 29 municipalities develop LED strategies and implementation plans of municipalities  (Number of interventions identified)

<b>Measurable Objective</b>	<b>Performance Measure or Indicator</b>	<b>Year – 1 (actual)</b>	<b>Base year (outcome estimate)</b>	<b>Year 1 (target) 05/06</b>	<b>Year 2 (target)</b>	<b>Year 3 (target)</b>
To ensure practical alignment of departmental programmes with national and provincial objectives (e.g. PGDS) through regional development initiatives (e.g. ISRDP, URP, and Project Consolidate), and actively maximising provincial government's spending.	Number of community-based rural and township projects identified and supported (through the ISRDP, URP and Project Consolidate).	Unfunded				
	Number of projects impacted on through collaboration with other departments	Unfunded				
	Provide access and awareness on departmental programmes & national and provincial objectives (e.g. PGDS) Facilitate discussions with stakeholders	Report-back on road-shows & workshops; & provide feedback to the relevant sphere of govt.	Quarterly, provincial wide road-shows & workshops	Quarterly, provincial wide road-shows & workshops	Quarterly, provincial wide road-shows & workshops	Quarterly, provincial wide road-shows & workshops

Measurable Objective	Performance Measure or Indicator	Year – 1 (actual)	Base year (outcome estimate)	Year 1 (target) 05/06	Year 2 (target)	Year 3 (target)
To assist in the design and development of targeted interventions for local areas based on sector-specific profiles, theme-based interventions, global intelligence and partnerships	No. of identified projects submitted to departmental sub directorates for further support	Unfunded				
	Number of community-based enterprises assisted in establishment and/ or expansion, based on an identified targeted intervention	Unfunded				
	Based on an identified targeted intervention or community aid required - the number of engagements assisted with expert advice & non-financial interventions.		50 engagements	50 engagements	50 engagement	50 engagements
	Based on an identified targeted intervention or community aid required - the number of projects assisted with business plan evaluation.		10 proposals	10 proposals	10 proposals	10 proposals

<b>Measurable Objective</b>	<b>Performance Measure or Indicator</b>	<b>Year – 1 (actual)</b>	<b>Base year (outcome estimate)</b>	<b>Year 1 (target) 05/06</b>	<b>Year 2 (target)</b>	<b>Year 3 (target)</b>
To implement pioneering pilot projects with municipalities that will increase black community-based ownership & participation, opportunities for women, youth & the disabled in line with the vision of iKapa Elihlumayo.	Based on targeted interventions of LED strategies of municipalities as identified in IDPs – No. of economically viable projects identified and supported	Unfunded				
	Based on identified targeted interventions only - No. of economically viable projects identified and supported	Unfunded				
	Number of projects impacted on through collaboration with other departments	Unfunded				

Measurable Objective	Performance Measure or Indicator	Year – 1 (actual)	Base year (outcome estimate)	Year 1 (target) 05/06	Year 2 (target)	Year 3 (target)
<p>To create/ build awareness and provide access to urban, rural and township communities to departmental, provincial &amp; national support programmes and benefits at local level</p> <p>For example, one-stop-shop advice and support centres, co-operative development, incentives programmes, etc.</p>	<p>Assist in facilitating discussions with stakeholders around programmes, the benefits, and locations.</p> <p>For example:</p> <p>1) An EDU in a municipal area; Providing municipalities with updates &amp; progress on any EDU developments</p> <p>2) A one-stop-shop in each of the 5 municipal areas Providing municipalities with updates &amp; progress on any one-stop-shop developments</p>	200 000	<p>Report on road-shows &amp; workshops; &amp; recommendations made to programme drivers</p> <p>For example, SMME Development &amp; participation in the establishment of a one-stop-shop in a municipal region.</p>	Quarterly, provincial wide Road-shows & workshops	Quarterly, provincial wide Road-shows & workshops	Quarterly, provincial wide Road-shows & workshops

## **vi. Co-ordination, co-operation and outsourcing plans**

### **Inter-programmal linkages**

Successful delivery will be impossible without buy-in and support of local, provincial (inter and intra-departmental) and national stakeholders. Partners will include national and provincial government departments, parastatals, and local government.

The Department aligns itself to the policy and legislative guidelines, and requirements of the **dti**, along with provincial and local government.

In addition, co-operative relationships to strengthen governance and the impact of interventions exist with the provincial departments of Agriculture; Local Government; Environmental Affairs and Development Planning; Transport and Public Works; and Social Services and Poverty Alleviation. This division intends to ensure that all citizens across the Province are fully informed of the offerings of all 3 spheres of government. This will be most evident in the Department, where awareness and access will be achieved through the rollout of road shows and workshops; co-operative development; and increased capacity at EDUs and the one-stop-shop advice and business support centres across the province.

### **Local Government linkages**

The Department will work with all 30 municipalities to help build capacity and to ensure delivery on economic development responsibility. It intends to create awareness and provide access for urban, rural and township communities to departmental and national support programmes and benefits.

To this end, support programmes will have service delivery agreements with local authorities, which will include details of all funds that the programme will be transferring to local authorities for the delivery of such services.

The EDUs at the District Municipal (DM) level, is on-line for the financial year 2005/ 2006. Linkages with all DM municipalities regarding their Integrated Development Plans and the Economic Development Units:

Cape Winelands	R200 000
Cape Karoo	R200 000
Overberg	R200 000
Eden	R200 000
West Coast	R200 000





## PART B: PROGRAMME AND SUB-PROGRAMME PLANS

### 4.3 Sub-programme 2.4: ECONOMIC EMPOWERMENT

#### i. Specified policies, priorities and strategic objectives

The main aim of the Economic Empowerment is to provide strategic direction for empowerment and transformation of the Western Cape's economy. The process of the empowerment of Historically Disadvantaged Individuals (HDIs) include elements of human resource development, employment equity, enterprise development, preferential procurement, as well as investment, ownership and control of enterprises and economic assets. Empowerment is viewed as economic enablement of the targeted groups comprising black people, women, youth, the disabled and rural communities.

The three main documents, strategies and agreements that will be informing the objectives, strategies and activities of the unit are the National Broad-Based Black Economic Empowerment Strategy, the Provincial Micro-economic Development Strategy (MEDS) and the Provincial Growth and Development Summit Framework Agreement.

The unit's interventions will be guided by the empowerment charters of especially, the "seven strategic economic industries". These are the industries that government has encouraged to have empowerment charters because it views them as priority sectors that have a strategic influence in the country and could have a significant impact in the transformation of the economy. These sectors comprise, agriculture, financial services, transport services, automobile,

information and communications technology, engineering services and the construction sector. Also, special cognisance will be taken of the provincial priority sectors as identified at the Growth and Development Summit.

In delivering on its objectives, Economic Empowerment has been divided into three units, namely:

- Women Economic Empowerment and the Disabled
- Black Economic Empowerment and Youth
- Rural Development.

Economic Empowerment will collectively deliver on its strategic goals and objectives, in order to better monitor, evaluate and report on interventions and activities.

The Provincial BBBEE framework will provide the overarching structure within which all economic empowerment issues are addressed. The unit's support in the implementation of the policy will ensure that economic empowerment is co-ordinated within the province. Also, this will ensure that the sector charters contribute to fulfilling the objectives of BBBEE.

The environment surrounding EE has hardly been conducive to the development of real economic empowerment. As part of its strategic role, the unit will be a key source of information and advice regarding BBBEE. In fulfilling this role, it will build and co-ordinate a network of support structures (both financial and non-financial), and provide support to local government and business (small and large).

The role of provincial governments in giving meaning to BBBEE cannot be underestimated. The unit will:

- ensure that EE policies of provincial departments are aligned with that of national government;

- actively work with provincial departments on preferential procurement and human resources issues; and
- monitor and evaluate the progress of provincial departments in delivering on BBBEE.

The targeted groups of women, youth, the disabled and the rurally located deserve special attention in ensuring that they substantially increase their contribution and participation in the economy. Therefore, the unit will pursue projects and programmes that will facilitate and ease entry into the mainstream economy, and will increase impact on the economy.

## **ii. Progress analysis**

Even though this unit is new, elements of its activities have been carried out in the past through and by the other units, for example, Enterprise Development. The activities of the unit will be significantly impact on Economic Empowerment in the Western Cape.

The progress of the development and implementation of EE policy across the province has been relatively slow. The following sets out the unit's progress thus far, and the measure that will be taken to achieve the identified strategic objectives:

- Engagement with the national Department of Trade and Industry (BEE component) in order to align the Province's strategy with that of national government. This relationship will be further developed to include the Enterprise Development, Local Economic and Co-operatives units at the **dti**.
- Since November 2003, there has been intense consultation and co-operation with the partners of the provincial Growth and Development Summit, business, labour, government (local) and civil society. This engagement has laid a firm foundation for Provincial Government's efforts in not only obtaining buy-in and support from these important role-players, but

also fully understanding the issues underlying economic empowerment of the targeted groups. The unit has already delivered on its undertaking at the Summit to produce a comprehensive Broad Based Black Economic Empowerment Strategy for the Province. In further building relationship, the unit will continue to work closely with these provincial partners.

- The lack of adequate information informing policies regarding the targeted groups, has placed a serious constraint on policy development and implementation. The unit will commission relevant research in order to plan, implement and monitor, and evaluate its policy decisions.
- As economic empowerment needs to impact on those that most need it, the critical role of local municipalities cannot be over-emphasised. Currently, local municipalities have capacity problems in terms of enterprise development and economic empowerment. The unit needs to actively engage local municipalities on a more regular basis. Therefore, as a priority, the unit will embark on a pro-active campaign to capacitate local municipalities around economic empowerment issues.

In addition, the unit has started to play a leading role in facilitating BEE deals, as an evident gap exists in the need for an independent intermediary to broker BEE deals between financial institutions, black entrepreneurs and white corporates. Its first success in this area has been a transaction that not only saved more than 300 jobs, but also put the ownership of the corporation into black hands. The unit will expand on this role, by including mentorship and other forms of assistance to black entrepreneurs and interacting regularly with organised business, chambers of commerce, farmer's organisations, and co-operatives.

### **iii. Analysis of constraints and measures planned to overcome them**

Economic Empowerment is new and is faced with a lack of human and financial resources. In addition, the field of economic empowerment in South Africa is relatively new with limited industry or sector-specific research available. Although the Broad-based Black Economic Empowerment Strategy of National government is in place, many Provincial and Local authorities have yet to identify clear policies and strategies. The same applies to the targeted groups of women and the disabled.

The unit will overcome the identified constraints by firstly, implementing the strategies as identified in the Provincial Strategic Framework for Broad Based Black Economic Empowerment and by secondly, forging partnerships with all relevant role-players, from business chambers to government departments.

### **iv. Description of planned quality improvement measures**

The unit will implement systems that facilitate the empowerment process from both supply and demand perspectives. The unit will acquire and access expertise that will be able to make a meaningful impact on broad based economic empowerment (including women and the disabled). This should result in the unit being a credible resource and source of, inter alia:

- research;
- advice and information (including facilitation); and
- databases of black enterprises and enterprises seeking to be empowered (matchmaking role).

Economic Empowerment, in fulfilling its facilitating, advisory and advocacy roles will form strong partnerships with organisations and agencies such as the National Empowerment Fund, Industrial Development Corporation, the **dti** and chambers of commerce.

In following this approach, the unit will achieve the following objectives:

- align its policies and strategies with that of National Department of Trade and Industry;
- obtain critical and important buy-in from the private sector, labour and civil society;
- become a credible source of information, advice and a role-player of note; and
- give direction to the strategies and policies of local authorities regarding the targeted groups.

**v. Specifications of measurable objectives and performance indicators**

<b>Measurable Objective</b>	<b>Performance Measure or Indicator</b>	<b>Year – 1 (actual)</b>	<b>Base year (outcome estimate)</b>	<b>Year 1 (target)</b>	<b>Year 2 (target)</b>	<b>Year 3 (target)</b>
<b>To provide a strategic framework for the promotion of Broad Based Black Economic Empowerment in the Western Cape</b>	Funding for BEE transactions and initiatives			Financing BEE transactions that create at least 400 jobs	Financing BEE transactions that create at least 400 jobs	Financing BEE transactions that create at least 400 jobs
	Facilitation and support for BEE transactions and initiatives			Provision of facilitators and mentors to at least 5 selected job creation/retention BEE transactions	Provision of facilitators and mentors to at least 5 selected job creation/retention BEE transactions	Provision of facilitators and mentors to at least 5 selected job creation/retention BEE transactions
<b>To increase the contribution and participation of the targeted groups in the economy of the Western Cape</b>	Youth Economic Empowerment			Assistance to at least 15 YEE transactions	Assistance to at least 15 YEE transactions	Assistance to at least 15 YEE transactions
	Women Economic Empowerment			Assistance to at least 25 WEE transactions	Assistance to at least 25 WEE transactions	Assistance to at least 25 WEE transactions
	Economic Empowerment of the Disabled			Hosting of a least 4 workshops to capacitate and facilitate empowerment	Hosting of a least 4 workshops to capacitate and facilitate empowerment	Hosting of a least 4 workshops to capacitate and facilitate empowerment

Measurable Objective	Performance Measure or Indicator	Year – 1 (actual)	Base year (outcome estimate)	Year 1 (target)	Year 2 (target)	Year 3 (target)
<b>To ensure that Provincial Government policies and strategies are aligned and implemented in line with national government BBBEE</b>	Preferential Procurement implementation across government departments			Hosting of at least 5 workshops and other interventions to achieve preferential procurement objectives	Hosting of at least 5 workshops and other interventions to achieve preferential procurement objectives	Hosting of at least 5 workshops and other interventions to achieve preferential procurement objectives
	Major public and private sector interactions and discussions regarding BBBEE			Provincial BBBEE conference including all relevant role-players	Provincial BBBEE conference including all relevant role-players	Provincial BBBEE conference including all relevant role-players
	BBBEE implementation across identified targeted sectors			Hosting of at least 5 workshops and interventions to improve BEE among targeted sectors	Hosting of at least 5 workshops and interventions to improve BEE among targeted sectors	Hosting of at least 5 workshops and interventions to improve BEE among targeted sectors



## **vi. Co-ordination, co-operation and outsourcing plans**

### **Inter-programmal linkages**

The crosscutting nature of the activities of the unit means that it will be very closely linked to all economic sectors and government departments (all 3 spheres). The strategies of the units (BEE, women and the disabled) will be determined by the unique aspects of the sectors and institutions.

In ensuring alignment with National government strategies, the unit will link strongly with National departments (such as the **dti**) in ensuring congruence with, for example, the Broad Based Black Economic Empowerment strategy, employment equity and preferential procurement, related to the three-targeted groups. These links will be formalised and continuously maintained as a matter of strategic importance. Also, the unit's link with provincial departments will be driven by the shared Provincial vision provided by iKapa Elihlumayo and the Provincial Micro-economic Development Strategy (MEDS). A strong partnership will be forged with all provincial government departments, especially with regard to preferential procurement. The Departments of Education, Health, and Public Works and Transport will be key strategic partners.

The unit, serving a crosscutting function, will co-operate and partner with Local Economic Development, Enterprise Development and the various sector sub-programmes (for example, Tourism). Information sharing and support between these units will enhance the Department's ability to deliver on its objectives. This approach will not only ensure the alignment of strategies with National government, but also lead to an integrative approach by provincial government departments.

## **Local Government linkages**

Linkages and collaborative efforts with local authorities will be driven primarily in conjunction with other departmental units (for example, Local Economic Development and Enterprise Development) and provincial departments (for example, Planning and Local Government and Public Works, Transport and Property Management). The close link with local government, as an implementing agent, cannot be over emphasised and will be reinforced institutionally and through forums created by the Provincial Growth and Development Summit. The ultimate success of the efforts of the unit will depend on the proper implementation of policies by local authorities.

#### 4.4 Reconciliation of budget with plan

##### Programme 2: Programme budget by sub-programme (R million)<sup>1</sup>

Sub-programme	Year - 2 2001/02 (actual)	Year - 1 2002/03 (actual)	Base year 2003/04 (estimate )	Average annual change (%) <sup>2</sup>	Year 1 2004/05 (budget)	Year 2 2005/06 (MTEF projectio n)	Year 3 2006/07 (MTEF projectio n)	Average annual change (%) <sup>3</sup>
1.Management			1733		2766	1911	2094	
2.Enterprise Development	20068	16182	30548		17090	22610	23000	
3.Local Economic Development			9234		7698	6223	6793	
4.Economic Empowerment			1175		12025	3245	4061	
<b>Total programme</b>	20068	16182	42690		39587	33989	35948	



## PART B: PROGRAMME AND SUB-PROGRAMME PLANS

### 5. Programme 3: ECONOMIC STIMULATION

The main aim of Economic Stimulation is to make citizens and their enterprises effective players in the global economy, by:

- attracting funding and resources to key projects in the province;
- developing and promoting a globally competitive economic environment;
- promoting the development of key economic spatial initiatives; and
- providing a full information service to the Department and Government on economic factors impacting on the economy.

To optimally achieve Economic Stimulation's strategic goals, delivery will be based on the following functions:

- To attract funding and resources to key projects in the Province.
- To develop and promote a globally competitive economic environment.
- To promote the development of key economic spatial initiatives.
- To provide an information service to the Department and Government on economic factors that impact on the economy.

## **i. Situation analysis**

The dramatic acceleration of globalisation has had a significant impact on developing countries, particularly for South Africa and the Western Cape. While exports have responded well in many sectors, and have shown rates of growth of 10 – 20%, many sectors, particularly in manufacturing, have suffered from increased competition and the strengthening of global production systems. Formal employment in certain labour intensive sectors have seen employment halved, as in the case of the clothing and footwear sectors over the past decade, and nearly eliminated in sectors such as machine tools and consumer electronics.

Sectors and firms who have been able to restructure, and develop world class manufacturing systems that focus on continued improvement have been able to succeed.

The challenge of the Department is to:

- assist the province to embrace the global economy to restructure its industries;
- create a world class environment; and
- develop human resources to take advantage of the opportunities that arise.

The attraction of foreign direct investment (FDI) has been an important pillar in facilitating the growth of developing countries. The challenge is to increase South Africa's share of global FDI, which is heavily dominated by the Far East, specifically China. The ability to shift international trends will be limited, but FDI will still play an important role in contributing to the economy.

The growth of exports is the second pillar in terms of trade and investment promotion. Strategies and interventions will be developed and managed through WESGRO, the trade and investment promotion agency. In both cases, the

challenge is to develop a well functioning agency that is able to respond to all opportunities, and at the same time develop the capacity to pro-actively target selected opportunities with a high impact on the economy.

