



KZN Presentation

01 October 2009

Overview of the Province

Land surface area	129 370 km ²
Municipalities	30
Population:	5 278 585
-By gender	
Male	2 573 411
Female	2 705 174
-By Age	
0-14 years	1 387 800
15-65 years	3 591 667
65+ years	299 118
By former racial classification	
African	1 588 563
Coloured	2 647 462
Indian and Asian	69 446
White	973 114
Population Density	41 persons per km ²

Areas of Concentration of Economic Activity:

Cape Town is the Provincial economic engine

-It contributes **50.27 per cent** to GDP and **65 per cent** of the Provincial population.

Other strong economic growth nodes are:

-Mossel Bay-George-Knysna-Plettenberg Bay

Saldanha-Vredenburg

Provincial Gross Domestic Product

- WC GDP recorded a figure of 5.8% in 2007 Or R260-billion and it was estimated to record a figure of 3.5% for 2008
- Three largest sector contribution to GDP for 2007 were
 1. Financial intermediation, insurance, real estate and business services – 30.6%
 2. Manufacturing sector – 17.6%
 3. Wholesale, retail, trade catering and accommodation- 16.8%
- These sectors grew at 12.6%, 4.7% and 5.4% in 2007 respectively

Provincial Unemployment

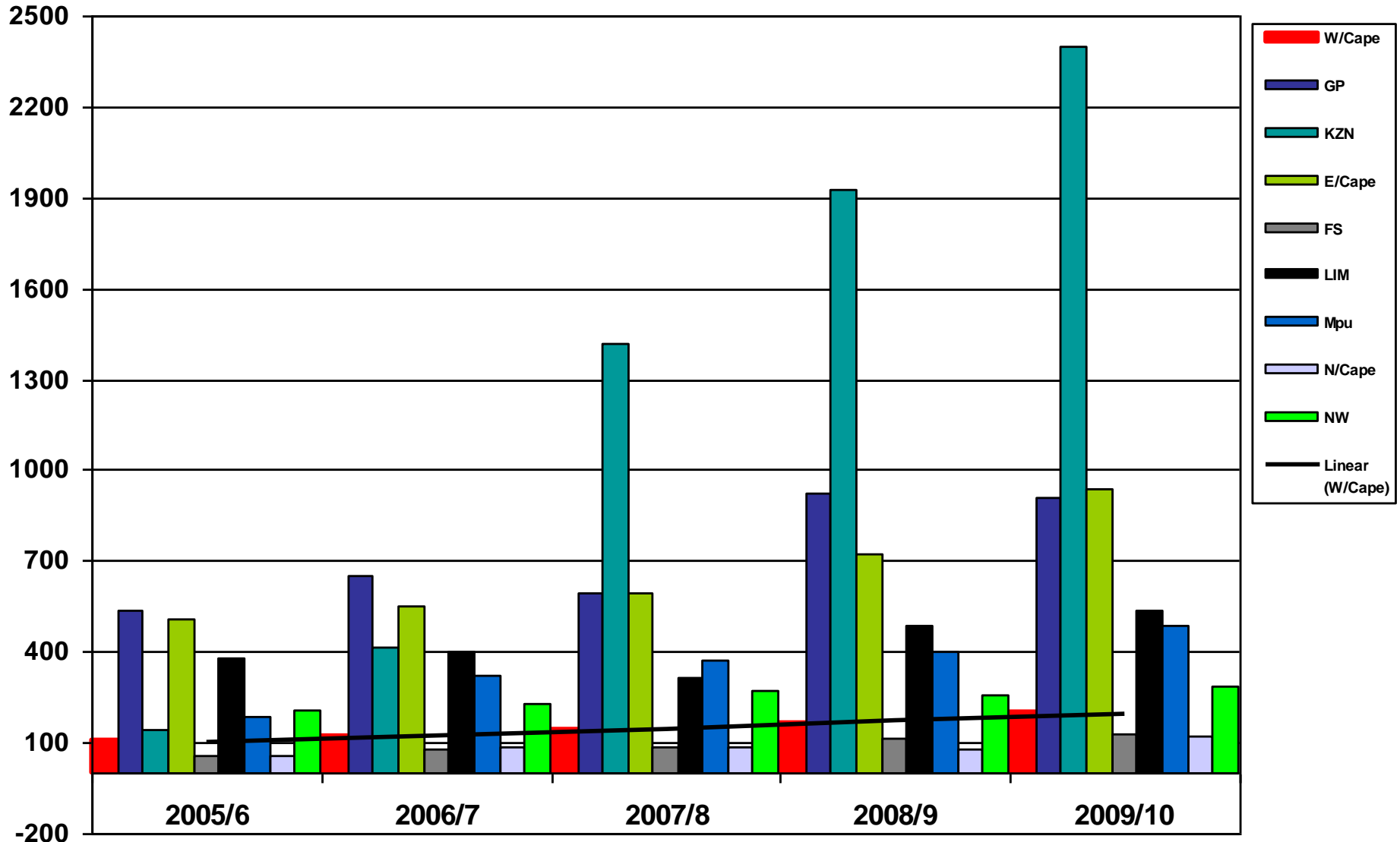
- Narrow unemployment rate in 2008 was 20.2% (up from 19.2% in 2003 – 448k people in 2008) . Currently, this rate is sitting at 20.5% in the 2nd Q of 2009
- Major sectors absorbing employment is wholesale and retail (22,8%), manufacturing (19.7%) and CSP services (19.6%)
- Structural Flaw – large supply of unskilled and high demand for skilled labour
- About 70.4% of WC unemployed (broadly defined) is concentrated between the ages of 15 and 34 while narrowed unemployment for this age group is measured at 54.8%
- 48% of people between 15 and 24 never worked before, while 39% were unemployed for less than 1 year
- Unemployment remains high among youth across the education cohorts, especially those who have no education, complete GET and incomplete FET
- Higher growth rate for people who have diploma – reflects a demand for graduates with work experience. Unemployment decline since 2007 for those with Tertiary Qualifications

