



Wes-Kaapse Provinsiale Parlement Western Cape Provincial Parliament IPalamente yePhondo leNtshona Koloni

REPORT OF THE STANDING COMMITTEE ON FINANCE, ECONOMIC OPPORTUNITIES AND TOURISM ON THE ANNUAL REPORTS OF THE DEPARTMENT OF ECONOMIC DEVELOPMENT AND TOURISM AND ITS ENTITIES; WESTERN CAPE TOURISM, TRADE AND INVESTMENT PROMOTION AGENCY (WESGRO) AND SALDANHA BAY INDUSTRIAL DEVELOPMENT ZONE LICENCING COMPANY (SOC) LTD FOR THE YEAR ENDED 31 MARCH 2019, DATED 12 NOVEMBER 2019

1. Introduction

The Annual Report programme for the 2018/19 financial year was advertised in newspapers, inviting stakeholders and members of the public to attend and participate in the discussions.

Members of the Standing Committee on Finance, Economic Opportunities and Tourism deliberated on Part A: General Information, Part B: Performance Information and Part D: Human Resource Management of the Annual Reports of the Department of Economic Development and Tourism and its entities: Western Cape Tourism, Trade and Investment Promotion Agency and Saldanha Bay Industrial Development Zone Licencing Company (SOC) Ltd, on 18 October 2019.

Members of the public were also given an opportunity to pose questions and make oral submissions.

2. Overview

The Committee considered the Annual Reports of the Department of Economic Development and Tourism (the Department) and its Entities; Western Cape Tourism, Trade and Investment Promotion Agency (Wesgro) and Saldanha Bay Industrial Development Zone Licencing Company (SOC) Ltd (SBIDZ).

Before proceeding to the consideration of the Annual Reports, the Minister, the Head of Department, the respective Chief Executive Officers and Chairpersons of the Entities were given an opportunity to make opening remarks.

In the year under review, the Department and its Entities received clean audits for the 2018/19 financial year. The Committee made findings and recommendations based on its interaction with the Department and its Entities on the respective Annual Reports.

3. Deliberations on 2018/19 Annual Reports

3.1 Department of Economic Development and Tourism: Findings/Concerns

- 3.1.1 There was a concern about halal certification and the tension that has been created with traditionally non-halal catering businesses. The concern was that standardising catering contracts could create prejudice against catering contracts that do not necessarily require halal products. The Department clarified that its focus has largely been to stimulate export growth into foreign countries for halal products from the Western Cape. The matter with the