In the same way that South Africa attracts limited FDI, the flow of foreign aid and international contracts have been well below what is expected of a middle-income developing country. Mechanisms need to be developed to tap into international networks and to maximise the opportunities to South Africa given its stable macro-economic fundamentals, and healthy governance structures. WESGRO will be tasked to carry out this important function, which will be closely aligned to the projects and programmes of the Department.

The Department has played some role in major spatial and infra-structural interventions in the province. These include the film studio, Oil and Gas service hub in the Cape Town, the Saldanha Port and the West Coast Spatial Development Initiative (SDI). Given the decline in major capital projects over the past decade, the Department must play a more catalytic role to ensure that critical infrastructure is provided for, and that major projects are launched.

With the increasing share of trade as a percentage of total production, it becomes imperative that the province offers a competitive platform for its export industries (including global business intelligence), particularly its "mega" projects, in order to drive significant employment creation up- and down-stream.

Global business intelligence is:

- Who wants what, where and when – at what price and quality?
- To close the gap between international demand and what the Western Cape can supply.

The broad role of the Department is to:

- create the right environment and climate for firms and individuals to be innovative and creative;
- act as economic stimulator; and
- play an Interventionist role.

The current role of WESGRO, in terms of global business intelligence is to:

- expand intelligence on commercial trends and opportunities in emerging markets; and
- explain intelligence on global trade law and regulatory issues through strategic partnerships with identified service providers.

The Department will play a more pro-active role in encouraging firms to become globally competitive. The adoption of electronic commerce is a key way to reduce transactional and communication costs. Firms need to be innovative in terms of new products, processes and designs in order to capture global market share. In addition, firms must be on the cutting edge of adopting new technologies and inputs in order to compete. A new unit will be established to ensure that the province plays a meaningful role in innovation and knowledge economy issues, particularly in overcoming the fragmentation of national government offerings.

Finally, the Western Cape must produce the skills to satisfy the needs of the economy. The Department is playing an increasingly important role in understanding the needs of key sectors and technical requirements necessary for an advanced economy, by ensuring that this is translated back into the supply of education and skills.

## **ii. Analysis of constraints and measures planned to overcome them**

Apart from trade and investment promotion, most of the functions have only been dealt with on an ad-hoc basis, and it will take some time for the units to build up capacity and networks. The major long-term challenge is that in many cases the actual delivery instruments lie outside the Department. Therefore, the Department plays a more catalytic and interventionist role in identifying strategic interventions and in ensuring successful implementation of projects.

Central to the success of this unit will be the establishment of networks through key government units, parastatals and other partners; and being able to develop a good strategic understanding of the key economic issues.

In the Global Competitiveness unit, most of the work around innovation and technology is undertaken by the national Department of Science and Technology. In the HRD strategy unit, various role-players at a provincial and national level include the Western Cape Education Department, the Department of Labour and higher education institutions, who will be key partners. In the spatial and infrastructure initiating unit, parastatals such as provincial and national departments are responsible for infrastructure provision.

To make up for the lack of direct control, specialists will need to head up these units or will be brought in on a project basis, in order for the Department to have sufficient leverage.

It will also be important that the Department has the ability to appropriate once-off funding to kick-start major interventions. The convention centre, film studio and Agulhas road are examples of projects that have high degrees of positive economic outputs.



As the bulk of the functions are new, emphasis will be placed on carrying out research to determine the current environment, and to develop indicators or benchmarks against which to measure performance. An example of this is the current research on developing learning indicators; and alignment to the MEDS.

### **iii. Description of planned quality improvement measures**

Many of the identified functions constitute new areas of intervention, and are largely untested at a provincial government level. Therefore, it will be important to establish benchmarks, and provide a basis for quality improvements over time. Further explanation with regard to planned quality improvement measures is provided separately under Global Competitiveness and Economic Spatial Infrastructure Initiatives.

Global Business Intelligence will be managed by WESGRO, given its role in managing information pertinent to trade, sectors and FDI. The Global Business Intelligence unit will:

- provide an analysis of broad trends and an understanding of the global economy (including trade laws and market surveys);
- further establish international partnerships;
- provide an analysis of particular markets (products in particular markets);  
and
- provide categories of information, with regard to trade opportunities, which will include a database of government-generated information (Provincial Government, Municipalities, and large Western Cape-based companies); South African Government agencies abroad; and foreign governments/parastatals (for example, UNO and WTO).

The Global Business Intelligence Unit will:

- identify business ideas (gaps in market);
- identify new business opportunities (gaps in markets and supply international markets);
- facilitate transactions in terms of orders (once off orders);
- ensure an understanding of available technology and the improvement thereof;
- provide free services (increase in quality, decrease costs, for example, software);
- provide access to databases (portals), and provide helpful information; and
- facilitate the import of goods not available in South Africa (for example, seed beads).



## PART B: PROGRAMME AND SUB-PROGRAMME PLANS

### 5.1 Sub-programme 3.2: STRATEGIC COMPETITIVENESS

#### i. Specified policies, priorities and strategic objectives

The thrust of the new unit is in the development and application of knowledge to reduce inequalities and to ensure growth and competitiveness. The HRD strategy underpins the transformation of our society towards a more knowledge-based society, with access to ICT applications being a critical mechanism to ensure access, and to facilitate firms actively competing in the international arena. In moving the economy towards a new trajectory, technology becomes increasingly important, to ensure that the services to a modern economy are in line with the demands of its firms and citizens.

It should be recognised that this is largely a new function. Some elements of this unit have been carried out in the past through sector work, but the strategic objectives will be further deepened and refined through more detailed research.

The main policy document informing the work of the unit is the national and provincial Micro-economic Strategies. The national Micro-economic Strategy (MES) emphasises the need for strong crosscutting interventions and co-ordination to ensure sustained growth. This is first articulated in the National cabinet document the "Integrated Action Plan to accelerate growth, employment and investment" (2001). It focuses on the three supply-side support areas underpinning competitiveness, which are:

- investment in infrastructure;

- investment in technology and R&D; and
- implementation of the HRD Strategy.

The above was further explained in the national MES that was launched in 2003, and will be further explored in the Provincial Micro-economic Development Strategy (MEDS). Other important documents that will inform the activities of the unit are the Integrated Manufacturing Strategy (IMS); the Advanced Manufacturing and Development Strategy (AMTS) that is being taken forward at a provincial level; and the **dti**-driven Technological Trends Initiative.

The above documents are reflected in the iKapa Elihlumayo principles and the strategic priorities of the Department.

The priorities of the **Human Resource Development Strategy** unit will be to overcome the fragmentation of service providers and to develop mechanisms that will ensure a more responsive approach by the education and training sector. The main functions will be:

- Examining and developing mechanisms to increase the responsiveness of education institutions towards meeting the needs of the economy.
- Working with each of the six education and training sectors to develop strategies that respond to the needs of the economy.
- Performing research into key aspects of the education and training sector outside the ambit of the WCED, and ensuring that research is aligned to the WCED and HRD strategies developed.

The report entitled "an HRD and skills development framework for the Western Cape" lays out the basis for potential interventions by the unit.

Concepts of lifelong learning will continue to be an important instrument to develop social capital in overcoming the inherent fragmentation of the HRD system. The interaction between the WCED and particularly the Further

Education and Training level will be a key priority in terms of redress and in ensuring that youth have access to skills that will ensure future employment. The Department will conduct research that will inform the choices made by the FET institutions as well as higher education institutions.

The **Knowledge Economy** unit will prioritise the use of ICT and e-commerce in business and in society. To increase job creation, access new opportunities, and to overcome barriers to entry (especially small firms in using ICT), strategic focus will be placed on:

- incorporating the SMME sector, which reflects low levels of adoption;
- ensuring that firms obtain the full benefit of being able to access the opportunities and benefits through ICT and the web.

Closely aligned interventions to ensure easier access to the telecoms infrastructure, through targeted campaigns and the lobbying of National government, will be implemented. The Telecommunication Act and Conveyance Bill will be important documents underlying interventions by the Department. In addition, the unit will need to work closely with the Centre for e-innovation.

The **High Technology and Innovation** unit will target various technology areas, such as advanced materials, nano-technology, robotics, bio-technology and electronics that have become critical in modern production, and that have at their core, the integration of complex systems.

Of importance are the institutions that feed or facilitate new thinking and skills through the innovation pipeline, such as scientific institutions, councils, higher education institutions, and firms. A more developmental approach to encourage and support innovation will be developed through an integrated regional system of innovation. An important focus will be to support new ideas and to ensure the sustainability of firms. This may warrant the development of an Innovation Support Centre, and new regional incentives to overcome initial start-up hurdles.

Currently South Africa is achieving well below its potential in terms of the commercialisation of new concepts, thereby limiting growth and job creation potential.

There may be further crosscutting themes that emerge, such as productivity enhancement, which emerge as important issues within competitiveness. Programmes and incentives can be developed and marketed, both generically and through more sector-focused interventions.

The strategic goal of the unit can be captured by the following statement: "to maximise the competitiveness of firms through the focusing on the crosscutting factors impacting on development.

The planning of this unit will direct all strategies, plans, practices, procedures and resources in achieving the Department's core service delivery objectives. With this in mind, the unit has identified the following strategic objectives that are aimed at delivering on iKapa Elihlumayo in a meaningful way:

- Develop mechanisms and fund interventions to improve the articulation between the current and the future demand for skills, and the supply of education and training.
- Identify and develop interventions to improve the adoption of ICT, and e-commerce across all firms and to all citizens.
- Identify and develop programmes to promote innovative practises, and adoption of globally competitive technologies within firms and institutions.
- Develop programmes to drive productivity, growth and industrial upgrading within and across sectors.

## **ii. Progress Analysis**

This is a new unit in the Department. Some elements of the unit have been carried out in the past through sectoral and HRD interventions. The strategic objectives will be refined as the research and investigative work is undertaken.

Other than interventions in the HRD unit, preliminary research and planned has been conducted. From the initial scan, it would appear that co-ordination amongst stakeholders at all 3 spheres of government is very weak, and there is a strong need for this unit to overcome the existing fragmentation.

The HRD unit has already become entrenched in provincial strategic planning and has been instrumental in developing the HRD framework and instruments that will assist in overcoming the fragmentation amongst service providers.

## **iii. Analysis of constraints and measures planned to overcome them**

As this is a new function, staff will need to be appointed, a detailed research and investigation phase will need to be launched, and new programmes and projects will be entered into. A general challenge is that deep networks exist in these areas, and it will be necessary to understand and develop relationships with key stakeholders. International best practice and case will be examined and modified to suit the provincial requirements.

The constraints to the implementation of the unit's strategic goals will be the fragmented nature of delivery within these areas, and the lack of direct control over service delivery. The responsibilities for these programmes are generally not located at provincial level, and are largely new and untested functions for the Department. Interventions such as carrying out research in the SETAs have played an important role in overcoming constraints in a specific contest.

There are major changes underway in, for example, the telecommunications arena, and the unit will strive to ensure that optimal solutions are developed. It may also be necessary to draw in high-level political support, to overcome technical barriers. These will be clearly articulated and researched, to ensure maximum focus and impact.

Measurement of interventions will be complex. Indicators will be developed to track changes over the 5-year period. Research has been commissioned to assist the Department to develop indicators in HRD, and this methodology may be extended to other areas.

#### **iv. Description of planned quality improvement measures**

As Economic Stimulation is new in the Department, research will be carried out to establish benchmarks, and to provide a basis for quality improvements over time.

Within the HRD unit, indicators are being developed that will measure progress towards becoming a learning region. In terms of ICT and e-commerce, research will be performed to determine the level of Internet adoption both within firms and citizens, with clear targets being set. There are indicators that can be measured to determine the level of innovation in the economy, such as the number of patents registered, spin-out firm registrations, and percentage of R&D within the economy. Research will be conducted to determine the most appropriate measures; and WESGRO will be monitored according to its outputs, against the target of R5 billion in new productive investment over the period.



v. Specification of measurable objectives and performance indicators

**Sub-Programme 3.2: (Strategic Competitiveness) Measurable objectives, performance indicators and targets**

Measurable Objective	Performance Measure or Indicator	Year – 1 (actual)	Base year (outcome estimate)	Year 1 (target)	Year 2 (target)	Year 3 (target)
Perform research and identify key cross-cutting issues impacting on competitiveness	Holding meetings & workshops with key stakeholders to determine priority issues.			<ul style="list-style-type: none"> <li>• 30 interviews</li> <li>• 2 workshops</li> </ul>	<ul style="list-style-type: none"> <li>• 20 interviews</li> <li>• 1 workshop</li> </ul>	<ul style="list-style-type: none"> <li>• 20 interviews</li> <li>• 1 workshops</li> </ul>
	No of issues taken forward into defined projects, with timelines, deliverables and staffing. (Productivity Benchmarking Programme).			1 projects developed	2 projects developed	2 projects developed
HRDS interventions	Develop policy and strategies in line with provincial needs for each of the 6 sectors or spheres of education (ECD, GET, ABET, HE, Workplace, FET), and input into an integrated HRDS.			<ul style="list-style-type: none"> <li>• 6 strategies developed.</li> <li>• 12 workshops held.</li> <li>• 6 interventions identified.</li> </ul>	<ul style="list-style-type: none"> <li>• 6 strategies refined.</li> <li>• 6 workshops held</li> <li>• 6 new interventions entered into</li> </ul>	<ul style="list-style-type: none"> <li>• 6 strategies refined.</li> <li>• 6 workshops held</li> <li>• 6 interventions entered into</li> </ul>

Measurable Objective	Performance Measure or Indicator	Year – 1 (actual)	Base year (outcome estimate)	Year 1 (target)	Year 2 (target)	Year 3 (target)
HRDS interventions continued	Develop 3 major research projects as a contribution to the GDS and MEDS process			3 research projects entered into	3 research projects entered into	3 research projects entered into
	To support the development of the LCI as a key player in the E&T environment			Launch of initiative	Ongoing management of initiative through active participation on the board and sub-committees	Ongoing management of initiative
	To be the anchor department for the Learning Cape Festival, developing 7 focused themes.			<ul style="list-style-type: none"> <li>• 20,000 participants attending mega-event.</li> <li>• 7 key themes profiled and developed.</li> </ul>	<ul style="list-style-type: none"> <li>• 25,000 participants attending mega-event.</li> <li>• 7 key themes profiled and developed.</li> </ul>	<ul style="list-style-type: none"> <li>• 30,000 participants attending mega-event.</li> <li>• 7 key themes profiled and developed.</li> </ul>
	Facilitate and fund interventions in learnerships, colleges and maths and science to improve key outputs.			4 key interventions facilitated, that raise the adoption rate by 10% per year.	4 key interventions facilitated, that raise the adoption rate by 10% per year.	4 key interventions facilitated, that raise the adoption rate by 10% per year.

Measurable Objective	Performance Measure or Indicator	Year – 1 (actual)	Base year (outcome estimate)	Year 1 (target)	Year 2 (target)	Year 3 (target)
Knowledge economy interventions	To perform research and develop an understanding of the profile and constraints to ICT adoption in the province			<ul style="list-style-type: none"> <li>• Carry out research project</li> <li>• Hold 20 meetings with key stakeholders</li> <li>• old 1 major workshop</li> </ul>	<ul style="list-style-type: none"> <li>• Carry out research project</li> <li>• Hold 15 meetings with key stakeholders</li> <li>• Hold 1 major workshop</li> </ul>	<ul style="list-style-type: none"> <li>• Carry out research project</li> <li>• Hold 15 meetings with key stakeholders</li> <li>• Hold 1 major workshop</li> </ul>
	To develop the networks and capacity to intervene at a national level in terms of telecommunications legislation.			<ul style="list-style-type: none"> <li>• Hold 20 meetings with key stakeholders</li> <li>• Hold 1 major workshop</li> </ul>	<ul style="list-style-type: none"> <li>• Hold 15 meetings with key stakeholders</li> <li>• Hold 1 workshop</li> </ul>	<ul style="list-style-type: none"> <li>• Hold 15 meetings with key stakeholders</li> <li>• Hold 1 workshop</li> </ul>
	Develop a campaign to promote the adoption of ICT's targeting firms and/or citizens.			1 major campaign to raise the adoption rate from 10% to 15%	1 major campaign to raise the adoption rate from 15% to 20%	1 major campaign to raise the adoption rate from 20% to 25%
	Fund a WC ICT "driving licence" pilot to train SMMEs and unemployed youth to access the Internet			Increase IT literacy from 20% of the target group to 25%	Increase IT literacy from 25% of the target group to 30%	Increase IT literacy from 30% of the target group to 35%

Measurable Objective	Performance Measure or Indicator	Year – 1 (actual)	Base year (outcome estimate)	Year 1 (target)	Year 2 (target)	Year 3 (target)
Promotion of innovation, Design and advanced technologies (I,D&AT)	To perform research and develop an understanding of the profile and constraints to I,D&AT adoption in the province. To develop a comprehensive regional system of innovation (RIS)			<ul style="list-style-type: none"> <li>Carry out research project</li> <li>Hold 20 meetings with key stakeholders</li> <li>Hold 1 major workshops.</li> <li>Develop a RIS</li> </ul>	<ul style="list-style-type: none"> <li>Carry out research project</li> <li>Hold 20 meetings with key stakeholders</li> <li>Hold 1 major workshop</li> </ul>	<ul style="list-style-type: none"> <li>Carry out research project</li> <li>Hold 20 meetings with key stakeholders</li> <li>Hold 1 major workshop</li> </ul>
	To develop and implement a design strategy, running programmes to encourage the adoption of integrated design through provincial government, HEI's and key design related sectors			<ul style="list-style-type: none"> <li>Finalise and workshop a design strategy</li> <li>Provincial procurement policy incorporating local design criteria</li> <li>5 key sectors targeted for intensive design integration programmes</li> </ul>	<ul style="list-style-type: none"> <li>Provincial procurement policy incorporating local design criteria</li> <li>5 key sectors targeted for intensive design integration programmes.</li> </ul>	<ul style="list-style-type: none"> <li>Provincial procurement policy incorporating local design criteria</li> <li>5 key sectors targeted for intensive design integration programmes.</li> </ul>

Measurable Objective	Performance Measure or Indicator	Year – 1 (actual)	Base year (outcome estimate)	Year 1 (target)	Year 2 (target)	Year 3 (target)
Promotion of innovation, Design and advanced technologies (I,D&AT) continued	Establish an innovation support centre, that would assist in the commercialisation of new concepts and products, and assist new start up companies, with lessons from Blue Catalyst.			50 start-ups facilitated of which 50% should be PDI and 25% women owned companies.	50 start-ups facilitated of which 50% should be PDI and 25% women owned companies	50 start-ups facilitated of which 50% should be PDI and 25% women owned companies
	To develop the networks and capacity to intervene at a national level in terms of I,D&AT incentives and programmes.			Hold 20 meetings with key stakeholders Hold 1 workshop Increase value of incentives accessed by 25%	Hold 20 meetings with key stakeholders Hold 1 workshops Increase value of incentives accessed by 25%	Hold 20 meetings with key stakeholders Hold 1 workshops Increase value of incentives accessed by 25%
	Fund 3 chairs of commercialisation of S&T at each of the universities.			3 professors appointed and functioning	3 professors appointed and functioning	3 professors appointed and functioning
	Develop a campaign to promote the adoption of I,D&AT targeting firms and organisations in the research environment, and funding a WC innovation awards programme.			1 major campaign	1 major campaign	1 major campaign

## **vi. Co-ordination, co-operation and outsourcing plans**

### **Inter-programmal linkages**

Successful delivery will be impossible without buy-in and support of local, provincial (inter- and intra-departmental) and national stakeholders. Partners will include national and provincial government departments, parastatals, and local government.