Department of Economic Development & Tourism

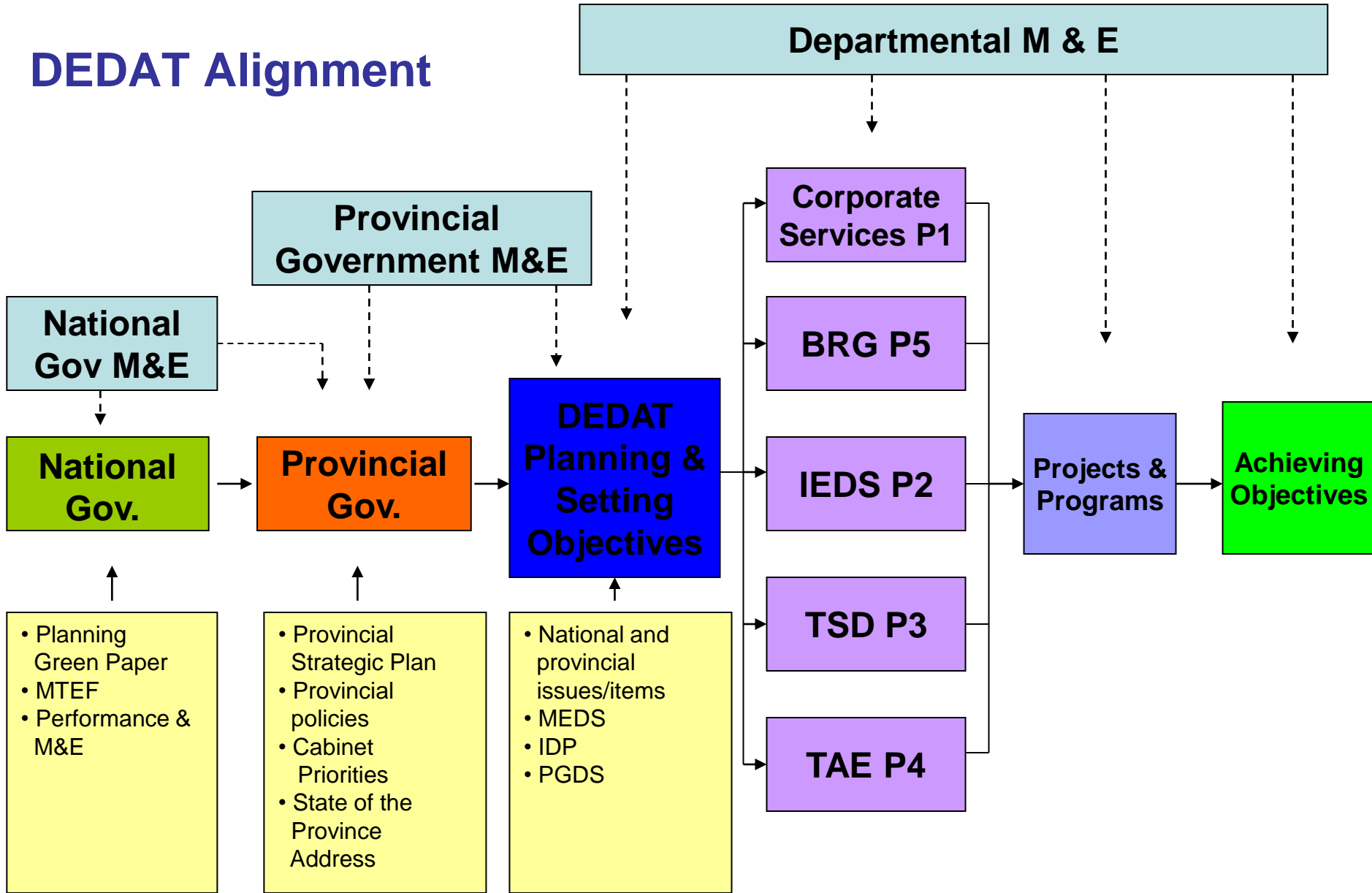
- **220** staff members
- Current budget of **R 274m** for 2009/10
- **6 Programmes:**
 - Administration
 - Integrated Economic Development Services
 - Trade and Sector Development
 - Business Regulation and Governance
 - Economic Planning
 - Tourism, Arts and Entertainment
- Responsible for **2 public entities** – **WESGRO** and **CTRU**
- Implementing agents – **Casidra** and **SPV's**



