

# PARLIAMENT OF THE PROVINCE OF THE WESTERN CAPE

## ANNOUNCEMENTS, TABLINGS AND COMMITTEE REPORTS

TUESDAY, 7 NOVEMBER 2017

### COMMITTEE REPORTS

**1. REPORT OF THE STANDING COMMITTEE ON PREMIER ON THE 2016/17 ANNUAL REPORT OF THE DEPARTMENT OF THE PREMIER, DATED 24 OCTOBER 2017 REPORTS AS FOLLOWS:**

**1. Introduction**

The Annual Report Programme for the 2016/17 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 Premier deliberated on Part A: General Information, Part B: Performance Information and Part D: Human Resource Management of the Annual Reports of the Department of the Premier, on 12 October 2017.

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

**2. Overview**

For the 2016/17 financial year, the Department of the Premier concluded a mid-term review on the implementation of the Western Cape Government's Provincial Strategic Plan for the 2014-2019 performance years. The year under review signifies the second year of the current five-year term of government.

The Delivery Support Unit focused on driving the implementation of the seven game changers, namely: expanding Apprenticeships, achieving Energy Security, delivering High Speed Broadband, implementing quality e-Learning at schools, expanding quality after-school activities, reducing Alcohol-Related Harms and pioneering a Better Living Model in the province for the 2016/17 financial year.

The Department of the Premier reported on a number of notable achievements for the year under review. They achieved a clean audit, and performed well against all criteria in the Management Performance Assessment Tool (MPAT), for the 2016 reporting period. The National Department of Planning, Monitoring and Evaluation in the Presidency rated the Department of the Premier amongst the top performing departments, in terms of overall management performance. The Department highlighted programmes, activities and projects that are not progressing as expected. In addressing this, the Department is focusing on identifying the reasons for under-performance in these areas and the need might arise to change the strategic direction to achieve the outcomes of the Department. The Department of the Premier registered a final compliance score of 91.2 out of 100.

### **3. Inputs received from the public**

Members of the public were given an opportunity to give input on the Annual Report of the Department of the Premier.

Mr M Mbiko, representing the Nyanga Development Forum, expressed his concern with the Alcohol Harms Reduction game changer, the After-School game changer and the Mass Opportunity and Development (MOD) Year Beyond programme that has not been implemented in Nyanga. Mr Mbiko stated that Nyanga is a crime ridden area, yet the Department has not prioritised the implementation of these game changers in Nyanga to address the social ills in the area.

### **4. Findings/Concerns**

- 4.1. The Department had an underspending of R21.9 million (1.61%) at the end of the 2016/17 financial year. This did not impact negatively on the achievement of the departmental targets.
- 4.2. The Department reported that the State of Urban Safety Report, published by the South African Cities Network, identified the Western Cape as the province with the least socio-economic realities of poverty, inequality, unemployment and social pathology factors out of all the provinces in South Africa.
- 4.3. The Premier reported that the Broadband game changer serviced 1 610 sites up to March 2017. Most of these sites serviced are schools that have been prioritised under the e-Learning game changer, with over 5 000 classrooms in the province becoming tech-enabled. Approximately 51 000 learners attended after-school programmes regularly and consistently during the course of the year.
- 4.4. The delay in the delivery of Broadband infrastructure projects is due to vandalism and intimidation from gangs in certain areas. On-site project teams are threatened by gang groups to pay “protection money” for the project teams to not be harmed. Large amounts of money are budgeted for the safety and security of the sites so that these projects can be completed timeously.
- 4.5. The Alcohol Harms Reduction game changer focuses on implementing economic and recreational programmes in communities, to assist in reducing the excessive consumption of alcohol use in the province. However, the Department has experienced challenges in terms of resistance to positive behavioural changes at a peer-to-peer level.
- 4.6. Learners could not utilise, or benefit, from the e-Learning game changer, due to the challenge posed by vandalism and theft of infrastructure at schools, which negatively impacted on the delivery of the high-speed broadband connection.