Co-operative relationships to strengthen governance and the impact of interventions exist with the provincial departments of Agriculture; Local Government; Environmental Affairs and Developmental Planning; Transport and Public Works; and Social Services and Poverty Alleviation.

### **Local Government linkages**

The Department will work with local government to assist in stimulating the local economy through catalytic projects. Support programmes will have service delivery agreements with local municipalities. This will include details of funds that the programmes will transfer to local municipalities for the delivery of such services.

## 5.2 Reconciliation of budget with plan

Sub-programme	Year - 2 2001/02 (actual)	Year - 1 2002/03 (actual)	Base year 2003/04 (estimate)	Average annual change (%) <sup>2</sup>	Year 1 2004/05 (budget)	Year 2 2005/06 (MTEF projection)	Year 3 2006/07 (MTEF projection)	Average annual change (%) <sup>3</sup>
1. Management			777		1131	739	619	
2. Strategic Competitive- ness			5241		2494	3935	4705	
3. Wesgro			7501		6800	8800	8800	
<b>Total programme</b>			<b>13519</b>		<b>10426</b>	<b>13474</b>	<b>14424</b>	



## **PART B: PROGRAMME AND SUB-PROGRAMME PLANS**

### **6. Programme 4: FAIR BUSINESS ENVIRONMENT**

The purpose of Fair Business Environment is to ensure an equitable, socially responsible business environment within the Western Cape through general intervention within the trading environment, and through specific interventions mandated by the Constitution; National Legislation and Policies; and Provincial legislation and policies.

General intervention within the trading environment will ensure that the objectives of fairness and equity are promoted. As outlined in the strategic goals, the programme's function is to promote a business environment within the Western Cape that ensures growth, employment and equity through inter-governmental consultation, the provision of policies, and the appropriate framework legislation.

Specific interventions, to optimally achieve the mandate as set out in the programme's strategic goals, include delivery on the following functions:

- Regulation of the liquor industry
- Development of the liquor industry to be socially responsible
- Provision of consumer protection
- Registration of tourist guides and policing of the tourist guide industry
- Promotion of tourism safety and security
- Promotion of tourism through a road signage framework



**i. Specified policies, priorities and strategic objectives**

The programme's mandates are established as part of the concepts contained in iKapa Elihlumayo. These are reflected in the following manner:

- To create a fair, effective and conducive **business environment** for enterprises and consumers. Most of the policies, legislative interventions, and strategic interventions within this programme are within this objective of iKapa Elihlumayo, which include:
  - Provincial liquor policy and legislation
  - Consumer protection legislation
  - Tourist guide regulation in accordance with national legislation
  - Integrated Tourism Information and Facility Signing Framework
- To create **employment**, especially for the presently unemployed, to make **ownership** of the economy representative of the demography of the Province and to increase levels of **participation** in the economy by all, especially by the previously excluded and presently marginalised.  
Participation in the economy can be evidenced by:
  - interventions within the liquor industry through entry of unlicensed liquor traders into the regulatory framework;
  - efforts to transform the liquor manufacturing sector; and
  - efforts to ensure the entry of historically disadvantaged individuals within the tourist guide industry.
- To make citizens and their enterprises effective players in the **global** economy.
  - The support for the liquor industry development is seen as a strategic intervention to expand the competitiveness of the wine industry in its traditional and non-traditional export markets.

- Addressing threats relating to safety and security of tourist to ensure the sustained global competitiveness of the tourism industry.
- The provision of road signage in accordance with best international practice is aimed at enhancing the tourism industry's ability to compete on a global scale.

## **ii. Progress analysis**

The unit is newly established as part of the Department's restructuring process. Progress analyses of the units (with the exception of two units) are detailed in the respective sections below. Some of the functions of Liquor Industry Development were previously partially fulfilled as part of Liquor Regulations' objectives. However, the objectives contained in the policy document relating to the liquor industry, require an expansion of the Department's activities with regard to mandatory training of the sellers of liquor; addressing the negative consequences of the industry; and sectoral support to ensure growth in exports within the wine industry. Fair Business Environment is a newly constituted unit, and measures will be taken to develop its functionality to enable delivery of its strategic objectives.

## **iii. Analysis of constraints and measures planned to overcome them**

The Department is precluded from a robust approach to harmonisation of policies and legislation that may be required to ensure a fair and equitable trading environment, due to:

- the lack of harmony within national, provincial and local government policies and legislation; and
- the constraints that the Constitutional arrangement of the 3 spheres of government place on any single sphere of government to intervene in policies and legislation outside its direct mandate.

The Department will have to develop a multi-dimensional approach of vigorous advocacy and persuasion in those areas outside its particular mandate and interpret its specific mandate in a broader manner.

#### **iv. Description of planned quality improvement measures**

The integration of sub-programmes that pursue similar strategic objectives within the Department is intended to create synergy that will lead to an improvement of the quality of service. Functions that were housed in disparate units are now located in one programme and integration of related functions are possible. Measures are further taken to ensure that linkages that had existed prior to the restructuring remain, for example, within tourism.

The greater use of computerised data basis, and electronic communication with partners will ensure an increase in efficiency, for example, the implementation of a web-based database of all registered tourist guides enables the monitoring thereof, while at the same time providing the public with a means to access only registered tourist guides. At the same time, the Cape Gateway website contains pertinent information on how to become a registered tourist guide as well as additional, relevant industry information. The use of the Cape Gateway Call Centre to ensure the monitoring of incoming telephone calls have already ensured an improvement in service delivery and will be expanded where appropriate. Provision is made for access by the public to web-enabled data basis to allow for ease of access to information while the use of more traditional means of communication and awareness raising will remain to ensure accessibility by communities and individuals who are unable to make use of the Internet.



## PART B: PROGRAMME AND SUB-PROGRAMME PLANS

### 6.1 Sub-programme 4.2: LIQUOR INDUSTRY DEVELOPMENT

#### i. Specified policies, priorities and strategic objectives

The unit is newly established and is designed to attend to all aspects of the liquor industry within the Western Cape, while developing measures to address the negative consequences of the liquor trade. Not all the objectives referred to under this unit have been newly determined. Some of the objectives have been derived from the regulatory mandate, which stipulates that the provincial sphere of government has to licence the liquor trade as prescribed in Schedule 5 part A of the Constitution.

The following strategic objectives have been identified:

- liquor industry development;
- transformation of the sector; and
- addressing the negative consequences of the liquor trade.

The liquor industry must be developed in a responsible manner to ensure the achievement of economic growth, transformation, and job creation and simultaneously address the negative consequences of the liquor industry.

Economic growth in the sector must be in support of the promotion of international competitiveness of high quality wine exports, both within new markets and through increasing the market share within existing markets.

The unit will address the following key deliverables:

- The oversupply of low quality wine (particularly white wine) that is associated with undesirable social practices, such as bulk wine in unsuitable containers, adds to the negative perception of the South African wine industry and will be discouraged through regulatory and other measures.
- The development of independent breweries as small businesses to ensure diversification of the local beer market has the potential to contribute to job creation and tourism. This will be investigated and if feasible, be supported.
- Ensuring the entry of suitable existing trading establishments within the regulated trade through the new provincial liquor legislation, the provision of training and non-financial support.
- Ensuring the entry of black manufacturers as micro-manufacturers within the wine industry, particular at the higher value end of the industry, will be pursued.
- An outreach programme to ensure the entry of suitable unlicensed traders into the regulatory regime will be established and efforts will focus on entry of these traders into the formal trade.
- It is necessary that a culture of responsible use of liquor is developed to replace the existing culture of misuse through the education of the sellers of liquor and to raise the awareness of the consumers of liquor, of the harm associated with misuse in line with international best practice. Mandatory training programmes will be developed and implemented that will require that the sellers of liquor are aware of and comply with their legal and social responsibilities. In raising awareness of the general public in terms of an ethos of responsible use, the focus will be on groups at risk, such as pregnant women and juveniles.

## **ii. Progress analysis**

The national Liquor Act, No 59 of 2003 was passed during 2003, and became operational on 13 August 2004. The Act imposes a three-tier system on the liquor industry, consisting of the manufacturing and the distributing tiers that will be regulated by the National Liquor Authority; while the sellers of liquor for consumption and micro-manufacturers will be provincially regulated.

The thresholds that have been determined by national liquor regulations ensure that the vast majority of manufacturers will be classified as micro-manufacturers. This allows provincial government to ensure that this sector receives government support.

The national legislation provides that any sale of liquor for consumption purposes must be regulated by provincial entities. Consequently, provincial government is in a position to address the impact that the sale of liquor to consumers has through provincial liquor legislation. The draft liquor policy document that will guide the drafters of the provincial legislation will be approved by Cabinet and the draft provincial legislation will be introduced into the provincial Parliament at the beginning of the 2005-6 financial year.

Initial efforts have been made to support industry organisations that promote the achievement of sustainable export growth in the wine industry. These efforts include supporting bodies that ensure international accreditation and bodies that promote the exporting of quality Western Cape wines. It is intended that these measures will increase the export of quality wines from the Western Cape.

Unlicensed traders have been encouraged to apply for liquor licences; in particular a co-operative relationship has been developed with liquor traders' organisations whose membership comprise largely of unlicensed traders. Also, applications from traders' organisations that subscribe to codes of conduct

promoting responsible trading practices have been encourage. An increase has been detected in the number of applications received from members of the various liquor traders' organisations.

A report on the impact that the supply of standard price bulk white wine in unsuitable containers have on rural communities has been received, and together with other stake holders measures are being taken to ensure that the contents and packaging meet minimum norms and standards. These measures will contribute to the reduction of the abuse of alcohol on farms and decrease the negative perceptions of the wine industry in the Western Cape, both locally and on the international market.

A draft curriculum has been developed by a manufacturing industry funded by a non-government organisation, with input and support from Department, and efforts to have the curriculum accredited and implemented are being made. Studies on the relationship between the provision of training to the sellers of liquor and the decrease in crime is further being supported to ensure that the contents of training programmes remain relevant. These measures will create a climate of responsible liquor trading amongst the sellers and servers of liquor.

The Department has supported two phases of a project to the raise of awareness of foetal alcohol syndrome (FASA) amongst learners within the Breede Valley. It has further supported the establishment of a "safe house" for pregnant women, and for women with children affected by foetal alcohol syndrome. These measures will contribute to the reduction of the occurrence of new incidents of foetal alcohol syndrome in the province.

### **iii. Analysis of constraints and measures planned to overcome them**

The establishment of a new unit has required the creation of posts within the Department that have to be filled. The development of implementation plans and the establishment of new relationships with stakeholders will require dedication from the newly appointed incumbents.

While the structures within the South African Police Services have been exposed to a liquor licensing regime in terms of the Liquor Act, the implementation of the new provincial liquor legislation requires the co-operation of the municipalities who have to date not been exposed to the regulation of the liquor industry. Training and capacity building of the officials of the Department, the municipalities and the South African Police Services, all of who are role-players in ensuring the successful implementation of the legislative measures, will be provided.

The accreditation of the mandatory training programme for newly licensed sellers with the correct sector training authorities and the roll out to accredited service providers will be completed with the assistance of other role-players. In this regard, a co-operative relationship already exists and will have to be expanded on.

The financial implications of the newly promulgated liquor legislation is discussed in the Provincial Liquor Policy document, the costs of the system is to be recuperated from the licensing fees. For this purpose the licensing fees are to be increased from the fees applicable in terms of the Liquor Act, No 27 of 1989.

The following factors influence development of the liquor industry for the purposes of economic growth through export:

- the oversupply of wine internationally in the traditional wine consuming markets;



- the perceptions of the low quality of the largest proportion of South Africa's wine within Britain, which is its single largest market; and
- the strength of the Rand versus the US dollar.

Industry organisations such as wines of South Africa (WOSA) who analyse the world market and promote South African wine export will be supported and its hand strengthened. At the same time, the negative perception of the exploitation of farm workers and families regarding ethical trading practices are to be addressed through the support of non-government and industry organisations and through legislative and regulatory means.

The diversification of the monopoly of beer production through efforts to support new beer brewers will be hampered by the entrenched position that the South African Breweries finds itself in. Diversification will have to be linked to regional tourism by using the newly established brewers as a point of tourism interest with the promotion of niche products, rather than competing with the mass consumed popular varieties.

The existence of a large number of unlicensed retail outlets existing within predominantly historically disadvantaged communities is of the utmost concern. The newly promulgated liquor legislation and the policy provide for measures to address this. The key to successful implementation of policy and the entry of black retailers into the industry lie with the municipal planning authorities who have to ensure that town planning schemes allow suitable circumstances for traders to obtain the correct land use approvals. While the Liquor Licensing Authority may be in a position to support the entry of these traders into the regulatory fold, the development of black-owned small and medium businesses will be stifled if they are unable to fully legitimise their businesses. The matter will be addressed through discussions with the appropriate authorities.

Support to foetal alcohol syndrome (FAS) must be seen as long term in addressing a culture of alcohol abuse. Preventative measures are primarily focused on learners at school. These interventions are costly and labour intensive, but are fortunately supported by other provincial departments, non-government organisations and foreign donors. Further stabilisation of "safe houses" depends on the support of other departments, non-government organisations and industry to ensure sustainability. Awareness of the potentially powerful negative image that may be created and that will detract from efforts to promote the wine industry as a responsible industry has ensured that the manufacturers' representative organisations have pledged support to the cause. Similarly, support must be gained from the industry, particularly the large manufacturers, to promote a general culture of responsible service and consumption of liquor.

#### **iv. Description of planned quality improvement measures**

In the course of the 2005/06 financial year, the newly established unit must set a standard of high-level intervention. It must ensure that it is in a position to intervene in and engage with the industry at a senior level to reach its strategic objectives. Measures will include financial support, informed interaction, influencing decision makers and decisive policy and legislative intervention. The unit is constrained by a lack of financial resources and will have to prioritise its activities and interventions.

**v. Specification of measurable objectives and performance indicators**

Measurable Objective	Performance Measure or Indicator	Year – 1 (actual)	Base year (outcome estimate)	Year 1 (target)	Year 2 (target)	Year 3 (target)
<b>Liquor Industry Development</b>	Promulgation and implementation of provincial liquor legislation		Policy Document approved, legislation introduced in provincial Parliament	Development of regulations, establishment of infrastructure, training of stake holders	Legislation fully operational, interventions to ensure entry of unlicensed traders implemented, conversion of existing licences initiated	Targets for increasing the entry of newly licensed traders met, targets for conversion of existing licences met
	Liquor product safety		Analysis of reports and determination of action plan and ground work for implementation	Roll out of measures, including legislative measures	Re-evaluation and realignment of action plan, monitoring and evaluation of roll out	Re-evaluation and realignment of action plan, monitoring and evaluation of roll out
	Support of growth in exports of quality wine		SWOT analysis, base line determination and project identification	Roll out of identified projects, monitoring and evaluation	Re-evaluation and realignment of projects, monitoring and evaluation of roll out	Re-evaluation and realignment of projects, monitoring and evaluation of roll out
	Support for accredited certification projects		SWOT analysis, base line determination and project identification	Roll out of identified projects, monitoring and evaluation	Re-evaluation and realignment of projects, monitoring and evaluation of roll out	Re-evaluation and realignment of projects, monitoring and evaluation of roll out
	Support for diversification in the beer micro-manufacturing sector		SWOT analysis, base line determination and project identification	Roll out of identified projects, monitoring and evaluation	Re-evaluation and realignment of projects, monitoring and evaluation of roll out	Re-evaluation and realignment of projects, monitoring and evaluation of roll out

Measurable Objective	Performance Measure or Indicator	Year – 1 (actual)	Base year (outcome estimate)	Year 1 (target)	Year 2 (target)	Year 3 (target)
<b>Liquor Industry Transformation</b>	Support for measures to increase in the number of licensed retail outlets owned by HDI		150	+300	+3000	+3000
<b>Responsible Use Awareness and Education</b>	Roll out of mandatory training programme		Curriculum developed	Training accredited and service providers identified	3000 trained Monitoring and evaluation	3000 trained Monitoring and evaluation
	Support for projects that raises awareness of FAS in targeted areas		Finalisation of phase 2 of FAS Facts project, monitoring and evaluation	Roll out of project beyond Breede River Valley in Cape Winelands District Municipality	Roll out of project to all rural municipalities Monitoring and evaluation	Roll out of project to all urban municipalities Monitoring and evaluation
	Support for the establishment and maintenance of "FAS safe houses"		One safe house established	Determination of needs – roll out of two further safe houses (total 3)	Monitoring and evaluation of established safe houses Determination of needs – roll out of two further safe houses (total 5)	Monitoring and evaluation of established safe houses Determination of needs – roll out of two further safe houses (total 7)
	Support for project that raises awareness of responsible use of liquor		SWOT analysis, base line determination and project identification	Roll out of identified projects, monitoring and evaluation	Re-evaluation and realignment of projects, monitoring and evaluation of roll out	Re-evaluation and realignment of projects, monitoring and evaluation of roll out



## PART B: PROGRAMME AND SUB-PROGRAMME PLANS

### 6.2 Sub-programme 4.3: LIQUOR REGULATION

Liquor Regulation is committed to the principles of empowerment, poverty reduction and integrated planning to shape delivery of services and to meet customer demands. Planning directs all strategies, plans, practices, procedures and resources in achieving the Department's core service delivery objectives. With this in mind, Liquor Regulation has identified policies, priorities and strategic objectives that are in line with the concept of iKapa Elihlumayo.