Economic Development Budget Allocations



DEDAT Alignment



Achievements and Successes [1]

Programme: Integrated Economic Development Services

- RED Door client visits: 41 000 (2007/8/9)
- RED Door outreach: 593 (2007/8/9)
- Value of tenders facilitated: R100m (2007/8/9)
- Value of loans secured for RED Door clients: R21m (2007/8/9)
- Number of persons trained in small business: 12 500 (2007/8/9)
- Total external (municipal) support secured for RED Door: R3m (2009/10)
- Value of Broad-based economic empowerment deals facilitated for 2004-2009: R62.5m
- Work and Skills Programme:
 - private sector support (KWV, CTICC)
 - More than 300 participants placed

Achievements and Successes [2]

Programme: Tourism, Arts and Entertainment

- Tourism Skills development partnership resulting in:
 - Internships – local and international
 - bursaries
- Since 2006 conventions bids directly linked to DEDAT's Tourism PE had combined impact of **R950m** on the economy
- About **3000** direct and **4300** indirect jobs created as result of CTRU efforts – **R1.1bn** visitor spend (2008/09)
- **R1.5bn** investments facilitated largely through efforts of the Cape Film Commission (2008/09)

Achievements and Successes [3]

Programme: Economic Planning

- MEDS:
 - 22 economic sectors and 6 cross cutting themes
 - Highly qualified and experienced researchers
 - Sectors selected on basis of capacity to:
 - Grow output (volumes and value) and employment
 - Offer significant opportunities for equity for all
 - Offer many opportunities for new enterprises to flourish

Achievements and Successes [4]

Programme: Trade and Sector Development

- Wesgro investment recruitment of **R3.2 bn** in 2008/09 (R9.3bn since 2004/05) which created **6100 jobs** (21000 since 2005)
- Sector interventions via Sector Bodies:
 - **8568** businesses substantively assisted (2007/8/9)
 - **11 528** people trained (2007/8/9)
 - **32 148** no of people assisted – walk-ins, email & tel enquiries (2007/8/9)
 - SPV membership increase from **4077** (07/08) to **11 286** (08/09)
 - Value of investments secured: **R2.981bn** (2007/8/9)
 - “Crowding in” of external funding: **R29.2m** (compared to DEDAT’s contribution of **R29m**)
- Facilitated 16 sector cluster developments

Achievements and Successes [5]

Programme: Business Regulation & Governance

Liquor regulation

- Handles largest database of licences of all Liquor Boards – smallest staff complement compared to all other provinces
- Maintains the lowest rate of lapsed licences
- Lowest number of appeals against decisions
- Has gained wide-spread recognition for educational awareness efforts relating to FAS and responsible liquor trading
- Despite being the smallest, the Inspectorate operates on the best level across all Liquor Boards
- Only Board with an Information Management System in place and at the lowest cost

Constraints

External Environment

- **Economic Realities** – economic downturn, unemployment
- **Alignment to National and Provincial priorities/policies**
- **New Push**
 - **Solid Bases/justification for interventions**
 - **Catalytic – Participant Continuum**
 - **Impact/Outcomes/Outputs**
 - **Performance Management and M&E**
 - **Integrated inter-departmental approach**
 - **Partnerships and “crowding” in support and funding from stakeholders**