- contracts was a supply chain management policy issue that needed to be addressed with Provincial Treasury. The Department is committed to addressing challenges associated with the halal market. The Department encourages black-owned businesses, especially in the Cape Flats area, through assistance with an export development programme that will build small suppliers, who could become export-ready, and prepares them for the next edition of the Africa Halal Week. There is also a halal forum that businesses can approach for additional assistance in terms of new opportunities.
- 3.1.2 The Annual Report did not seem to speak to government investment into the Western Cape. For example, Gauteng received government investment for the Gautrain, and water infrastructure in Lesotho. There will also be investment in the port of Durban. Many of these infrastructure projects are necessary as a catalyst for economic growth. It seems that the Western Cape is struggling to attract the same type of investment from national government. More work needed to be done in this area to address infrastructure backlog issues in the Province.
 - 3.1.3 Many of the Department's vacancies were unfilled because of cost containment measures placed on Cost of Employment (COE). Some of the posts that were vacant were unfunded posts. The unfilled vacancies posed a challenge, however, the Department's new Five-Year Strategic Plan will review the nature of the senior management's positions. Additionally, the Annual Report did not distinguish between funded and unfunded vacant posts. This should be clarified in the Annual Report going forward.
 - 3.1.4 The nature of the spaza shop industry in townships has changed dramatically as at present they are mostly foreign-owned. The Department has developed a model that empowers local people. This model provides proven entrepreneurs with a chain store such as Pick 'n Pay (Pick 'n Pay Spaza Programme). This is not a franchise store; it belongs to the owner but is powered by Pick 'n Pay. The Pick 'n Pay Spaza Programme converts existing spaza shops in townships in to independently-owned supermarkets. Four of these chain stores have been rolled out in the Western Cape.
 - 3.1.5 The customs challenge in the Port of Mossel Bay started one and a half years ago with the implementation of Phase 1 of the Total Project. There is a requirement for customs and immigration services in the Port of Mossel Bay. However, at the moment it means that the National Department of Home Affairs' officials have to travel from Cape Town to Mossel Bay to provide customs services at the port. The Department has engaged with the National Department of Home Affairs to request more regular visits from officials as the efficiency of these services have been negatively affected. This discussion has not been concluded; the Home Affairs service is still being rendered from Cape Town and not from the nearest office in George. In the meantime, the Department has been engaging with the National Department of Home Affairs to possibly establish a permanent customs office in Mossel Bay, or to make staff from the Home Affairs office in George available to the Port of Mossel Bay, and to have Mossel Bay declared a port of entry and exit for crew and tourists.
 - 3.1.6 In terms of Human Resource matters, the Department's Annual Report indicated that there were no persons with disabilities at the top management and senior management levels. There was a low number of persons with disabilities out of 222 employees in the Department. The difficulty to employ persons with disabilities was due to the limitations of Cost of Employment. There seemed to be a relatively high staff turnover in certain salary bands.
 - 3.1.7 The organogram did not reflect the demographics of the Western Cape in its top management structure. The Department needed to consider addressing non-compliance with Broad Based Black Economic Empowerment (BBBEE) requirements by implementing skills development programmes for lower level employees so that they are able to progress to top management positions. This concern would be addressed in the Department's Workforce Plan.

3.2 Western Cape Tourism, Trade and Investment Promotion Agency: Findings/Concerns

- 3.2.1 There were only three women on Wesgro's Board for the 2018/19 financial year, which was not a fair representation of the industry. There should be more women in the space that Wesgro operates in.
- 3.2.2 Conferencing/Events tourism seemed to be successful for certain larger venues such as the CTICC, however, there should be more focus on filling venues outside of Cape Town as well. Wesgro is currently looking at second tier cities such as Stellenbosch and other venues in the Western Cape that can accommodate meetings and conventions.

3.3 Saldanha Bay IDZ Licencing Company (SOC) Ltd: Findings/Concerns

- 3.3.1 There have been delays in the infrastructure projects that the SBIDZ would like to make available to investors and businesses. In terms of revenue collection from tenants, the infrastructure projects are still in progress, therefore no revenue was generated through leasing. The delay was due to longer tenant lease negotiations than was anticipated, as well as community protests. However, the revenue collection amount on page 49 of the Annual Report was set as an estimate and not as a target as the infrastructure projects were still in an establishment phase.
- 3.3.2 The Access and Ease of Doing Business Complex has not been finalised. There are new estimates on the completion date and the SBIDZ is working closely with the construction team and the professional team managing these projects. The SBIDZ has implemented a localisation platform to ensure maximum localisation of these projects. The budget for the Complex is R134 million, which was secured from the Department of Trade and Industry's Special Economic Zone (SEZ) Fund.

4. Submission from the Public

4.1 Mr Mlandeli Mbiko from the Nyanga Tourism Platform (NTP) requested clarity from the Department on the following matters:

- 4.1.1 The steps taken by the Department to unblock unnecessary red tape that has stifled economic growth, and the steps taken to assist small businesses in Nyanga;
- 4.1.2 The manner in which the Department will be engaging with the 280 informal traders in Nyanga who will not be registering their businesses because of the costly process associated with registration fees, employment of an accountant, proper book keeping and transport expenses, etc.;
- 4.1.3 The manner in which the Department will address the lack of access to ICT labs in Nyanga. There is only one library in Nyanga with five computers. The Department speaks of digital economy but there are seven schools in Nyanga and no ICT labs;
- 4.1.4 The reason tourism has not been prioritised in Nyanga and Langa;
- 4.1.5 In terms of the Alcohol Harms Reduction Game Changer, the Taverners Intervention Programme operates at the Safe Taverners Pilot Area, however, clarity is needed on the progress made with this project; and
- 4.1.6 The reason open spaces in Nyanga are not being utilised for economic activities, as there are empty, under-utilised areas in Nyanga that are being used for criminal activities.