#### i. Specified policies, priorities and strategic objectives

The new National Liquor Act, No 59 of 2003 that came into operation on 13 August 2004, has imposed a new regulatory environment on the liquor industry. The Act provides for a three-tier system of distributor, retailer and manufacturer and allows for the regulation of manufacturers and distributors by the National Liquor Authority. The retail and micro-manufacturing tiers are to be regulated in terms of the Liquor Act, No 27 of 1989 ("the old Liquor Act") as default legislation until the new provincial liquor legislation is in place. The unit is responsible for the administration of the old Liquor Act and the transition to the newly promulgated provincial liquor legislation once this becomes operational.

In terms of the Liquor Act, No 27 of 1989, the provincial Liquor Board consists of a chairperson and deputy chairperson, who are officials. Administrative support is provided from within the Department. Officials from the unit serve as chairperson

and deputy chairperson and manage the unit, together with its administrative functions.

The unit further provides for monitoring and compliance by liquor license holders with the provisions of the Liquor Act and the liquor licence conditions. Officials tasked with this duty are responsible for regular inspections of licensed premises in collaboration with the designated police officers. Where license holders are in transgression of the regulatory requirements, corrective measures are implemented, and if justified, action is taken to ensure the withdrawal of licenses. The unit will provide prosecutorial services to assist complainants in cases where license holders are summoned before the Liquor Board to respond to charges of misconduct.

Assistance will be further provided with the training of officials of other departments that are involved in aspects of the implementation of liquor legislation. Training of municipal officials, designated liquor officers and officials from the Department of Justice on aspects of the new provincial legislation is foreseen.

## **ii. Progress analysis**

In terms of the provisions of the Constitution, provincial government is exclusively responsible for the licensing of the retail liquor trade and micro-manufacturing. A White Paper containing a policy on the liquor industry has been approved and draft legislation is being developed for implementation.

The unit houses the Liquor Board of the Western Cape and is primarily involved in the regulation of the retail and micro-manufacturing sectors of the liquor industry. The Board is a vital role player in the SMME sectors of the industry; it is estimated that on average, 4 jobs are created per license granted. The Board approved approximately 1200 new licenses in previous financial year.

However, liquor is also notorious for its social evils. The Board addressed a numbers of problems related to licensed premises, where in some instances licenses were revoked. Therefore, the goals are to have a socially responsible liquor licensing system, with the emphasis on enhancing the quality of life.

The main challenge for the 3-year period will be the balanced attempt to regulate the informal retail trade within the industry. A further important challenge for this unit will be ensuring lawful compliance by license holders. The need for a training and education programme for law enforcement agencies and prosecutors of the Justice Department relating to the compliance of liquor laws has been identified and will be developed and implemented.

The issue of organised crime activities within the retail and micro-manufacturing sectors of the liquor industry has become a primary priority and the necessary steps have been taken to address this issue. However, this project demands sophisticated and careful planning which requires the necessary human and other resources in order to address the problems effectively.

### **iii. Analysis of constraints and measures planned to overcome them**

The effective implementation of provincial liquor legislation may be affected, as the entry of the municipalities in terms of implementing agents of the new system will require the provision of systems, training and the allocation of resources. Discussion with local government structures to ensure implementation is required.

Participation by all stakeholders is required to ensure that the largely unlicensed liquor retail sector is engaged in the initiation of a licensing process, which will increase the number of licensed liquor outlets and decrease the number of unlicensed liquor.

Tavern applications are unique and could flare public outcry. Strict measures have been developed to ensure a comprehensive public participation process. The assessment guideline on tavern applications makes provision for a public participation process.

The development, and implementation of a training programme by the Inspectorate for law enforcement agencies and prosecutors of the Justice Department are other stakeholders whose continued participation must be ensured. The Inspectorate lacks resources. This constraint will be addressed as the need for quality service delivery increases.



#### **iv. Description of planned quality improvement measures**

Information technology systems to provide for the effective implementation of liquor legislation have been developed and are being implemented.

In terms of the current Liquor Act, Act 27 of 1989, a set program of monitoring and evaluation for the Liquor Board and the unit must be developed. This will enable consistent evaluation of a needs analysis in order to improve the quality of service delivery.

**v. Specification of measurable objectives and performance indicators**

<b>Measurable Objective</b>	<b>Performance Measure or Indicator</b>	<b>Year – 1 (actual)</b>	<b>Base year (outcome estimate)</b>	<b>Year 1 (target)</b>	<b>Year 2 (target)</b>	<b>Year 3 (target)</b>
Implementation of provincial liquor legislation and establishment and maintenance of subsequent structures.	Fully operational structure in accordance with the legislation		Liquor policy approved, legislative drafting process commenced	Liquor Board and administrative staff operational, Designated Police Officers and Municipal officials capacitated		
Maintaining an effective and socially responsible liquor licensing system.	Effective and efficient administration of the regulated environment		<ul style="list-style-type: none"> <li>• Increase the number of licences from 5700 to 6500</li> <li>• Four months from date of lodgement to date of finalisation for unopposed applications</li> </ul>	Increase the number of licences from 6500 to 7300	Increase the number of licences from 7300 to 8100	Increase the number of licences from 8100 to 9000
Conduct routine liquor inspections and investigations of as many licensed establishments as possible to ensure compliance with liquor laws and regulations.	Implementation of a structured inspection plan with priory areas and categories and measurable outcomes		Increase the number of inspections to 200	Increase the number of inspections to 300	Increase the number of inspections to 400	Increase the number of inspections to 500

*... the two key issues confronting our people: creating work and fighting poverty*

*Premier Ebrahim Rasool, April 2004*

Measurable Objective	Performance Measure or Indicator	Year – 1 (actual)	Base year (outcome estimate)	Year 1 (target)	Year 2 (target)	Year 3 (target)
To provide effective means of resolving contested cases and other disputed matters.	<ul style="list-style-type: none"> <li>Interventions by the Liquor Board Inspectorate</li> <li>Liquor Board hearings</li> </ul>		<ul style="list-style-type: none"> <li>Inspections based on complaints received, corrective measures including advice, mediation and prosecution</li> <li>Hearings to impose further/new conditions or withdrawal of licences</li> </ul>	<ul style="list-style-type: none"> <li>Inspections based on complaints received, corrective measures including advice, mediation and prosecution</li> <li>Hearings to impose further/new conditions or withdrawal of licences</li> </ul>	<ul style="list-style-type: none"> <li>Inspections based on complaints received, corrective measures including advice, mediation and prosecution</li> <li>Hearings to impose further/new conditions or withdrawal of licences</li> </ul>	<ul style="list-style-type: none"> <li>Inspections based on complaints received, corrective measures including advice, mediation and prosecution</li> <li>Hearings to impose further/new conditions or withdrawal of licences</li> </ul>
Education, training of law enforcement agencies and prosecutors of the Justice Department pertaining to compliance of liquor laws.	Effective law enforcement in matters associated with the liquor legislation		Development of partnership and curriculum	80% of law enforcement and Justice personnel tasked with liquor related offences trained	80% of law enforcement and Justice personnel tasked with liquor related offences trained	80% of law enforcement and Justice personnel tasked with liquor related offences trained
Addressing the organised crime question within the retail and manufacture sectors of the liquor industry	Regulated liquor industry without organised criminal elements within the licensed environment		Development of system of investigation of licence applicants for links with organised crime	Ensuring that every new licence applicant has been vetted for links with organised criminal activity	Ensuring that every new licence applicant has been vetted for links with organised criminal activity	Ensuring that every new licence applicant has been vetted for links with organised criminal activity



## PART B: PROGRAMME AND SUB-PROGRAMME PLANS

### 6.3 Sub programme 4.4: OFFICE OF THE CONSUMER PROTECTOR

#### i. Specified policies, priorities and strategic objectives

The unit's strategic objectives are derived from the departmental objectives, which are:

- promotion of a fair, efficient and transparent market place for consumers and business (providing protection to all economic citizens, including small businesses);
- provision of a consistent, predictable and effective regulatory framework, which fosters consumer confidence, and at the same time recognises the developmental imperatives of the South African economy;
- provision of access to effective redress for consumers as economic citizens (including enforcement of legislation and application of sanctions); and
- promotion of consumer rights awareness, by disclosure and access to information by consumers, and recognition and support of the role of activist and confident consumers in promoting a competitive economy.

#### ii. Progress analysis

Apartheid had left South Africa with a legacy of poor, illiterate or semi-literate and acquiescent consumers who were ignorant of their important role as drivers of the economy, and who were consequently prepared to accept poor service, inferior products of limited range and the lack of or inadequate provision of redress.

Base-line research carried out by the Office of the Consumer Protector (OCP) in 1999, revealed that the consumer complaints and advice service offered by the OCP were not easily accessible to poor, and more particularly, rural consumers for the following reasons:

- Geographical separation (distance from the office in Cape Town).
- Low levels of literacy and the consequent inability to properly articulate their problem(s) over the telephone.
- Poverty (no or insufficient funds to call the office in Cape Town).
- Technophobia (using a telephone, dealing with a voice-recording, being unfamiliar with computers, the Internet, etc.).

Taking cognisance of the above, OCP management realised that it would have to drastically revise its methods of delivery, with regard to its mechanisms for complaints resolution, in order to provide proper access to poor and otherwise marginalised people.

The possibility of establishing satellite offices in each of the 5 rural districts of the province was investigated, and summarily abandoned when a preliminary and basic costing exercise revealed that this option would simply be too expensive. Accordingly, the OCP set about establishing a network of advice offices as walk-in service points throughout the Province where consumers could lodge their consumer-related complaints in a face-to-face environment.

Furthermore, the accessibility to the unit's internal complaints management mechanisms was improved through the establishment of a call centre (with an integrated electronic complaints management system) that can be accessed toll-free, as well as the provision of ground-floor premises with high visibility and prominent signposting. In addition, substantial energy was spent on marketing the existence and service of the OCP. This has resulted in vastly increased levels of awareness as reported by members of the public and other role-players, and

an almost three-fold increase in the number of complaints lodged with the unit by consumers. Despite the major increase in the volume of work, the unit continues to achieve a resolution rate of more than 65% of complaints lodged, within the first 30 days after lodgement.

The Consumer Affairs (Unfair Business Practices) Act, 10 of 2002, was passed on 10 December 2002, but has not been put into operation yet, due to a variety of factors.

The key challenges faced by the unit are:

- lack of capacity on the part of the advice offices;
- lack of appropriate training programmes;
- unresponsiveness and lack of commitment on the part of other government departments who benefit from the services delivered by the advice offices; and
- difficulty in establishing partnerships with other government departments, non-governmental organisations, donor institutions and regulatory institutions in order to provide a sustainable support base for the advice office network.

### **iii. Analysis of constraints and measures planned to overcome them**

In the past, the unit has identified a number of constraints in achieving its objectives. The ability of the unit to deliver services effectively in the rural areas, is hampered by:

- deficiencies in capacity and resources in the advice office network; and
- poor governance by advice office management committees.

Measures to improve service delivery include initiatives to have a local tertiary institution structure a purpose-designed, SAQA-accredited training programme for advice office staff. Implementation of the training will be co-funded by the Department and by an NGO. Negotiations to engage a national development agency to sponsor management training for advice office management committees are ongoing and it is envisaged that assistance may be forthcoming from this source.

Difficulty in establishing inter-governmental partnerships and programmes' co-operation is a constraint. In this regard, The MEC of Finance, Economic Development and Tourism has been supportive and where necessary, intervention and support will be needed.

Also, there has been a lack of responsiveness on the part of donors, NGOs and regulatory institutions to consumer related issues. The OCP has been engaging donors, NGOs and regulatory institutions on the basis of "seed capital" being provided by the Department (OCP) to ensure support for consumer related issues.

Further constraints, include consumer apathy and a lack of a culture of consumer rights awareness, which has its origins in the low priority that consumer rights had under apartheid. The establishment of a culture of consumer awareness

through effective education and awareness programmes is part of the mandate of the OCP.

Lastly, there is a lack of effective redress mechanisms for unresolved consumer complaints, which will be addressed when the Consumer Tribunal becomes functional.

#### **iv. Description of planned quality improvement measures**

Measures to improve the quality of services offered by the OCP, include:

- the appointment of more staff to support the Consumer Tribunal;
- improvement of service levels through the development and implementation of service level charters with staff;
- implementation of independent monitoring and evaluation (M&E) of services, together with ISO certification of the advice and assistance services rendered; and
- improvement of electronic complaints management system(s).



**v. Specification of measurable objectives and performance indicators**

<b>Measurable Objective</b>	<b>Performance Measure or Indicator</b>	<b>Year – 1 (actual)</b>	<b>Base year (outcome estimate)</b>	<b>Year 1 (target)</b>	<b>Year 2 (target)</b>	<b>Year 3 (target)</b>
Implementation of existing provincial consumer protection legislation, including establishment of the Consumer Tribunal	Fully operational Act and Consumer Tribunal		Regulations to Act approved; additional staff approved and appointed; Tribunal members and staff trained	Consumer Tribunal fully operational	Number of cases referred to and finalised by Tribunal increased by 25% over Year 1	Number of cases referred to and finalised by Tribunal increased by 25% over Year 2
Participation in national legislative initiatives to remedy areas of concern in consumer and small business environment, to ensure effective provincial implementation and enforcement thereof	Effective system of communication and co-operation between OCP and <b>dti</b> regarding legislative initiatives in consumer and small business environment		<ul style="list-style-type: none"> <li>• Ongoing review of national legislation</li> <li>• Submissions made i.r.o. any relevant proposed national legislation</li> <li>• Monitoring of impact of submissions made by OCP</li> </ul>	<ul style="list-style-type: none"> <li>• Ongoing review of national legislation</li> <li>• Submissions made i.r.o. any relevant proposed national legislation</li> <li>• Monitoring of impact of submissions made by OCP</li> </ul>	<ul style="list-style-type: none"> <li>• Ongoing review of national legislation</li> <li>• Submissions made i.r.o. any relevant proposed national legislation</li> <li>• Monitoring of impact of submissions made by OCP</li> </ul>	<ul style="list-style-type: none"> <li>• Ongoing review of national legislation</li> <li>• Submissions made i.r.o. any relevant proposed national legislation</li> <li>• Monitoring of impact of submissions made by OCP</li> </ul>

Measurable Objective	Performance Measure or Indicator	Year – 1 (actual)	Base year (outcome estimate)	Year 1 (target)	Year 2 (target)	Year 3 (target)
Provision and maintenance of effective and appropriate <u>internal</u> systems that enable consumers to lodge their complaints and queries with the OCP (walk-in facilities, call centre and correspondence tracking)	Provision and maintenance of effective and appropriate means that enable consumers to lodge their complaints and queries with the OCP		Systems for effective, cost-efficient lodgement, receipt and management of consumer complaints installed and internal staff trained in use thereof	Completion of process of refinement and enhancement of electronic complaints management system(s); number of complaints handled increased by 10% over Base Year	<ul style="list-style-type: none"> <li>• Number of complaints handled increased by 10% over Year 1</li> <li>• Number of complaints resolved within first month increased by 10% over Year 1</li> </ul>	<ul style="list-style-type: none"> <li>• Number of complaints handled increased by 10% over Year 2</li> <li>• Number of complaints resolved within first month increased by 10% over Year 2</li> </ul>
Establishing internal infrastructure for the effective investigation of consumer complaints and inspection of businesses (trade inspectorate) and conducting of routine and specific inspections to ensure compliance with consumer protection legislation			<ul style="list-style-type: none"> <li>• Resolving with the national government aspects of legislation dealing with devolution of powers to province</li> <li>• Formal appointment of trade inspectors</li> <li>• Commencement of routine and complaint-specific inspections</li> </ul>	Increase number of inspections by 50% over Base Year	Increase number of inspections by 25%	Increase number of inspections by 25%

Measurable Objective	Performance Measure or Indicator	Year – 1 (actual)	Base year (outcome estimate)	Year 1 (target)	Year 2 (target)	Year 3 (target)
Providing adequate infrastructure to agencies (advice offices) providing access on behalf of the OCP	Well-equipped and resourced advice offices enjoying high level of recognition in communities		<ul style="list-style-type: none"> <li>Providing the network of OCP-funded advice offices with an electronic complaints management system (ECMS), and appropriate training in its use to advice office staff</li> <li>Branding: (location, logo(s) and furnishings) of the advice offices as a trusted, recognised service delivery point for consumers in province</li> </ul>	<ul style="list-style-type: none"> <li>Increase number of complaints handled via ECMS by 25% on Base Year</li> <li>Production of first annual report on advice office programme, incl. statistical report on complaints handling</li> <li>Determine success of branding through independent survey, results to be used as baseline assessing future success</li> </ul>	<ul style="list-style-type: none"> <li>Increase number of complaints handled via ECMS by 10% on Base Year</li> <li>Increase brand recognition by 20% (independently determined)</li> </ul>	<ul style="list-style-type: none"> <li>Increase number of complaints handled via ECMS by 10% on Base Year</li> <li>Increase brand recognition by 20% (independently determined)</li> </ul>
Establishing infrastructure for the execution of credit registration and regulation function in terms of national legislation (as per Consumer Credit Bill), if accepted by the province(s)	Fully functional infrastructure for regulating of credit industry		<ul style="list-style-type: none"> <li>Resolving with dti which aspects of industry regulation are to be executed by province</li> <li>Needs analysis determining required resources)</li> </ul>	<ul style="list-style-type: none"> <li>Approval for appointment of required staff and procurement of equipment</li> <li>Training of new staff I operations of credit registration and regulatory system</li> </ul>	<ul style="list-style-type: none"> <li>Monitoring of registration of credit grantors and credit transactions</li> <li>Production of statistical and annual reports as credit regulator</li> </ul>	<ul style="list-style-type: none"> <li>Monitoring of registration of credit grantors and credit transactions</li> <li>Production of statistical and annual reports as credit regulator</li> </ul>