Internal Environment

- **MEDS as support and direction**
- **Frequent Leadership changes**
- **Significant staff potential – committed and experienced top management**
- **Young staff – 73% younger than 40 years (and high turnover)**

**** Strategic Session on 5th October**

Integrated Economic Development Services

Essence of the Strategy

- Concentration on high potential end of informal sector entrepreneurs (RED Door) and support to more sophisticated sector-based businesses (GREEN Door)
- Regional economic planning and intensive municipal support and capacity building
- Skills development – Enterprise Development, LED, empowerment
- Open architecture in supporting rural enterprise development

High Level Thrusts / Key Success factors

- Partnership & private sector crowding in
- Increased catalytic role and decreased participant role
- Red tape reduction
- Regional and spatial development
- Institutional co-ordination and integration to improve service delivery
- Expertise

Integrated Economic Development Services

High Level Projects and Programmes

- Economic Spatial Planning – linked to “MEGA SPV” (R5.2m)
- Municipal support Programme (R500k)
- Spatial Development Fund (R10m)
- RED Initiative (R 30m)
- GREEN Initiative (R3m)
- Business Opportunities Programme (R3m)

Difference

- Increased catalytic role
- Shift to support wider spectrum of small businesses with more demand-derived instruments and partnerships with existing role-players
- Increased co-ordination of institutions/departments service delivery offerings as elements of economic growth and development

Business Regulation and Governance

Liquor Regulation

Essence of the Strategy

- World class liquor authority institution
- Transformation of the liquor industry
- Promotion of responsible liquor production, distribution and consumption

High Level Thrusts / Key Success factors

- Partnership & private sector crowding in

Tourism, Commercial Arts and Entertainment

Essence of the Strategy

- Increased marketing – national, regional and local
- Aggressive & proactive role in development of tourism routes, attractions, sites, etc.
- Small business development with emphasis on skills development

High Level Thrusts / Key Success factors

- Unified destination brand & consolidated marketing efforts
- Constant new product development & innovation
- Good visitor experience – global competitiveness
- Spatial spread of tourism benefits and opportunities

Tourism, Commercial Arts and Entertainment

High Level Projects and Programmes

- Destination marketing (R33m)
- Route and product development (R3m)
- Enterprise and Skills Development (R3m)
- Global competitiveness improvement (R1.9m)

Difference

- Focus – more significant infrastructural projects (Tourism Development Plan)
- Increased leveraging from partnerships
- Intensive private sector engagements
- Improved sophistication of market intelligence

Trade and Sector Development

Essence of the Strategy

- Increased focus on sectors of priority
- Cluster methodology maintained but funding capped
- Hard infrastructure interventions to complement soft skills support
- Increased linkages between and among stakeholders(e.g. marketing, improved value-chain

High Level Thrusts / Key Success factors

- Focus on MEDS identified sectors
- Buy-in and leveraging funding support

Trade and Sector Development

High Level Projects and Programmes

- BPO Skills Centre and Investment promotion (R10m)
- ICT Incubator Programme and Training Hub (R12m)
- Oil and gas Ports Infrastructure and Artisanal Skills Centre (R43m)
- Sustainable Energy Technologies and Generation
- Cluster support to SPVs (R10m)
- Open Architecture Fund (R20m)

Difference

- Focus and impact
- Interventions are demand driven via the open architecture approach
- SPVs are able to operate in a more certain and stable environment over the 3-year period