- 4.7. The roll out of activities planned for the After School game changer is often disrupted due to security issues and accommodation problems, such as venues not being able to accommodate the high number of learners attending the programmes.
- 4.8. The implementation of the Better Living Model game changer project has experienced red-tape challenges in terms of compliance due to compatibility issues for bid documents; however, zoning has been approved to address the challenges experienced for this game changer.
- 4.9. The National Department of Energy has been hesitant to allow private power producers to enter the energy producing market and feed directly into the power grid, resulting in slow progress for the roll out of the Energy Security game changer.
- 4.9 The Department has experienced difficulties with rolling out the Apprenticeship game changer, as poor economic growth has restricted private sector businesses from hiring more employees.
- 4.10 The strategy of the E-Learning, Apprenticeships and the After School Activities game changers aims to create opportunities for youth, thereby, integrating the youth into the economy.
- 4.11 The Office of the Premier has three legal advisors appointed in the Department. Mr JP Celliers' main mandate is to support and service Local Government across the province with legal advice, regularly reporting on prioritised cases and to analyse legislation. Mr NM Williams focuses on safety issues for the province. His mandate is to align Community Neighbourhood Watches and community integration with the South African Police Services. Ms P van der Merwe is a statistical analyst, who collects and analyses data in the Department's Delivery Support Unit.
- 4.12 The Department reported that the Chief Director for Policy and Strategy resigned as a result of a difference of opinion between management and the Chief Director for Policy and Strategy on the manner in which policies should be formulated by the Department.
- 4.13 The Department of Cultural Affairs and Sport provides document management services to the Department of the Premier, as they are the custodians of all government archives. The service provider for document management is Datacentrix. The Centre for e-Innovation in the Department of the Premier is responsible for the procurement of licenses and maintaining enterprise software tools for all Western Cape Government departments.
- 4.14 The Corporate Governance Framework and related maturity model will outline the governance components, principles and requirements to enable departments to implement strong governance and a robust system of internal control. The Department is in the process of piloting this project. The framework and maturity model will be completed during the 2017/18 financial year.
- 4.15 A decision was taken at a Cabinet Bosberaad, in the 2015/16 financial year, that the Western Cape Government will no longer subscribe to the Cape Times newspaper.
- 4.16 The senior management structure and representation in the Department of the Premier is not reflective of the demographics of the Western Cape.

## **5. Information requested**

- 5.1 The Committee REQUESTED that the Department provide the Committee with the following information by 27 November 2017.
  - 5.1.1 The reasons for under-performance in areas that led to the material underspending in the Department;

- 5.1.2 A copy of the mid-term review on the implementation and subsequent status, of the 2014-2019 Strategic Plan of the Western Cape Government;
- 5.1.3 The job description and remuneration package of the special advisors in the office of the Premier. In addition, the Committee requests and electronic copies of all reports prepared by the special advisors for the 2016/17 financial year;
- 5.1.4 A copy of the minutes of the Cabinet Bosberaad, which states that Western Cape Government will no longer subscribe to the Cape Times newspaper;
- 5.1.5 A copy of the resignation letter submitted by the Chief Director for Policy and Strategy;
- 5.1.6 A copy of the policy and research conducted by the Cape Higher Education Consortium (CHEC) and the Western Cape Government, jointly;
- 5.1.7 All documents relating to document management services provided by the Department of Cultural Affairs and Sport, in conjunction with the Department of the Premier. The documents should include the procurement process followed, the names of the nominated service providers, the terms of service and a cost breakdown of the services provided;
- 5.1.8 A status report on the Corporate Governance Framework;
- 5.1.9 Feedback relating to the concerns raised by Mr Mbiko. The Department should forward a report on the outcome of the intervention; and
- 5.1.10 The strategy of the Department in addressing the demographics of the Western Cape when appointing senior managers in the Department.

## **6. Conclusion**

On behalf of the Committee, the Chairperson wishes to express its appreciation to the Premier, the officials of the Department of the Premier and the Members for their participation during the session.

## **2. REPORT OF THE STANDING COMMITTEE ON COMMUNITY DEVELOPMENT ON THE ANNUAL REPORT OF THE DEPARTMENT OF HEALTH FOR THE YEAR ENDED 31 MARCH 2017, DATED 26 OCTOBER 2017.**

The Standing Committee on Community Development, having considered the Annual Report of the Department of Health (hereafter the Department) for the year ended 31 March 2017 referred to it, reports as follows:

### **1 Introduction**

The Western Cape Provincial Parliament's Annual Report Programme for the 2016/17 financial year was advertised in newspapers to invite stakeholders and members of the public to attend and participate in the discussions. As part of its oversight function, the Committee considered the Annual Report of the Department of Health on 13 October 2017. Before proceeding to the consideration of the report of the Department, the Minister and the Head of Department were given the opportunity to make opening remarks.

The Department was questioned on:

Part A: General Information;

Part B: Departmental Performance Information; and

Part D: Human Resources Management of the Department's Annual Report.

No members of the public were present during the discussion of the Annual Report, therefore, no input was received.

## **2 Overview**

The Provincial Minister of Health, Hon N Mbombo, provided an overview of the successes and challenges faced by the Department during the 2016/17 financial year.

During the financial year under review, the Department was allocated an amount of R20 billion. Most of the budget was spent on: Programme 2: District Health Services, Programme 4: Provincial Health Services and Programme 5: Central Hospital Services.

The Department focused on strengthening the patient's voice, patient-centred and home- and community-based care and public-private partnerships. On the patient's voice, the Department worked tirelessly to reinvigorate all health statutory bodies which include the Provincial Health Council, district councils and hospital boards. The Department succeeded in integrating communities into the Provincial Health System through the appointment of the hospital boards. The Regulations of the Western Cape Health Facility Boards and Committees Act, (Act 4 of 2016) have been published in the Government Gazette for public comment.