Measurable Objective	Performance Measure or Indicator	Year – 1 (actual)	Base year (outcome estimate)	Year 1 (target)	Year 2 (target)	Year 3 (target)
Monitoring and evaluating levels of service delivery, and implementing constant improvement strategies	Excellent service delivery by OCP and advice offices, measured against external benchmark		Engaging external agency to evaluate and benchmark service delivery by OCP and advice offices and to produce report and recommendations	Implementing of accepted recommendations	Monitoring of improvement in terms of benchmark (Target to be determined in terms of recommendations)	Monitoring of improvement in terms of benchmark (Target to be determined in terms of recommendations)
Identifying, devising and implementing appropriate and effective measures to raise awareness of the existence of the OCP and the services offered by it	OCP instantly recognised as primary consumer protection institution in the province		Branding the OCP as a trusted, recognised institution for consumer protection in province	Determine success of branding and trust levels through independent survey, results to be used as baseline assessing future success	<ul style="list-style-type: none"> <li>• Increase brand recognition by 15% (independently determined)</li> <li>• Increase level of public trust in OCP by 10% (independently determined)</li> </ul>	<ul style="list-style-type: none"> <li>• Increase brand recognition by 10% (independently determined)</li> <li>• Increase level of public trust in OCP by 5% (independently determined)</li> </ul>
Support for and co-operation in projects aimed at raising consumer awareness in general and/or i.r.o. specific consumer rights and/or issues	Cost-effective awareness raising through co-operation between OCP, regulatory bodies and NGOs		Roll-out of integrated consumer education campaign involving all major regulatory institutions and NGOs, monitored statistically where possible	<ul style="list-style-type: none"> <li>• Roll-out of integrated consumer education campaign involving all major regulatory institutions and NGOs</li> <li>• Increase of 10% in numbers of consumers reached</li> </ul>	<ul style="list-style-type: none"> <li>• Roll-out of integrated consumer education campaign involving all major regulatory institutions and NGOs</li> <li>• Increase of 10% in numbers of consumers reached</li> </ul>	Increase of 10% in numbers of consumers reached

Measurable Objective	Performance Measure or Indicator	Year – 1 (actual)	Base year (outcome estimate)	Year 1 (target)	Year 2 (target)	Year 3 (target)
Identifying appropriate consumer activist and lobby groups to support, and/or assisting in establishment and/or merger of such groups; building their capacity and facilitating increase in funding	Well-resourced consumer activist and lobby groups able to reflect consumer concerns and influence government and business		<ul style="list-style-type: none"> <li>Initiating discussions with all local consumer activist and lobby groups</li> <li>Assisting with mergers and other initiatives as appropriate</li> </ul>	Providing support to consumer NGOs, incl. accessing to international and local funding	Increase of 10% over Year 1 in funding to consumer NGOs in Western Cape	Increase of 10% over Year 2 in funding to consumer NGOs in Western Cape
Facilitating linkages between local and international lobby and activist groups	Well-integrated consumer activist society with strong international representation in SA		<ul style="list-style-type: none"> <li>Launch of initiatives to establish substantive contact with international consumer lobby groups</li> <li>Determine level of current linkages between SA and intern. consumer lobby groups</li> </ul>	<ul style="list-style-type: none"> <li>Establish database of contacts with local and international consumer groups</li> <li>Increase level of contact between WC-based, national and inter-national consumer lobby groups and NGOs</li> </ul>	<ul style="list-style-type: none"> <li>Launch lobbying for international consumer NGO (CI) to relocate Africa regional office to SA</li> <li>Ongoing monitoring of level of contact</li> </ul>	CI relocates Africa regional office to SA Ongoing monitoring of level of contact



## **PART B: PROGRAMME AND SUB-PROGRAMME PLANS**

### **6.4 Sub-Programme 4.5: TOURISM SAFETY AND REGULATION**

#### **i. Specified policies, priorities and strategic objectives**

Regulation of tourist guides in the Western Cape is part of the strategic initiative to provide a fair and equitable business environment that allows for socially responsible growth, while ensuring equity and fairness. The functions of the Western Cape Tourist Guide Registrar have been assigned to Fair Business Environment and the registration of tourist guides and the regulation of the tourist guide industry are processed in accordance with national legislation.

A further function assigned to the unit, is the promotion of safety and security of tourists within the Western Cape. Provision of a mechanism to promote the safety and security of tourists and to ensure that measures are provided for where safety has been compromised, require the development and implementation of strategies and dedicated capacity. This will contribute to the value of the tourism product in that identified threats to the tourists and to the industry are identified and appropriate measures are taken to reduce the risks and to manage perceptions.

The development of a strategy and measures to provide for signage of tourism related activities in line with best international practice, and in a co-ordinated and consistent manner has been identified as a requirement to ensure that the environment in which the tourism industry functions facilitates the growth of the industry.

Various strategies and policy documents were developed by the Department, prior to the restructuring process, when the functions of tourist guiding; tourism safety and security; and tourism road signage resided in another unit. Fair Business Environment will ensure the implementation of the strategies and policy documents.

The function of regulation of tourist guides emanates from the national Tourism Act, No 72 of 1993, as amended. The legislation provides for a Tourist Guide Registrar in each province and requires the exercise of the functions relating to registration, disqualification, discipline and dissemination of information reflected in the description of the strategic objectives. The Western Cape has established and maintains a fully functional office that has a record of approximately 3 000 registered tourist guides within the province.

The Department has taken pro-active measures to promote the transformation of the industry by supporting the entry of tourist guides from the historically disadvantaged communities through the support of studies at the Cape Technikon and a mentoring project. The support for the entry of tourist guides with HDI status will be supported through appropriate means, including but not limited to financial support for advanced training programmes for existing HDI guides and mentorship arrangements with established tourist guiding entities.

The Department will further support, through financial and non-financial measures, the establishment of an umbrella body that is capable of representing the interest of tourist guiding associations and individual tourist guides, regardless of the categories of registration. The support for the organisation will include assistance with transformation of the industry.

Safety and security within the tourism sector will be approached in co-operation with other stakeholders. As safety and security is not the core business of the Department, the Department must rely on law enforcement agencies and

emergency services to render the primary service of protection. The Department's goal is to attend to the threat that breaches of safety and security may provide to the tourism industry.

While high profile disasters such as vehicle collisions enjoy media coverage, it is probably perceptions of crime and the vulnerability of tourists to exploitation that are the greatest threat to the industry. The Department will engage with stakeholders within the industry to raise awareness of the importance of safety and security issues within the industry and will further embark on a programme of public education to raise awareness of the importance of the tourism industry in the economy of the province. The objective of the public awareness campaign is to provide a tourist friendly environment where the visitor is appreciated and his or her safety and security prioritised.

The next strategic objective is to manage media perceptions of incidents that may have a negative impact on the industry. It is necessary that a single spokesperson act on behalf of the tourism industry in the Western Cape, as controversial statements by perceived authorities will ensure confusion and have a negative effect on the industry. The industry is highly sensitive to perceptions and occurrences that are not directly related to the Western Cape or to the tourism industry but that are perceived as posing a threat to the tourists. These incidents are to be monitored and evaluated by the Department and to be commented upon by the MEC as spokesperson on behalf of the industry.

While the safety and security of tourists cannot be guaranteed, the support given to the victim and relatives may ameliorate the negative impact that the incident(s) may have on the perception of the Western Cape as a tourism destination. By ensuring the provision of a victim support programme capable of responding to the needs of victims, the effect of an unfortunate incident may be reduced. It is intended that the perception of the Western Cape must be that of a caring community.



The development of identified routes within the different regions of the province based on common themes or linked by a common denominator is an important part of making the hinterland accessible to tourists. The promotion of routes amongst stakeholders in the industry, linked with the provision of appropriate promotional material, introduces unknown or lesser-known destinations to travellers in the region.

Road signage, with a particular focus on tourist attractions, ensures that visitors to the area are able to reach their intended destinations and increases additional visitor exposure to unknown attractions. Road Signage is an indispensable part of the development of a tourism infrastructure within the Province, and is necessary to provide uniform and recognisable signage in a manner that prevents confusion or the proliferation of inappropriate signage.

As part of the development of tourism within the Western Cape during previous years the Integrated Tourism Information and Facility Signing Framework was developed. It addresses infrastructure imperatives to grow tourism. The framework introduces signage as part of the information-provisioning network. It looks at information points and how they strategically link into information distribution. The framework has not been met with universal acceptance and stakeholders are engaged to ensure a mutually acceptable outcome. The structures that have been developed with the municipal sphere of government relating to tourism promotion and road signage are to be supported and the development of routes and appropriate signage encouraged. Assistance will be provided to the relevant authorities to address the problems of illegal signage through legal interventions.

## **ii. Progress analysis**

The Tourism Safety and Regulation function were developed prior to the restructuring and have been newly assigned to this unit.

### **Tourist Guide Registration**

Tourism is one of the Western Cape's largest sectors. An important facet of the industry is the tourist guiding sector and the professionalism of tourist guides. The industry as a whole, and tourist guiding in particular, remains largely untransformed in that it is dominated by a minority group who are perceived as elitist by the majority of inhabitants of the province.

Until the passing of the Tourism Second Amendment Act, regulation of the tourist guiding sector was a national competency. Passing of the legislation has provided the Provincial Government with a mandatory function to ensure the registration of tourist guides, including policing of the industry, at a provincial level. However, inadequate regulations and enforcement measures prevent effective implementation of policing the industry.

### **Tourism Safety and Security**

Ensuring the safety of tourists, particularly foreign visitors may be seen as one of the important requirements for a sustainable tourism industry. The unfortunate events that have occurred in well-known international tourist destinations have confirmed the issue beyond any doubt. While South Africa, and the Western Cape, has to date not been the victim of high profile incidents, the perception of crime, as a risk to the safety and well-being of tourists remain a concern. Adverse media reports and anecdotal evidence within their own countries by tourists who are victims of crime may exacerbate the negative perceptions.

The approval of the FIFA Soccer World Cup bid for 2010 is seen as a major tourism event that will provide a challenge as far as safety and security of thousands of visitors are concerned. Sustainability of the industry will require prioritisation of the development of a world-class victim support infrastructure in the years preceding the event.

The Department is not responsible for safety and security, but is responsible for tourism and as such must manage the consequences of breaches of tourism safety and security to minimise the impact thereof on the industry.

### **Tourism Road Signage**

Tourists are generally not acquainted with the areas in which they are travelling and depend on information to derive full benefit from the visit. Such information may be gleaned from promotional material, books or anecdotal evidence. While well-known attractions may be sought out by the tourists, many lesser-known or unknown places are overlooked, to the detriment of the local tourism industry, including tour operators and tourists themselves. A proliferation of illegal and inappropriate signs has arisen in an attempt by the tourism industry to attract tourists. This proliferation is damaging to the industry as a whole, is unfair to the tourism industry stakeholders who are law abiding, and may be potentially dangerous to road users.

Road signage is traditionally seen as the purview of the departments responsible for providing roads and the provision of signage has not been approached with the view of contributing to the development of local economies, in particular the development of the tourism sector. Road signage is generally regulated by nationally prescribed regulations. Intervention in accordance with an approved framework based on the interests of the industry is required.

### **iii. Analysis of constraints and measures planned to overcome them**

Tourism is a broad based industry and its success is dependent on partnerships and collaborations with other government departments, private sector and non-governmental sectors. Therefore, engagement in consultative processes is necessary and can take longer than envisaged, which may have an impact on performance and delivery.

Some of the responsibilities that will lead to infrastructure support, reside in other departments, for example, implementation of tourism signage in terms of the planning phase, manufacturing and erection of signs is the responsibility of the Department of Public Works and Transport. Even though the Department of Public Works and Transport is committed to the implementation of the signage framework, it is a core function. The establishment of different multi-sectoral committees and forums to fast track processes will be implemented.

The Department of Environmental Affairs and Tourism have not yet completed the national tourist guide regulations, which will include policing of the industry. Therefore, the Department has been unable to implement any systems for policing illegal tourist guides. While the Department is engaging the responsible national department on an ongoing basis, discussions on the issue and the possibilities of other avenues to address the problem of illegal guiding is being investigated.

The consequence of a breach of tourists' safety and security has been identified as a threat to the tourism industry and economy of the Western Cape. Safety and security are not line functions of this Department. The political, economic and public relations outcome requires the Department to take a lead role in ensuring that threat is managed. The Department requires ongoing engagement with the line functional departments, emergency and protection services and stakeholders in the tourism industry to manage the risk.

#### **iv. Description of planned quality improvement measures**

Quality improvement measures include constant communication between stakeholders, quarterly reviews, peer reviews and public impact surveys. These will form the basis of reviewing quality on an annual basis.

**v. Specification of measurable objectives and performance indicators**

<b>Measurable Objective</b>	<b>Performance Measure or Indicator</b>	<b>Year – 1 (actual)</b>	<b>Base year (outcome estimate)</b>	<b>Year 1 (target)</b>	<b>Year 2 (target)</b>	<b>Year 3 (target)</b>
Keep an accurate and accessible register of qualified tourist guides within the province in accordance with the legislation	Number of new and re-registered tourist guides on the database		<ul style="list-style-type: none"> <li>Approximately 3500 registered guides.</li> <li>Basic electronic database established</li> </ul>	<ul style="list-style-type: none"> <li>Increase of approximately 1000 re-registrations and 500 new registrations</li> <li>Database modified and upgraded</li> </ul>	<ul style="list-style-type: none"> <li>Increase of approximately 1500 re-registrations and 1000 new registrations</li> <li>Database maintained</li> </ul>	<ul style="list-style-type: none"> <li>Increase of approximately 2000 re-registrations and 1500 new registrations</li> <li>Database maintained</li> </ul>
Deal with complaints against tourist guides through the exercise of disciplinary powers	Number of complaints recorded and attended to		<ul style="list-style-type: none"> <li>No enforceable legislation in place to deal with illegal guiding</li> <li>Approximately 20 complaints of misconduct received</li> </ul>	<ul style="list-style-type: none"> <li>To facilitate a process with National DEAT to speed up review of legislation, while considering non-legislative alternatives at provincial sphere</li> <li>Implement process for addressing complaints on misconduct</li> </ul>	<ul style="list-style-type: none"> <li>Amended National legislation becomes operational.</li> <li>Continue with non-legislative provincial measures</li> <li>On-going process to address complaints on misconduct</li> </ul>	<ul style="list-style-type: none"> <li>Implement National legislation</li> <li>Continue with non-legislative provincial measures</li> <li>On-going process to address complaints on misconduct</li> </ul>

Measurable Objective	Performance Measure or Indicator	Year – 1 (actual)	Base year (outcome estimate)	Year 1 (target)	Year 2 (target)	Year 3 (target)
To minimise the utilisation of illegal tourist guides through increased public awareness.	Number of public awareness interventions		<ul style="list-style-type: none"> <li>1500 pamphlets printed and disseminated</li> <li>2 bi-annual presentations to tour operators</li> </ul>	<ul style="list-style-type: none"> <li>2000 pamphlets printed and disseminated</li> <li>2 bi-annual presentations to tour operators</li> </ul>	<ul style="list-style-type: none"> <li>2500 pamphlets printed and disseminated</li> <li>2 bi-annual presentations to tour operators</li> </ul>	<ul style="list-style-type: none"> <li>3000 pamphlets printed and disseminated</li> <li>2 bi-annual presentations to tour operators</li> </ul>
Disseminate information about registered tourist guides within the province and associations of tourist guides and any other information to promote and develop the tourist guiding sector	Number of tour operators utilising registered guides Workshops held to promote tourist guiding sector 4 Newsletters distributed per quarter		<ul style="list-style-type: none"> <li>Basic electronic database established, insufficient for public dissemination</li> <li>2 workshops held</li> <li>4 Newsletters distributed per quarter</li> </ul>	<ul style="list-style-type: none"> <li>Database modified and upgraded for effective public use</li> <li>3 workshops held</li> <li>4 Newsletters distributed per quarter</li> </ul>	<ul style="list-style-type: none"> <li>Database maintained for effective public dissemination</li> <li>3 workshops held</li> <li>4 Newsletters distributed per quarter</li> </ul>	<ul style="list-style-type: none"> <li>Database maintained for effective public dissemination</li> <li>3 workshops held</li> <li>4 Newsletters distributed per quarter</li> </ul>
Promote and develop the tourist guiding sector within the province	Maintaining a co-operative relationship within the tourism industry		<ul style="list-style-type: none"> <li>Forged relationships with relevant stakeholders</li> <li>Financial and non-financial support for establishment of National Federation of Tourist Guides Association (NFTGA)</li> </ul>	<ul style="list-style-type: none"> <li>Maintain and build on existing relationships</li> <li>Ensure provincial support towards attaining national objectives of NFTGA</li> </ul>	<ul style="list-style-type: none"> <li>Maintain and build on existing relationships</li> <li>Continued support and inputs towards attaining national objectives of NFTGA</li> </ul>	<ul style="list-style-type: none"> <li>Maintain and build on existing relationships</li> <li>Continued support and inputs towards attaining national objectives of NFTGA</li> </ul>

Measurable Objective	Performance Measure or Indicator	Year – 1 (actual)	Base year (outcome estimate)	Year 1 (target)	Year 2 (target)	Year 3 (target)
To promote and encourage transformation within the Tour Guiding industry	<ul style="list-style-type: none"> <li>• Increase number of Black tourist guides</li> <li>• Number of training and upskilling interventions</li> <li>• Number of Black guides on guiding structures and associations to drive transformation agenda</li> </ul>		<ul style="list-style-type: none"> <li>• Approximately 350 Black guides on database</li> <li>• 22 HDI learners training as tourist guides</li> <li>• 19 learners placed on trainee tourist guide mentorship program</li> <li>• Improved representatvity in Cape Tourist Guides Association (CTGA)</li> <li>• Establishment of Western Cape Chapter of NFTGA</li> </ul>	<ul style="list-style-type: none"> <li>• Increase number of Black guides by 50-100</li> <li>• Presentation of an upskilling program to existing HDI guides</li> <li>• 2 workshops held</li> <li>• 25% of CTGA executive committee to be constituted of Black guides</li> <li>• Conditional support of NFTGA on promotion of transformation</li> </ul>	<ul style="list-style-type: none"> <li>• Increase number of Black guides by 100 - 150</li> <li>• Presentation of an upskilling program to existing HDI guides</li> <li>• 3 workshops held</li> <li>• 30-40% of CTGA executive committee to be constituted of Black guides</li> <li>• Conditional support of NFTGA on promotion of transformation</li> </ul>	<ul style="list-style-type: none"> <li>• Increase number of Black guides by 150-200</li> <li>• Presentation of an upskilling program to existing HDI guides</li> <li>• 4 workshops held</li> <li>• 50% of CTGA executive committee to be constituted of Black guides</li> <li>• Conditional support of NFTGA on promotion of transformation</li> </ul>