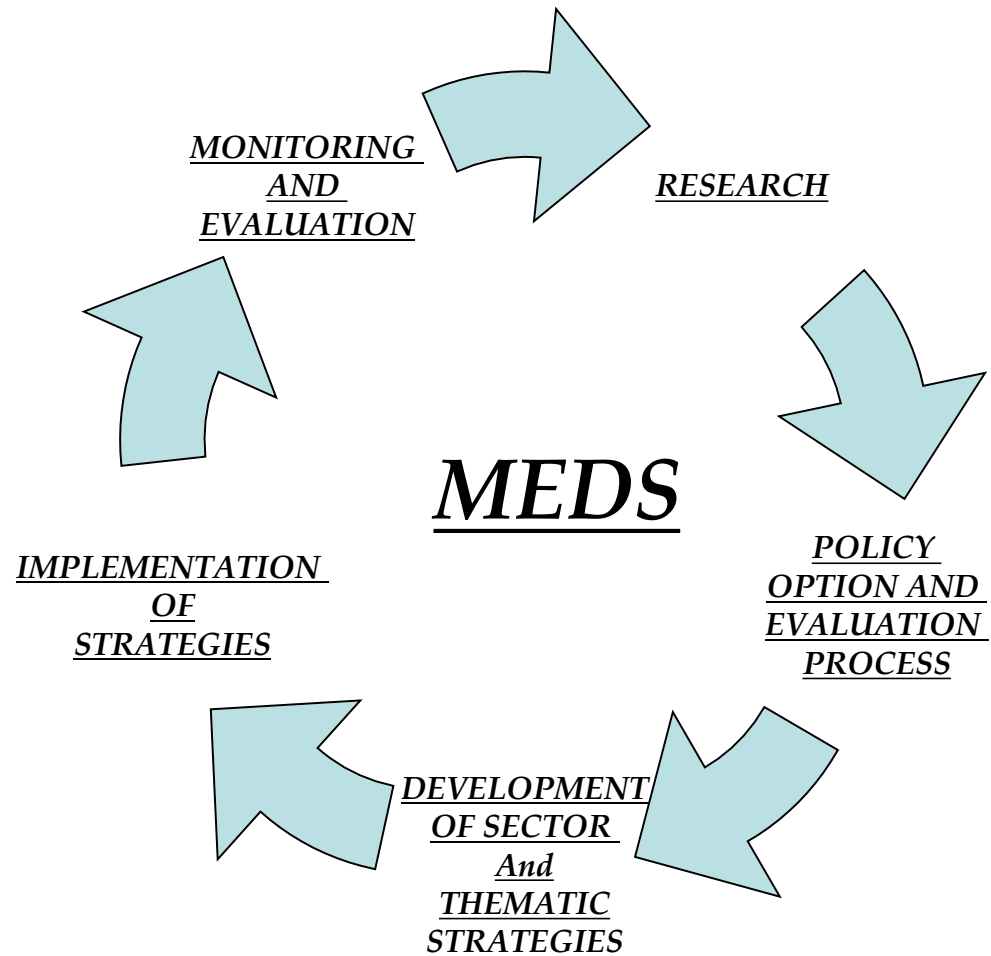
WHAT IS THE MEDS?

- The MEDS is the overarching theme/policy of the Department
- IOW, the MEDS is the blood that flows through the Department's veins

WHAT IS THE RATIONALE FOR THE MEDS?

- Increasing growth, facilitating employment, and enhancing equity
- Basing strategies on the Province's current and emerging competitive strengths
- Identifying knowledge intensity as the Western Cape's fundamental characteristic
- Requiring all policy proposals to be grounded in an empirical analysis, therefore avoiding wish lists in an industry
- Focusing strategic attention on priority sectors
- Maintaining a realistic grasp of the limited capacity of provincial government and hence devising appropriate policy and strategy levers for implementing the MEDS.
- Building strategic institutional relationships between government and industry

Phases of the MEDS



MEDS RESEARCH

- The MEDS in the Western Cape was first initiated through Research in 2004
- Consequently, over the past 5 years, a large community of researchers was commissioned to investigate a number of sectors in the Western Cape complimented by an examination of some key crosscutting themes
- In addition, there are four synthesis reports and analysis documents, which analyses and comments on the individual research papers and draws them together into a coherent proposed approach to industrial development.

Research Completed 04/05

- Agri Business and Aquaculture
- Human Resource Development (HRD)
- Small Medium and Micro Enterprises (SMME)
- Clothing and Textile
- ICT
- Tourism
- Fishing and Mariculture
- Metals and Engineering

Research Completed 05/06

- Biotechnology
- Human Resource Development (HRD)
- Oil and Gas
- Electronics
- Financial Services
- Crafts
- Cultural Industries, Arts, Culture and Creative Arts
- Film

Research Completed 06/07

- The Informal Sector
- Agri Processing
- Wholesale/Retail/Franchising
- Chemicals
- Construction
- Boat Building
- Print, Packaging and Publishing

Research Completed 06/07 cont..

- Human Resource Development (Skills Development)
 1. Call Centre BPO
 2. Film Sector Skills
 3. Oil and Gas
 4. Tourism

Research Completed 07/08

- Informal Sector Research: Trade
- 2010
- Creative Industries: Music
- Creative industries (Desktop Research)
- Spatial Dimension of the MEDS (Eden District)

Research Completed 08/09

- Growth Chain Analysis
 - Tourism
 - Oil & Gas
 - Construction
- Performing Arts
- Strategic Support to Industries

MEDS IN A NUTSHELL