4.2 The Department's Response:

- 4.2.1 Small, Medium and Micro Enterprises (SMMEs) have possibly been the biggest beneficiaries of the Red Tape Reduction Unit's activities. The Department has assisted well over 5 500 businesses over the last few years resolving challenges associated with permitting issues and business registration, amongst others. The Department supports small businesses, not only with access to markets, but also with funding mechanisms within the national space.
- 4.2.2 In terms of Alcohol Harms Reduction Game Changer, there was the matter of liquor licensing and liquor trade; however this matter was within the mandate of the Department of Community Safety.
- 4.2.3 There are two major initiatives that the Department has been driving in terms of Digital Economy. In order to promote the tech industry, it is important that citizens also have access to technology so that they become digitally literate and therefore more employable. The Department has a Jump Platform for informal and SMME businesses to access information such as how to improve a business, assess what the challenges are, and provides advice on how businesses can receive assistance. The Department is in the process of converting this initiative from an online platform to an application. The second initiative involves schools and creating a digital pipeline around skills. The Department has been working with schools and industries on how to roll out after school programmes across the Province. The intention is to implement this programme in many schools with a good geographic reach.
- 4.2.4 The Department has been searching for organisations such as the NTP who can guide the Department to understand how they can assist small businesses, particularly in local, light manufacturing. The Department has met with the City of Cape Town and other provincial departments to identify under-utilised plots of land and businesses that can benefit from being in a light industrial area. The Department will engage with the NTP to see how they can be included in this programme.
- 4.2.5 In terms of tourism, the Department will link the NTP to Cape Town Tourism and its eKasi programme, which engages with local communities in townships, creating network opportunities with large businesses on the supply side to demonstrate what tourism product the community has to offer. The Department is also in the process of creating a tourism master plan that will relook at the approach to tourism development and promotion in the next twenty years in the Western Cape. The tourism master plan will assist small businesses to create products that are saleable.

5. Resolutions/Actions

The Committee RESOLVED the following:

- 5.1 To invite the Department to brief the Committee on the results of the preliminary investigations conducted with the City of Cape Town (the City), into possible impacts of regulation of so-called disruptive industries like AirBnB (tourist accommodation) and Uber (taxi services), envisaged by both the national government and the City, at a date to be determined by the Committee;
- 5.2 The Department should respond in writing to the NTP on the matters raised in the meeting that were not addressed, and link the NTP to the relevant programmes mentioned in the Department's response; and
- 5.3 To undertake an oversight visit to the SBIDZ, which should be prioritised for early 2020.

6. Information Requested

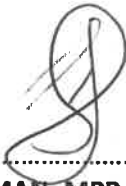
6.1 The Committee REQUESTED that the Department submit the following information by 15 January 2019:

- 6.1.1 A breakdown of where the Department has given support to Technical and Vocational Education and Training (TVET) colleges in terms of artisanal trades, and a breakdown of the R60 million allocated to skills development;
- 6.1.2 A report on the funded and unfunded posts that have not been filled; and
- 6.1.3 A report on the credentials (specialised skills) of the two foreign workers, as stated in Table 3.9.1 on page 171 of the Annual Report.

6.2 The Committee REQUESTED that the SBIDZ provide the Committee with the Gap Analysis Report on the Saldanha Bay SMMEs' readiness to comply with national standards in the oil and gas, and maritime sectors, once it is completed.

7. Conclusion

The Chairperson thanked the Minister, Department and its Entities for their preparation and responses to questions raised by the Committee members.



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ADV D BAARTMAN, MPP

CHAIRPERSON: STANDING COMMITTEE ON FINANCE, ECONOMIC OPPORTUNITIES AND TOURISM

DATE: 12 NOVEMBER 2019