Measurable Objective	Performance Measure or Indicator	Year – 1 (actual)	Base year (outcome estimate)	Year 1 (target)	Year 2 (target)	Year 3 (target)
To proactively promote tourism safety & security through the raising of awareness amongst the public and stake holders	Increase awareness amongst stake holders		Publication of brochures on safety and distribution throughout the hospitality industry	<ul style="list-style-type: none"> <li>• Maintenance of the brochure distribution programme</li> <li>• Development of ICT communications technology and a web site</li> <li>• Development of links with Office of consumer protector</li> <li>• Development of regional liaison officers at LTB</li> </ul>	<ul style="list-style-type: none"> <li>• Maintenance of the brochure distribution programme</li> <li>• Maintenance of ICT communications technology and a web site</li> <li>• Maintenance of links with Office of consumer protector</li> <li>• Maintenance of regional liaison officers at LTB</li> </ul>	<ul style="list-style-type: none"> <li>• Maintenance of the brochure distribution programme</li> <li>• Maintenance of ICT communications technology and a web site</li> <li>• Maintenance of links with Office of consumer protector</li> <li>• Maintenance of regional liaison officers at LTB</li> </ul>
To provide a response capacity to the media in the event of an incident that may have an impact on tourism	Effective, efficient response to incidents		Pro active responses to incidents - ongoing	Pro active responses to incidents - ongoing	Pro active responses to incidents - ongoing	Pro active responses to incidents - ongoing

Measurable Objective	Performance Measure or Indicator	Year – 1 (actual)	Base year (outcome estimate)	Year 1 (target)	Year 2 (target)	Year 3 (target)
Provide a victim support programme in instances where the incidents may pose a threat to the tourism industry.	Effective and efficient responses to incidents within predetermined frame work		<ul style="list-style-type: none"> <li>Establish a dedicated unit capable of effective response</li> <li>Development of linkages with safety and security as well as emergency organisations</li> <li>Establishment of linkages with hospitality industry</li> <li>Development of response capacity</li> </ul>	<ul style="list-style-type: none"> <li>Develop the capacity within the unit through expansion of network of regional liaison offers</li> <li>Expansion of linkages with safety and security as well as emergency organisations</li> <li>Expansion of linkages with hospitality industry</li> <li>Expansion of response capacity</li> </ul>	<ul style="list-style-type: none"> <li>Maintenance of the capacity within the unit</li> <li>Maintenance of linkages with safety and security as well as emergency organisations</li> <li>Maintenance of linkages with hospitality industry</li> <li>Maintenance of response capacity</li> </ul>	<ul style="list-style-type: none"> <li>Maintenance of the capacity within the unit</li> <li>Maintenance of linkages with safety and security as well as emergency organisations</li> <li>Maintenance of linkages with hospitality industry</li> <li>Maintenance of response capacity</li> </ul>
To develop partnerships with agencies responsible for road signage to ensure the implementation of the approved frame work to include the development of tourist routes	Acceptance of a common frame work by all stake holders		<ul style="list-style-type: none"> <li>Development of frame work and negotiation on acceptance thereof by stake holders</li> </ul>	<ul style="list-style-type: none"> <li>Annual revision as required - ongoing</li> </ul>	<ul style="list-style-type: none"> <li>Annual revision as required - ongoing</li> </ul>	<ul style="list-style-type: none"> <li>Annual revision as required - ongoing</li> </ul>

<b>Measurable Objective</b>	<b>Performance Measure or Indicator</b>	<b>Year – 1 (actual)</b>	<b>Base year (outcome estimate)</b>	<b>Year 1 (target)</b>	<b>Year 2 (target)</b>	<b>Year 3 (target)</b>
To facilitate the provision of appropriate tourism road signage in accordance with the approved frame work	Ongoing regular scheduled meetings that result in implementation of the frame work		5 Regional Tourism Liaison Committees fully functional meet on scheduled basis	5 Regional Tourism Liaison Committees fully functional meet on scheduled basis	5 Regional Tourism Liaison Committees fully functional meet on scheduled basis	5 Regional Tourism Liaison Committees fully functional meet on scheduled basis
To contribute with partners to the removal of illegal tourism related road signage	Number of illegal signs removed		Removal of signage by appropriate authority in selected areas	Removal of signage by appropriate authority in selected areas	Removal of signage by appropriate authority in selected areas	Removal of signage by appropriate authority in selected areas

## 6.5 Reconciliation of budget with plan

Sub-programme	Year - 2 2001/02 (actual)	Year - 1 2002/03 (actual)	Base year 2003/04 (estimate )	Average annual change (%) <sup>2</sup>	Year 1 2004/05 (budget)	Year 2 2005/06 (MTEF projectio n)	Year 3 2006/07 (MTEF projectio n)	Average annual change (%) <sup>3</sup>
1. Management			1602		2126	1053	1343	
2. Liquor Industry Development			1	0%	20	1678	3513	
3. Liquor Regulation			2738		2737	3100	3237	
4. Office Of The Consumer Protector			3061		4470	4498	6101	
5. Tourism Regulation			4348		3026	2091	2635	
<b>Total programme</b>			<b>11750</b>		<b>12379</b>	<b>12420</b>	<b>16831</b>	



## **PART B: PROGRAMME AND SUB-PROGRAMME PLANS**

### **7. Programme 5: ECONOMIC SECTOR DEVELOPMENT**

The main aim of Economic Sector Development is to develop and promote key industry sectors; and to identify and implement strategic interventions that will focus on:

- Resource Beneficiation Industry Sectors
- Manufacturing Industry Sectors
- Service Industry Sectors
- The Tourism Industry Sector

#### **i. Specified policies, priorities and strategic objectives**

To optimally achieve the mandate as set out in the strategic goals of the Department, Economic Sector Development has been structured to deliver on the following functions:

- Develop and promote key resource-based beneficiation industry sectors.
- Develop and promote key manufacturing industry sectors.
- Develop and promote key service industry sectors.
- Ensure strategic tourism planning, research, and good governance; and provide funding and logistical support of programmes and projects.
- Ensure logistical and funding support to the Destination Marketing Organisation (DMO).
- Provide HIV/Aids support to economic sectors.
- Ensure economic transformation of the key sectors in the Western Cape economy.

## **ii. Progress analysis**

Although this is a new unit, some of the elements of the programme are made up of initiatives from previous years.

In sector work, the Department has begun key work to promote the sectors by funding special purpose vehicles (SPVs) in Oil and Gas; Boat Building; ICT; Call Centres; Film; and Biotech. While programmatic funding has given a boost to these industries, more policy development work is required to ensure that these SPVs integrate with the departmental goals specifically, and with iKapa Elihlumayo in general.

In Tourism, detailed work over a period of three years has seen the development and implementation of the Integrated Tourism Development Framework (ITDF). This will be furthered monitored, evaluated and refined in the coming period. The Destinations Marketing Organisation (DMO) has also been established and is now operational. The next period will be dedicated to ensuring policy alignment of the DMO to departmental goals and objectives, together with monitoring and evaluation of its work and performance.

While the Department has done some work in the area of HIV/Aids, this has not proven to be effective. To address this, the Department will be establishing an HIV/Aids business unit in the coming fiscal year. The key purpose of this unit will be to:

- Engage with industry and develop a deep understanding and knowledge for workplace issues and HIV/Aids.
- Facilitate a platform to develop a strategy for and response to the pandemic as it affects economic sectors.
- Encouraging and monitor industry to develop HIV/Aids compatible environments.

### **iii. Analysis of constraints and measures planned to overcome them**

Lack of detailed sector specific data and proper economic and spatially based plans remain a constraint. It is difficult to measure the impact of interventions in the economy without these plans. The Department faces a crucial shortage of information about:

- the exact state of key sectors;
- developmental trends (for example, output and employment growth); and
- the relationship between interventions and changes in indicators.

While the tourism section of Economic Sector Development has developed a spatial economic plan (the ITDF), which looks at the situation on the ground, the desired outcomes, and the gaps and interventions, other sectors are at varying degrees of cohesive strategic planning development.

Therefore, the approach to strategy development in sectors in the next period will have to focus on the following:

- A deeper understanding of the situation within a sector via the convening of a reference group to inform a situational analysis. This will be a logical consequence of the MEDS process within the framework of iKapa Elihlumayo.
- A projection of the desired outcomes over the next 10 years.
- An understanding of the gaps between where we are now and where we want to be.
- The formulation of sector specific interventions, which service the gaps.
- An analysis of current interventions to evaluate whether they service the gaps, including an evaluation of the work of SPVs set up by the Department.
- A detailed integration of activities within the policy framework of the MEDS.
- The emergence of sector-based strategies.

Developing Sector Charters to give effect to the Growth and Equity (Transformation) imperative requires agreement or buy-in from various stakeholders who may be threatened by the strategy and its implementation. The greatest risk is the possible lack of funding to drive the implementation of required interventions, as well as infringement of charter agreements. The development of sector specific charters will take place within the framework of the development of sector specific strategies, which will be aligned to the MEDS and iKapa Elihlumayo.

In Resource Beneficiation the greatest constraint is the lack of co-ordination between various government departments that could derail processes. Much of the work in this area involves a myriad of departments, which include the **dti**, DST, DEAT, Provincial and National Department's of Agriculture, Marine and Coastal Management, and Cape Nature. The Department is instrumental in co-ordinating committees to bring the various role-players together for the benefit of all involved in resource beneficiation.

The major impediment to the implementation of the ITDF remains capital and the unit will overcome this constraint by sourcing funds from:

- provincial government funding;
- Lotto funding;
- national poverty relief funding;
- community public works funding;
- special transport and infrastructure funding run by both national and provincial governments;
- various partners (for example, DBSA and SANPARKS);
- national funding agencies for example (NDA, IDC and the CSIR); and
- international funding agencies (for example, EU and DFID).



Also, the Department will monitor the integration of the ITDF and the IDPs,

The paucity of tourism supply and demand side research is a constraint to developing meaningful interventions. Therefore, the Department will undertake major research to develop this information database so that it can serve as a basis for future investment decisions.

Tourism is a broad based industry and its success is dependent on partnerships and collaborations with other government departments, private sector and non-governmental sectors. In order for this to happen one needs to engage in consultative processes, which at times take longer than envisaged and thus have an impact on performance and delivery.

Most of the strategic frameworks that are developed by the department can be implemented at local level, and therefore imposes added responsibility on local government, which in most cases, result in stagnation due to structural and financial problems.

The key constraint for new entrants into tourism remains market access. Success in this area can only be achieved through strong partnerships and networking. Programmes to develop these strong links with the private sector will be pursued. The efficacy of the ITESP programme will be closely monitored to ensure a massive roll out based on success factors. For the first time government programmes in this area are not only looking at supplying services but also demand factors by ensuring that market access is achieved through a network of agents who are remunerated on the basis of success.

Lack of access to funding sources are also a major impediment and the departments future interventions will be geared to not only looking for other sources of income, but in harnessing these sources into a Community Tourism

Development Fund from which funds can be disbursed according to the framework plan of the ITDF.

#### **iv. Description of planned quality improvement measures**

As this is a new unit, the first year will be used to benchmark the quality improvement measures. More detailed, specific sub-unit measures will be explained in each sub-section below.



## PART B: PROGRAMME AND SUB-PROGRAMME PLANS

### 7.1 Sub-programme 5.2: RESOURCE BENEFICIATION

#### i. Specified policies, priorities and strategic objectives

The unit's goal is to develop and promote key resource-based beneficiation sectors.

The unit's programmatic work will be informed by the recommendations of the Micro-economic Development Strategy (MEDS) and the requirements of iKapa Elihlumayo. The MEDS will provide strategies to reposition the sectors to achieve the growth and equity (iKapa Elihlumayo) objectives. In addition, the unit will utilise the vehicle provided by the Growth and Development Summit processes to meet its objectives.

The modus operandi will be to develop appropriate networks with global entities, who have a common interest in beneficiation activities. The development and mobilisation of partnerships will further enable specialised research to establish new opportunities in, for example, the Fynbos and Aquaculture sectors. The commitment of partners will be crucial to implement priority projects and to drive the formation of sector charters, which will enable the monitoring and evaluation of processes that will lead to growth and equity.

**Major interventions for the development and promotion of key resource based beneficiation industry sectors:**

- **Land-based beneficiation:** the development and promotion of the Fynbos industry.
- **Aquatic-based beneficiation:** development of a thriving and labour intensive mari-culture and aqua culture industry through the spatial economic development of abalone, mussels, oysters and other scientifically-linked farms and projects, over the next five years.

**ii. Progress analysis**

As this is a new unit, the Department has focused on developing relationships nationally and internationally to set up the programme. This will form the basis for intervention in the coming fiscal period.

**iii. Analysis of constraints and measures planned to overcome them**

Being a new area of work for the province, the unit has a paucity of data and will have to develop a system for proper conceptualisation, identification, interpretation and evaluation of research, together with development of methodology for data collation.

In this regard, the initial MEDS reports will be used to inform a situational analysis. This will base will allow examination of the desired outcomes, gaps and concomitant interventions.

Also, it is expected that new skills development programmes will have to be developed and implemented. Lack of funding for the above will be a major

constraint to progress. Efforts will be made to leverage funding beyond that of the provincial government.

In Resource Beneficiation the greatest constraint is the lack of co-ordination between various government departments that could derail processes. Much of the work in this area involves a myriad of departments, which include the **dti**, DST, DEAT, Provincial and National Department's of Agriculture, Marine and Coastal Management, and Cape Nature. The Department is instrumental in co-ordinating committees to bring the various role-players together for the benefit of all involved in resource beneficiation.

The establishment of partnerships nationally and internationally to support the unit's programmatic work is a prerequisite for progress. Effective partnerships are also necessary for the development of sector charters. Given the vastness of the sectors and the wide geographic spread, developing and maintaining the necessary networks and working groups will require substantial funding. Again, efforts will be made to leverage funding.

#### **iv. Description of planned quality improvement measures**

As this is a new unit, the first year of operation will be used to provide a benchmark for quality improvement measures, which include:

- Build an efficient and effective internal operating unit to maximise impact on the external environment.
- Employ suitably qualified persons to manage the selected projects. For example, the development of new products or the establishment and implementation of agreements would require well developed expertise to manage various external experts and other role-players.
- Focus on developing an appropriate strategy with key interventions firmly based in framework of the MEDs and iKapa Elihlumayo.

**v. Specification of measurable objectives and performance indicators**

<b>Measurable Objective</b>	<b>Performance Measure or Indicator</b>	<b>Year – 1 (2003/04)</b>	<b>Base year (2004/05)</b>	<b>Year 1 (2005/06)</b>	<b>Year 2 (2006/07)</b>	<b>Year 3 (2007/08)</b>
To develop and promote key terrestrially based beneficiation sectors (in particular those products and initiatives arising from Mining, Forestry and Agriculture)	Development of a Western Cape Beneficiation initiative		Development of partnerships with International Development Agencies, Government Departments, NGO's and Industry	Development of sector plan with specific emphasis on the fynbos industry	Maintenance of sector plan	Maintenance and expansion of sector plan
To develop and promote key aquatic based beneficiation sectors (beneficiation of products and processes arising from Fishing, marine Bio Diversity and Aquaculture)	Establishment of mari-culture agency to promote the sector together with development of three key projects		Establishment of Mari-culture Institute, development of business plans of three projects: development of Mussel Enterprises, Trout Farming and Fish Processing Plant	Maintenance of Institute, 1 <sup>st</sup> phase implementation of projects	Maintenance and expansion of institute and projects	Maintenance and expansion of institute and projects



## PART B: PROGRAMME AND SUB-PROGRAMME PLANS

### 7.2 Sub-programme 5.3: MANUFACTURING INDUSTRY DEVELOPMENT

#### i. Specified policies, priorities and strategic objectives

The goal of the unit is to develop and promote key manufacturing industry sectors.

The Department's involvement in manufacturing sectors should determine which industry segments are supported in order for the focus to be on industries where it is more likely to effect gains in the areas of growth; employment; broadening of ownership; economic participation by the previously excluded and presently marginalised groups; and global competitiveness of firms.

However, it has also been proven that sector strategies do not yield equity and participation outcomes without direct agendas that pre-determine efforts toward these outcomes. In other words, prioritisation of sectors according to their potential is not enough. The Department should also be active in determining and driving these goals within each sector.

**Major interventions for the development and promotion of manufacturing industry sectors over the next five years:**

#### **Labour intensive industries:**

- To refocus the clothing and textiles industries to deliver high quality and high priced locally designed exports.

- To become the leading centre for tooling training in South Africa.

#### **Upstream activity in the Oil and Gas industry:**

- An investigation into the possibilities for the exploration and production of offshore gas, which presents an opportunity for:  
Production of gas; Taxes on production; Pipeline construction and maintenance; Rig repairs and supply industry development; Gas to Liquid plants; Power plants by black-owned Independent Power Producers; Gas distribution to industry, commerce and households; Supply pipe network construction and servicing; New white goods; Gas as an input in steel.
- The development of a significant oilrig construction and repair industry serving West Africa with huge linked specialised steel plants and related backward linkages in Saldanha Bay and Cape Town.

#### **Capital intensive industry:**

- The opportunity to develop the jewellery industry into a thriving one with highly-skilled jewellers exporting high-priced, African design fine Jewellery to the world.

### **ii. Progress analysis**

Global economic pressures on the manufacturing sectors of the economy are constantly intensifying. Market forces favour sophisticated or large economies to, either secure industries of higher value add, or mass production opportunities due to the availability of low cost labour.

The demand for sector specific support originates from this competitive environment of global resource and production mobility. Any region that wishes to differentiate itself as a competitive environment for any set of economic activities must compete with other regions that enjoy high degrees of support in their business environment; whether from the public sector, institutions and/or firms.



This demand is also evident in the business community. Industry players have either become global players, or at least globally aware and realise the need for interventions to address market failures and constraints. Communication and interaction among the role-players (public and private sector) in any industry segment is essential to ensure that market led strategies are followed for interventions to facilitate and animate successful operation of manufacturing sectors. The direct threat of loss of local and export market share to more competitive regions is the daily reality of many local firms.

A high level of unemployment creates an acute awareness of economic issues (for example, GDP growth, exports and job-shedding). As previously mentioned, organised labour in South Africa, and indeed in the Western Cape, is increasingly looking to government to provide industry support, particularly in the manufacturing sectors.

Some manufacturing sectors (at different stages of development) have developed interrelated activities to address sector specific market failures and constraints. Some sector bodies have played and are playing important roles to assist in this regard. The Department has been instrumental in facilitating some of these agendas and actions, with regard to Clothing and Textiles, Furniture, Boat Building, Offshore Oil and Gas Services and Supply, and to some degree the Jewellery and Tooling industries. There have been some phenomenal success stories in these initiatives, with a great deal of recognition and co-operation from industry.

The aim for the next period is to develop detailed sector plans, which can be utilised by all partners to the benefit of the region.

### **iii. Analysis of constraints and measures planned to overcome them**

The unit will address the need for detailed manufacturing sector specific data; and the need for understanding developmental trends, and the relationship between interventions and changes in indicators, by:

- The development of specific manufacturing sector-based strategies.
- Sector-based research as well as monitoring and evaluation to determine the influence of the Department's interventions on the economy.
- Consistent involvement in key manufacturing sectors, facilitating industry led actions to promote and develop industries over the medium- to long-term.
- Training of Departmental staff; buying in of expertise to supplement the internal knowledge base; managing institutional learning in order to retain the knowledge base; and linking with educational institutions to influence some of the work of post-graduate students.

Another constraint is the limited ability to avoid or even react to external shocks. These shocks have the potential to make the development of any manufacturing sector difficult, and can render the continued work of the Department null and void. On the other hand, these shocks also cause an increase in the demand for the services of the Department and in some sense is an opportunity to prove the Department's value with regard to strategic intervention. The difficulty is to meet measurable goals when the manufacturing sectors are already exposed to international market forces.

Constant awareness of the global marketplace and how it relates to manufacturing in the province, will address the above. Any early warning signs (for example, the high price of crude oil) will be interpreted and sub-sectors will be assisted in planning for different scenarios.

Additional constraints include:

- In the area of the exploration for gas fields, mining may not represent a viable economic opportunity. This will mean that the exploration into off shore gas has to be thoroughly investigated before a quantum leap in expenditure can be justified in this particular area.
- The development of an Oil and Gas service supply hub is constrained by the lack of real success after three years of investigation. The Department will aggressively lobby to show success in the procurement of at least one contract to engender confidence in the market place and to provide a platform for future investment.
- While the clothing and textiles and jewellery sectors provide excellent opportunities for the development of high-end fashion items, this will be accompanied by concomitant labour shrinkage. The Department will develop a proper understanding of the implications in this regard and manage the situation appropriately.
- In order for the Western Cape to become the leading region for tooling, the establishment of a tooling centre is critical. The exorbitant costs of this exercise are a severe constraint. The Department will overcome this by seeking partnerships with other provinces, national departments and potential funders.

#### **iv. Description of planned quality improvement measures**

As this is a new unit for the Department, the first year will be used to benchmark quality improvement measures. Amongst other factors, the following will be addressed:

- **Focus:** involvement in each sector should be focussed on the most important areas and on action in achieving the desired outcomes in those areas. Too many areas of involvement and too many objectives dilute

influence and may result in lower impact. The MEDS will assist in informing the units approach.

- **Training and developing existing staff:** staff in the unit need training in facilitation, areas of industrial development, and other practical skills pertaining to the functions of the unit. The appointment of good staff to the proposed positions would be a very important determinant in the quality of the services rendered by the unit.
- **Stakeholder relationships/partnerships:** align the work of different role-players, for example, national, provincial and local government, institutions, parastatals, business organisations, organised labour, and communities toward a common vision and agreed plans for each sub-sector.
- **Communication with stakeholders within any particular industry:** being able to communicate effectively the goals and the content of the work of the Department would contribute tremendously toward managing the expectations of stakeholders and will enable officials to effectively execute their work commitments.

In addition, improved logistical and funding support to COGSI is envisaged as the Oil and Gas industry develops.

**v. Specification of measurable objectives and performance indicators**

<b>Measurable Objective</b>	<b>Performance Measure or Indicator</b>	<b>Year – 1 (2003/04)</b>	<b>Base year (2004/05)</b>	<b>Year 1 (2005/06)</b>	<b>Year 2 (2006/07)</b>	<b>Year 3 (2007/08)</b>
To develop and promote labour intensive industries like Clothing and Textiles, Tooling and Craft	Development of sector plans for Clothing, Tooling and Craft and support to industry bodies like CCDI	Support of industry bodies like CCDI, Development of craft sector plan, support for 3 projects in Clothing and Textile	Maintenance of CCDI, Development of tooling training initiatives, Support of 3 projects in clothing and textile industry	Development of sector plan for tooling and for Clothing and Textile , support for 1 tooling project and 3 clothing and textile projects	Implementation of sector plans	Implementation of sector plans
To develop and promote capital intensive industries like jewellery and boat building	Development and implementation of sector plans for boat building and jewellery, maintenance of industry bodies	Support for specific Boat Building and Jewellery projects	Establishment of the CTBBI, Documenting of available Jewellery research	Maintenance and expansion of CTBBI – training, HR development, industry transformation, development of sector plans for BB and Jewellery	Maintenance and expansion of Industry bodies, Implementation of projects arising from sector plans	Maintenance and expansion of Industry bodies, Implementation of projects arising from sector plans
To develop and promote the upstream activities of the Oil and Gas industry	Development and implementation of sector plan for Oil and Gas together with maintenance and expansion of COGSI	Development of concept plan for Oil and Gas and concept plan for the establishment of COGSI	Establishment of COGSI	Finalisation of sector plan, implementation of training and skills development in the sector, feasibility study on infrastructure requirements	Finalisation of feasibility requirements, training and development, attraction of investors	Implementation of sector plan



## PART B: PROGRAMME AND SUB-PROGRAMME PLANS

### 7.3 Sub-programme 5.4: SERVICE INDUSTRY DEVELOPMENT

#### i. Specified policies, priorities and strategic objectives

Service Industry Development is a new unit and its focus will be the development and promotion of the following key service sector industries: BPOs; ICT; Call Centres; and Film and Creative industries.

The main policy document informing the work of the unit is the micro-economic strategies at a national level. This will be taken forward in detail through the provincial Micro-economic Development Strategy (MEDS).

A clear priority is the development of sector specific strategies, which can inform the interventions and assist in reaching the goals of iKapa Elihlumayo.

The broad approach will be developing the social capital of the sectors through the section 21 bodies, and utilising these structures and the sector strategy to develop plans and projects in order to transform and develop the sectors. These will be monitored to examine impact, and to ensure the appropriate allocation of resources.

**Major interventions for the development and promotion of service industry sectors over the next five years:**

**Film industry:**

- The opportunity to:
  - build a film studio,
  - develop appropriate skills and enterprises to supply the industry;
  - provide low-cost post-production facilities;
  - market the Western Cape as a low-cost, high quality, user-friendly film-making location; and
  - promote transformation of ownership and employment.

**Call Centres and BPOs:**

- The opportunity to develop the region into the leading destination for Call Centre and BPO investment in the world. The Department will engage in an aggressive campaign to attract the top ten companies in the world to locate within the destination over the next 5 years.

**ii. Progress analysis**

The key priority service sectors in the Western Cape are the film industry and ICT sectors. The latest ICT census carried out during 2003 revealed that 2 7000 are employed in the ICT industry, while estimates of the film industry range from 4 000 to 6 000 permanent employees.

As a new sector, the call centre industry has considerable potential for growth if it can be well marketed and if costs (particularly telecoms charges) can be decreased. There are currently approximately 2 000 employed in the industry, and it is estimated that an additional 5 000 jobs can be created within 5 years in Call Centres and Business Process Outsourcing (BPO) operations.

Other service sectors such as retail and financial services are seen as "dependent" on the growth of the economy, rather than being autonomous growth engines, and are therefore not prioritised by the Department. There are elements of service sectors such as professional services that are increasingly performing services beyond the borders of South Africa, and are becoming more relevant as sectors to intervene in and to transform.

It is estimated that the film industry in the Western Cape is worth more than R2 billion per annum from direct and indirect economic spin offs. Since 1994, the film industry has grown from 5 production companies and 50 crews to more than 150 companies and, 1 650 skilled suppliers of services and more than 10 000 crew.

In the period 2002/2003 more than 1 250 still shoots, 700 TV commercials and 35 full feature films were shot in the Cape Town region. According to Location magazine 2003, Cape Town is the 5<sup>th</sup> busiest film production destination on the planet.

The focus for the next period will be on the development of the film studio and to provide support to the Cape Film Studio.

### **iii. Analysis of constraints and measures planned to overcome them**

The absence of a cohesive strategy remains an impediment. This will be overcome with the development of a situational analysis together with concomitant desired outcomes, gap analysis and interventions linked to the MEDS and iKapa Elihlumayo.

Increased competition and increased tourism infrastructure costs remain a difficulty for the Film industry. In the case of the former, the unit will strive to increase competitiveness by providing access to a world-class film studio. In the



case of the latter, the DMO, together with industry, is making a concerted effort to keep tourism infrastructure costs reasonable.

The delay in establishing the film studio could be perceived as a constraint to future growth as potential filmmakers take their business elsewhere due to the lack of facilities. The Department has fast tracked the funding arrangements to ensure the smooth delivery of this facility.

In the Call Centre and BPO industries current seat capacity is at 0.8. This translates into the fact that the industry is currently 20% under-resourced in terms of skills. The Department will engage in an aggressive programme of recruitment, selection and training to support the industry in this regard. In particular programmes, investigation will be made with regard to government based call centres that can be used as incubation opportunities for new entrants.

Another constraint to implementation is the funding of the sector bodies and projects. Funding will be increasingly sought both nationally and internationally, and from the private sector.

#### **iv. Description of planned quality improvement measures**

As this is a new unit, the first year will be used to develop quality improvement measures.

A benchmarking study on the impact of interventions on the sector was initiated at the end of 2003. This study will be continued and refined over the period. It will increasingly measure and quantify the impact of interventions on the economy, as well as the impact and performance of sector bodies.

The development of sector specific strategies will also present the opportunity to review, refine and continuously improve involvement in the services sectors.

**v. Specification of measurable objectives and performance indicators**

<b>Measurable Objective</b>	<b>Performance Measure or Indicator</b>	<b>Year – 1 (2003/04)</b>	<b>Base year (2004/05)</b>	<b>Year 1 (2005/06)</b>	<b>Year 2 (2006/07)</b>	<b>Year 3 (2007/08)</b>
To develop and promote the BPO, Call Centre and ICT industries	Development of sector plans Maintenance and expansion of Calling the Cape and Cape IT Initiative		Establishment of Calling the Cape (CTC) and maintenance of Cape IT Initiative (CITI)	Development of sector plans for BPOs and Call Centres, development of graduate training and placement programme and transformation initiatives for the sectors, Maintenance and support for CTC and CITI	Implementation of sector plans, Maintenance and expansion of CTC and CITI	Implementation of sector plans, Maintenance and expansion of CTC and CITI
To develop and promote Film and Creative Industries	Development of Film studio, Maintenance and expansion of Cape Film Commission and development of sector plans for film and creative industries	Tender for film studio, support to CFC	Establishment of business model for film studio, support to CFC, funding of specific projects like Sithengi and the Cape Film Development Fund	Completion of business model for film studio, Maintenance of CFC, review of film sector plan, initiation of sector plan for creative industries (those involving the arts and culture) and planning for arts and craft biennale	Phase one of film studio, Maintenance and expansion of CFC, finalisation of Sector plan for creative industries and hosting of arts and craft biennale	Completion of film studio, maintenance and expansion of CFC, implementation of sector plans



## PART B: PROGRAMME AND SUB-PROGRAMME PLANS

### 7.4 Sub-programme: 5.5 TOURISM INDUSTRY DEVELOPMENT

#### i. Specified policies, priorities and strategic objectives

Tourism industry development's main goal is to ensure tourism strategic planning and good governance. In order to achieve this goal the first priority is to develop tourism spatial and economic planning to ensure geographic and demographic spread of benefits associated with the industry. This is largely achieved via the further expansion of the tourism plan as contained in the Integrated Tourism Development Framework (ITDF).

In terms of developing the industry, and in matching supply and demand proper research needs to be conducted in this sector. Industry research therefore forms a large part of the work of this directorate.

Arising from the research and planning as contained in the ITDF, various policy developments and interventions arise. In particular, policy development areas for 2005/06 include tourist guiding, tourist protection services, policy on responsible and sustainable tourism indicators, development of a social tourism policy and revision of existing strategies including BEE, HRDS (Human Resources Development Strategy), RSF (Road Signage Framework), and Safety and Security.

In terms of the White Paper on sustainable tourism promotion and development the marketing function of tourism has been outsourced to a Destination Marketing

Organisation (DMO). The DMO is responsible for areas of Leisure Marketing, New Product Development, Visitor Services, Conventions and Events. The Department is responsible for ensuring that the DMO delivers on targets set in these five areas of work

Another strategic objective is to implement and maintain a tourism enterprise development programme. This programme links in with the broader departmental red door programme, maintains a mentorship programme, implements an integrated entrepreneur tourism support programme and runs a monitoring and evaluation programme.

Community tourism development is an important part of tourism and this strategic objective implements community projects (managed out of a community tourism development fund) linked to the ITDF together with social tourism programmes and the implementation of indicators for responsible and sustainable tourism.

Human Resource Development remains an important part of tourism development and this strategic objective will implement various education, skills and training programmes associated with tourism industry development.

**Major interventions for the development and promotion of the tourism industry sector over the next five years:**

**In the areas of economic and spatial planning, tourism research and policy development:**

- Roll out of the Integrated Tourism Development Framework (ITDF) across the Province.
- Develop an accurate statistical database of the industry.

**In the areas of community development, enterprise development and capacity building:**

- the development of a community tourism development fund to evaluate, fund, develop and monitor projects;
- the roll out of the Integrated Tourism Entrepreneurship Support Programme (ITESP); and
- the development of a HRD framework for the industry.

**The Destination Marketing Organisation (DMO):**

- Development and maintenance of the region as a highly favoured, world-class, value-for-money, inclusive, province-wide thriving tourism industry through the roll out of the ITDF, which will be accompanied by aggressive marketing campaigns to increase visitor numbers and spend to the region.

**ii. Progress analysis**

The ITDF has been widely accepted as a planning tool by many municipalities in the province and is being incorporated into the IDPs of the regions. Further planning work on three of the 11 areas identified for tourism development has already been completed, with planning for the other 4 areas planned for the 2005/06 fiscal year.

Very limited supply and demand research exists on the sector. While some research shows that numbers of visitors are increasing, supply side research, niche industry indicators and research evaluation and monitoring tool will be developed in the 2005/06 fiscal year.

Policy development in the areas of BEE , HRD, Safety and Security, Road Signage and the publication of legislation governing the establishment of the DMO have been completed in the 2004/05 fiscal year. The focus for 2005/06 will be on policy development in tourist guiding, tourist protection services, policy on

responsible and sustainable tourism indicators, and the development of a social tourism policy.

The DMO was established via legislation in the past year. It will develop marketing strategies to increase tourism traffic to the region and will be monitored via a service level agreement with the Department of Economic Development and Tourism.

Significant progress has been made in tourism enterprise development with a number of support initiatives including; Cape Tourism Showcase, Tourism Enterprise Training Workshops, the development of an ITESP programme and the roll out of a mentorship programme having been implemented. These programmes, linked to the Department's one-stop-shop advice and business centres, will be further expanded in the 2005/2006 financial year.

Significant progress to implement community projects within ITDF areas have been made. In the coming period the focus will be on implementing responsible and sustainable tourism indicators and implementing a strategy for social tourism.

Human Resource Development remains an important part of the Department's commitment to develop the sector and progress on detailing the situation on the ground was made in the 2004/05 financial year. The key focus for 2005/06 will be on implementing recommendations arising from the situational analysis

### **iii. Analysis of constraints and measures planned to overcome them**

The major impediment to the implementation of the ITDF remains capital and the unit will overcome this constraint by sourcing funds from:

- provincial government funding;
- Lotto funding;
- national poverty relief funding;

- community public works funding;
- special transport and infrastructure funding run by both national and provincial governments;
- various partners (for example, DBSA and SANPARKS);
- national funding agencies for example (NDA, IDC and the CSIR); and
- international funding agencies (for example, EU and DFID).

The paucity of tourism supply and demand side research is a constraint to developing meaningful interventions. Therefore, the Department will undertake major research to develop this information database so that it can serve as a basis for future investment decisions.

Some of the responsibilities that will lead to infrastructure support reside in other departments. Measures to overcome them are:

- the establishment of different multi-sectoral committees and forums in order to fast track; and
- programmes to market and communicate the essence of some of the strategic frameworks, which have been developed to get buy-in from stakeholders. Regular meetings and events are held to promote the spirit of co-operative governance

As air access remains a constraint, the Department will look to intervene in these areas by encouraging other sectors to invest in the Western Cape's economy. Airlines will invest in a destination based, not only on its leisure offerings, but also on other economic sectors, as it is the corporate component from other sectors, which fill the business class and first class seats thereby stimulating airline investment. Provision of investment friendly proposals will be addressed in partnership with WESGRO.

Tourism entrepreneurs face three basic constraints when trying to enter the market. These are access to skills; access to finance; and access to markets.

The range of interventions in this area (for example, training, the Cape Tourism Showcase, and the Integrated Tourism Entrepreneurship Programme (ITESP) are all geared to meet these challenges.

It is clear that more integration of projects within the framework of the ITDF is required. Community Tourism Development will engage with all possible funding agencies to ensure this integration

The Department's intervention in HRD will ensure that the relevance of the proliferation of tourism training courses available will be evaluated against quality, relevance and ability to get people placed in employment.

#### **iv. Description of planned quality improvement measures**

Quality improvement in tourism industry development will include:

- Extent and nature of the ITDF implementation.
- Measurement of the ITDF policy option within municipalities and the IDPs.
- Accurate assessment of the statistical picture for tourism.
- Measurement of the impact of marketing campaigns.
- Measurement of the impact of tourism entrepreneurship programmes.
- Refinement of the strategy in relation to the MEDS.



**v. Specification of measurable objectives and performance indicators**

<b>Measurable Objective</b>	<b>Performance Measure or Indicator</b>	<b>Year – 1 (2003/04)</b>	<b>Base year (2004/05)</b>	<b>Year 1 (2005/06)</b>	<b>Year 2 (2006/07)</b>	<b>Year 3 (2007/08)</b>
To develop tourism spatial and economic planning	Developing, updating and evaluating tourism spatial development and investment framework (ITDF)	ITDF framework completed, communicated and localised planning developed in 1 area – Cape Town Foreshore	Localised plans developed in 3 areas: Agulhas, Beaufort West, Cape Flats. Annual review of plans	Localised plans developed in 4 Areas: Eastern Gateway, Western Gateway, Route 62, Winelands triangle. Annual review of plans	Localised plans developed in 3 areas: South Cape, Overstrand. Annual review of plans	Aggressive marketing, review and project cycle evaluation and renewal
	Conducting planning, nodal development, urban renewal and infrastructure tourism development programmes	Integration of ITDF into IDPs of municipalities where planning has taken place	Integration of ITDF into IDP's of municipalities where planning has taken place	Integration of ITDF into IDPs of municipalities where planning has taken place	Integration of ITDF into IDPs of municipalities where planning has taken place	Integration of ITDF into IDPs of municipalities where planning has taken place
	Developing, updating and evaluating tourism investment and packaging programmes	Nil	Develop framework in consultation with WESGRO and related structures	Development of strategic tourism investment framework	Communication, monitoring and evaluation of framework	Evaluation and review of programme
	Developing and promoting sustainable and responsible tourism indicators	Hosting of International conference on responsible and sustainable tourism	Assisting national government to develop indicators	Development of regional indicators	Communication, Monitoring and Evaluation of regional indicators	Evaluation and review of programme and measurement of extent of implementation

Measurable Objective	Performance Measure or Indicator	Year – 1 (2003/04)	Base year (2004/05)	Year 1 (2005/06)	Year 2 (2006/07)	Year 3 (2007/08)
To conduct tourism research to develop the industry	Analysing the tourism sector globally, nationally and regionally	Nil	Collection and collation of available data and resources	Identification of necessary industry indicators and niche research requirements	Publication, communication and evaluation of research with annual review process	Ongoing publication, evaluation and review
	Conducting new product development research	Nil	Developing list of research areas in consultation with the DMO	Conducting new product development research	Conducting new product development research	Conducting new product development research
	Conducting and commissioning tourism industry research	Nil	Consultation with tourism industry, DMO and related agencies on topics to be researched	Conducting, commissioning and publishing research	Conducting, commissioning and publishing research	Conducting, commissioning and publishing research
	Monitoring and Evaluating tourism programmes	Nil	Nil	Develop a system to monitor and evaluate tourism programmes	Implement and Maintain Monitoring and Evaluation system	Implement and Maintain Monitoring and Evaluation system
To formulate tourism policy, legislation, strategy and interventions	Investigating, developing and updating tourism policy and legislation and formulating strategic interventions	Development of policy in tourism transport, Western Cape Tourism Act, Safety and Security, Road Signage, Funding, ITDF Implementation	Development of policy in BEE and HRD and sector development	Development of policy on policing the industry, protection services, sustainable and responsible guidelines and Social tourism	Monitoring, evaluation and review of all policy and legislation	Monitoring, evaluation and review of all policy and legislation

<b>Measurable Objective</b>	<b>Performance Measure or Indicator</b>	<b>Year – 1 (2003/04)</b>	<b>Base year (2004/05)</b>	<b>Year 1 (2005/06)</b>	<b>Year 2 (2006/07)</b>	<b>Year 3 (2007/08)</b>
To ensure good governance by the DMO	Establishment of the Destination Marketing Organisation	Management of service level Agreement of Destination Marketing Organisation	Management of service level Agreement of Destination Marketing Organisation. Annual review and evaluation	Management of service level Agreement of Destination Marketing Organisation. Annual review and evaluation	Management of service level Agreement of Destination Marketing Organisation. Annual review and evaluation	Management of service level Agreement of Destination Marketing Organisation. Annual review and evaluation
To implement and maintain tourism enterprise development programmes	Establishing and maintaining of network of tourism helpdesks	Ongoing establishment of THDs in all 6 regions of the province	Development of training programmes and establishment of forums in all 6 regions of the province	Establishment of THD performance management system with training and ongoing maintenance of forum in all 6 regions	Ongoing maintenance of THD programme in all 6 regions	Review, monitoring and re-evaluation to assess impact
	Implementing and maintaining tourism entrepreneurship training programme	Establishment of entrepreneurship training programme in 6 pilot areas	Implementation of training programmes in Unicity, Boland, West Coast, Overberg, Central Karoo and South Cape	Maintenance, evaluation and refinement of programme	Maintenance, evaluation and refinement of programme	Maintenance, evaluation and refinement of programme

Measurable Objective	Performance Measure or Indicator	Year – 1 (2003/04)	Base year (2004/05)	Year 1 (2005/06)	Year 2 (2006/07)	Year 3 (2007/08)
To implement and maintain tourism enterprise development programmes continued	Managing the Integrated Tourism Entrepreneurship Support Programme (ITESP)	Development of concept document and attraction of partners to the project (DBSA, PWC)	Establishment of ITESP fund, appointment of agents , announcement of pilot study and support measures to first 30 beneficiaries	Expansion of programme to all six regions of the province, monitoring and performance evaluation, 50 beneficiaries	Maintenance of programme in all six regions of the province, monitoring and performance evaluation, 80 beneficiaries	Maintenance of programme in all six regions of the province, monitoring and performance evaluation, 100 beneficiaries
	Establishing and maintaining tourism enterprise development mentorship programme	First group of 10 Mentees graduate from the programme	14 Mentees and mentors appointed to the programme, performance management and evaluation	Mentees linked to ITESP, 20 new mentees, performance management and evaluation	Mentees linked to ITESP, 20 new mentees , performance management and evaluation	Mentees linked to ITESP, 20 new mentees, performance management and evaluation
	Implementing and maintaining a tourism enterprise development monitoring and evaluation programme	Nil	Establishment of concept document, terms of reference and refinement of plan	Implementation and maintenance of monitoring and evaluation programme in all 6 regions of the province	Implementation and maintenance of monitoring and evaluation programme in all 6 regions of the province	Implementation and maintenance of monitoring and evaluation programme in all 6 regions of the province

<b>Measurable Objective</b>	<b>Performance Measure or Indicator</b>	<b>Year – 1 (2003/04)</b>	<b>Base year (2004/05)</b>	<b>Year 1 (2005/06)</b>	<b>Year 2 (2006/07)</b>	<b>Year 3 (2007/08)</b>
To implement, evaluate, and maintain tourism community development programmes	Implementing ITDF projects	Implementation of projects in 3 regions of the province	Implementation of ITDF projects in all 6 regions (one per region)	Implementation of ITDF projects in all 6 regions (one per region)	Implementation of ITDF projects in all 6 regions (one per region)	Implementation of ITDF projects in all 6 regions (one per region)
	Implementing community tourism projects	Implementation of 6 community projects	Implementation of 6 community projects	Implementation of 6 community projects	Implementation of 6 community projects	Implementation of 6 community projects
	Implementing and maintaining social tourism projects	Implementation of Tourism month HIV/Aids project	Implementation of Access to the City project	Establishment and implementation of 3 social tourism projects	Establishment and implementation of 3 social tourism projects	Establishment and implementation of 3 social tourism projects
	Implementing and maintaining sustainable and responsible tourism indicators	Nil	Collation of existing plans, indicators and policies	Implementation in 2 pilot areas	Implementation in 3 regions	Implementation in 6 regions
	Implementing and maintaining a project monitoring and evaluation programme	Nil	Nil	Establishment of terms of reference, development of system	Maintenance, monitoring and evaluation of system	Maintenance, monitoring and evaluation of system

Measurable Objective	Performance Measure or Indicator	Year – 1 (2003/04)	Base year (2004/05)	Year 1 (2005/06)	Year 2 (2006/07)	Year 3 (2007/08)
To implement tourism capacity building	Implementing the Tourism HRD Strategy	Development of draft terms of reference	Establishment and implementation of HRD policy and strategy	Implementation of projects in 2 pilot sites linked to ITDF	Implementation of HRD projects in 3 regions of province linked to ITDF	Implementation of HRD projects in 6 regions of the province linked to ITDF
	Establishing and maintaining a provincial HRD forum	Steering committee established	Reference group established and maintained	Ongoing monitoring and evaluation by reference group	Ongoing monitoring and evaluation by reference group	Ongoing monitoring and evaluation by reference group
	Conducting tourism education, training and skills programmes	Nil	Identification of education, skills and training programmes to be conducted	Implementation of training in 2 pilot sites linked to ITDF	Implementation of training in 3 regions of province linked to ITDF	Implementation of training programmes in all 6 regions of province linked to ITDF
	Promoting stakeholder interaction	Nil	Engagement of THETA, SATI, DEAT and other regional bodies like SATSA, FEDHASA, Municipalities, RTOs and LTAs	Engagement of THETA, SATI, DEAT and other regional bodies like SATSA, FEDHASA, Municipalities, RTOs and LTAs	Engagement of THETA, SATI, DEAT and other regional bodies like SATSA, FEDHASA, Municipalities, RTOs and LTAs	Engagement of THETA, SATI, DEAT and other regional bodies like SATSA, FEDHASA, Municipalities, RTOs and LTAs

## 7.5 Reconciliation of budget with plan

Sub-programme	Year - 2 2001/02 (actual)	Year - 1 2002/03 (actual)	Base year 2003/04 (estimate)	Average annual change (%) <sup>2</sup>	Year 1 2004/05 (budget)	Year 2 2005/06 (MTEF projectio n)	Year 3 2006/07 (MTEF projectio n)	Average annual change (%) <sup>3</sup>
1.Management			1012		1404	2624	3069	
2.Resource Beneficiation			2188		647	2137	8715	
3.Manufacturin g Industry Development			9146		4481	9058	20786	
4.Service Industry Development			11013		15786	20408	30366	
5. Tourism Industry Development	27838	122826	5699		5864	7068	8517	
Destination Marketing Organisation			14741		20832	25850	25000	
<b>Total programme</b>	27838	122826	43799		49014	67145	96453	

## 8. MEDIUM TERM REVENUES

### *Medium-term revenues*

This section should give an overview of the medium term revenues and expenditures of the programme.

### *Summary of revenue*

The following sources of funding are used for the Vote:

**Table 1: Summary of revenue: Economic Development**

R 000	2002/03 (actual)	2003/04 (actual)	2004/05 (estimate)	2005/06 (budget)	2006/07 (MTEF projection )	2007/08 (MTEF projection )
Voted by legislature	3700	4040	4003	9000	15000	19000
Conditional grants						
Other (specify)						
<b>Total revenue</b>	<b>3700</b>	<b>4040</b>	<b>4003</b>	<b>9000</b>	<b>15000</b>	<b>19000</b>

### *Departmental revenue collection*

**Table 2: Departmental revenue collection**

R 000	2002/03 (actual)	2003/04 (actual)	2004/05 (estimate)	2005/06 (budget)	2006/07 (MTEF projection )	2007/08 (MTEF projection )
<b>Current revenue</b>	<b>3700</b>	<b>4040</b>	<b>4003</b>	<b>9000</b>	<b>15000</b>	<b>19000</b>
Tax revenue	3388	3681	3183	8730	14730	18730
Non-tax revenue	312	359	820	270	270	270
<b>Capital revenue</b>						
<b>Departmental revenue</b>	<b>3700</b>	<b>4040</b>	<b>4003</b>	<b>9000</b>	<b>15000</b>	<b>19000</b>



**9 Table 9.3: Details of public entities**

Name of public entity	Main purpose of public entity	Transfers from the programmeal budget		
		2005 MTEF	2006 MTEF	2007 MTEF
<b>WESGRO</b>	Promote Trade And Investment in the Western Cape	<b>23800</b>	<b>8800</b>	<b>8800</b>
<b>DMO</b>	To market the province as a world class tourist destination.	<b>22850</b>	<b>22000</b>	<b>22016</b>
<b>DMO</b>	Managing the integrated tourism entrepreneurship support programme (ITESP)	<b>3000</b>	<b>3000</b>	<b>3000</b>

## 9.2 Public, private partnerships, outsourcing, etc.

Transfers	Entity	Purpose	Amount
Non Profit Institutions	Library Business corner	Access to business information in the rural areas	R 250 000
Non Profit Institutions	The Business Place	Access to business support services	R 500 000
Non Profit Institutions	The Business Place	The show casing of real business opportunities. (Small business week)	R 200 000
Non Profit Institutions	Wine Industry Ethical Trading Association (WIETA)	Liquor Product Safety	R 72 000

<b>Transfers</b>	<b>Entity</b>	<b>Purpose</b>	<b>Amount</b>
Non Profit Institutions	Fasfacts	Support for projects that raises awareness of FAS in targeted areas.	R 600 000
Non Profit Institutions	Cape Clothing and Design Institute (CCDI)	To support the development of the craft in the Western Cape.	R 250 000
Non Profit Institutions	South African Labour Research Institute (SALRI)	Cape Town Fashion Festival	R 600 000
Non Profit Institutions	Cape Oil And Gas Supply Initiative (COGSI)	Oil and gas industry development	R 1 500 000
Non Profit Institutions	CITI	Funding of information technology network to develop the ICT sector in the Western Cape as well as research and policy	R 500 000
Non Profit Institutions	CITI	Funding of the CITI launch pad project	R 500 000
Non Profit Institutions	Calling The Cape		R 500 000
Non Profit Institutions	Calling The Cape	Funding of the graduate training	R 500 000

		hubs project	
Non Profit Institutions	Cape Film Commission	Cape film commission	R 800 000
Non Profit Institutions	Cape Film Commission	Cape film development fund.	R 1 500 000
Not for Profit institutions	Unallocated	Tourism empowerment initiative fund	R 801 000

## 10.1 FINANCIAL MANAGEMENT

### Strategies to address audit queries

### COMPLETENESS OF LIQUOR LICENCE INCOME

The drafting of the Western Cape liquor legislation will commence upon the approval of the draft policy document by the Cabinet. It is envisaged that the policy document will be approved before October 2004 and the legislation submitted to the Provincial Parliament before March 2004.

The administration will continue in its efforts to ensure that it is able to reconcile the receipts received from the SARS with the expected income raised by the liquor licensing system upon the issue of licences and renewal notices. Without the necessary source documents or statements that reflect the composition of bulk payments made by the SARS Head office to the Department of Economic Development and Tourism the Department is unable to reconcile the payments with the receipts received from the regional SARS offices.

## **ASSET MANAGEMENT**

The Department is in the process of conducting a full stocktaking and verifying the old order books to compile the asset register as prescribed.

To this end the SCM Unit endeavours to do the following:

- Compile an asset register that contains all the required information.
- Group assets as per asset type.
- Mark assets with the RSA mark and issue a unique identification number.
- Compile a final stocktaking report and issue a certificate to accompany the report.

Whereas this is a time-consuming process the Department intends to finalise this process by 30 September 2004. Furthermore, to address the insufficiencies of the current asset register, the Department is considering outsourcing the asset management functions and the implementation of LOGIS.

Your attention is also drawn to the meeting held on 8 June 2004, between the Auditor-General and Provincial Treasury where the new and enhanced functionalities of LOGIS were discussed to comply with the Auditor-General's requirements. To this end, the Department intends to set up a meeting with Provincial Treasury to discuss the possible implementation of LOGIS.

## **WESTERN CAPE LIQUOR BOARD**

Section 5 of the Liquor Act, No 27 of 1989 established the Liquor Board of the Western Cape. In terms of section 7 of the Act the Board consists of five

members. The Chairperson and Deputy Chairperson are civil servants qualified in law and having experience in the administration of justice. The Provincial Commissioner of the South African Police Services appoints a member of the SAPD a Board member and the Minister responsible for the Act appoints two lay members. Currently the Director: Business regulation and the Deputy Director: Business Licensing serve as Deputy Chairperson and Chairperson respectively.

Section 17 of the Act states that the staff required for the support of the Liquor Board are appointed in terms of the Public Service Act, 1994. The staff of the Directorate: Business Regulation, Sub Directorate: Business Licensing in the Department is engaged full time in providing the support service to the Liquor Board.

In terms of Schedule 3 Part C of the Public Finance Management Act, No 1 of 1999 the Liquor Board of the Western Cape, as is the case with the liquor boards of every other province, is listed as a public entity. Due to the implications of the provisions of the Liquor Act the Liquor Board does not have an allocated budget separate from that of the Sub-programme: Business Regulation or an independent staffing component separate from the Directorate: Business Regulation. Adherence to the provisions of the PFMA by the Liquor Board, as far as accountability and reporting is concerned, is currently the responsibility of the Accounting Officer of the Department of Economic Development and Tourism.

In the development of the policy document a report has been commissioned to inform the Department and Cabinet of options relating to the establishment of a future Liquor Board to administer the new proposed provincial liquor legislation. The report has the following purposes-

- a) The first purpose of the report is to enable the Department to determine the best policy option relating to the optimal functioning of the proposed Liquor Board as –
- Wholly independent statutory body outside the public service with full time office bearers and institutional support that meets the requirements of the PFMA as public entity (e.g. The Western Cape Gambling Board, the Western Cape Nature Conservation Board), or
  - A statutory body whose members appointed as full time office bearers on extended contracts from outside the ranks of the civil service that has independence in exercising its quasi-judicial function, but whose activities such as administration, monitoring, enforcement and awareness and education programmes are supported by public officials (e.g. The Western Cape Consumer Tribunal, the Western Cape Rental Housing Tribunal and the Provincial Operating License Board). Such a statutory body may be required to delist as public entity in terms of the PFMA.
  - A statutory body that is comprised of civil servants and appointed laypersons that has independence in exercising its quasi-judicial function, but whose activities such as administration, monitoring, enforcement and awareness and education programmes are supported by public officials. (E.g. the status quo with the current Liquor Board). Delisting as public entity will be required.
- b) The second purpose of the report is to enable the Department to consider the efficiency and efficacy gains, if any, that the respective options may have.
- c) The third purpose of the report is to consider the financial implications of the proposed policy document.

The recommendations of the report will enable the department to finalise the policy document and will place it in a position to determine whether to delist the current Liquor Board or to provide in the provincial legislation for transitional methods to convert the current Board into a public entity capable of meeting the PFMA requirements.

## **10.2 Implementation of PFMA**

The Department regards compliance with the PFMA Act as a priority. The Department has a structured implementation plan and reports regularly to Provincial Treasury regarding progress made with the implementation of the Public Finance Management Act.

The Office of the Departmental Accountant has been restructured into two divisions namely Financial Management and Compliance. The Financial Management division will focus on balance sheet reporting and asset management. The Compliance division will focus on internal inspections, compliance, delegations, finance instructions and training.