According to the Minister, the highlights of the Department during the year under review include the development of the Nursing Strategy, the E-vision, the establishment of the Public-Private Health Forum (PPHF) and the introduction of the Catch-and-Match Pilot Project in Nyanga, Delft and Khayelitsha.

## **3 Findings**

- 3.1 The Department achieved the best health outcomes nationally for this financial year under review and has established a track record of unqualified audits for the past 12 years.
- 3.2 The Department has achieved, and in some instances exceeded, the national 2019/2020 Medium-Term Strategic Framework (MTSF) outcome targets for life expectancy at birth, under-5 mortality rate, infant mortality and maternal mortality ratio.
- 3.3 The demand for healthcare services continues to grow and this is unlikely to change in the short to medium term given the trends in the social determinants of health and wellbeing.
- 3.4 The quadruple burden of disease places an enormous strain on the health system and an increasing number of people visit health facilities with multiple health problems.
- 3.5 The burden of acutely decompensated psychiatric patients in general hospitals is a significant ongoing challenge.
- 3.6 The Nurse Training Plan will address the scarcity in all the nursing specialty categories.
- 3.7 The Department has managed to spend almost 100 per cent of its Programme 8 budget for infrastructure developments in the 2016/17 financial year and numerous capital and health technology projects were completed.
- 3.8 The Department has implemented a number of cost saving initiatives, which ranged from the decommissioning of boilers, the installation of heat pumps and energy-efficient lighting at some of its facilities.
- 3.9 A utilities champion has been appointed by the Department because of the need to reduce energy consumption and the serious water shortage in the province.

- The utilities champion will be responsible for analysing the utilisation of water and electricity in various health facilities.
- 3.10 The Swartland Hospital suffered a major fire during the 2016/17 financial year.
  - 3.11 The Department developed and rolled out a Management Efficiency and Alignment Project (MEAP). The aim of the project is to improve efficiencies in all health facilities across the province.
  - 3.12 A feasibility study for the Tygerberg Hospital Redevelopment Project has been concluded and a transaction adviser for this project was appointed in October 2013.
  - 3.13 The primary healthcare services in the Drakenstein Subdistrict in Cape Winelands were consolidated by amalgamating Klein Nederburg and the J Du Pre Le Roux Clinic with the TC Newman Community Day Centre.
  - 3.14 The conditional grant from the national Department of Health for the National Health Insurance (NHI) in the Eden District has ended after a five-year period. The portion of the grant used for contracting health professionals will continue on a year-to-year basis.
  - 3.15 There are about 788 rural Community Health Workers (CHWs) who enrolled into the accredited home- and community-based care learning programme.
  - 3.16 The Bothasig and Retreat clinics, which were previously managed by the City of Cape Town, have been integrated into the Department.
  - 3.17 The Japanese Embassy and Samsung made donations to the West Coast District for the establishment of the Eye Care Centre at the Vredendal Hospital.
  - 3.18 The Department commissioned a psychiatric unit at the Paarl Hospital with 10 new beds and a bed stroke at the Tygerberg Hospital. In addition, a new interventional bronchoscopy services have been piloted in the respiratory clinic at the Groote Schuur Hospital.
  - 3.19 The recruitment of qualified and competent health professionals is a challenge due to the scarcity of specialists in rural areas.
  - 3.20 The Expanded Public Works Programme (EPWP) funded an accredited training of community health workers, community-based services in the Metro District Health Services and created job opportunities for the youth through internships.
  - 3.21 The Department is in the process of developing an Employment Equity Strategy. The strategy's main objective is to reach the goals and objectives of the Employment Equity Plan.
  - 3.22 The attacks on the Emergency Medical Services' personnel remains a challenge and the South African Police Service continue to assist the Department.

#### **4 Information requested**

The Committee REQUESTED the Department to provide the following information by Friday, 24 November 2017:

- 4.1 A detailed report on the 53 dismissal cases for misconduct during the financial year under review.
- 4.2 Detailed information on the reasons for the outcome of the eight disciplinary hearings (not guilty) as reported on page 182 of the Annual Report.
- 4.3 A detailed breakdown of information on the performance rewards paid to the Senior Management Service (SMS) versus the performance rewards paid to the non-SMS staff members.
- 4.4 The improvement and expansion plans for the Khayamandi Clinic in Stellenbosch.
- 4.5 The geographical breakdown of the interns for the Premier's Advancement of Youth Development (PAY) Programme (Finance and Human Resources).

- 4.6 Detailed information on the two hospitals that did not complete and sign off their Quality Improvement Plans.
- 4.7 A detailed investigation report on the fire that occurred at the Swartland Hospital.
- 4.8 A detailed investigation report on the fire at the Malmesbury Clinic that took place two weeks before the fire at the Swartland Hospital.
- 4.9 A copy of the Gifts and Donations Policy.
- 4.10 Detailed information with classification, criteria, and measures to increase the number of persons with disabilities in the Department.

## **5 Conclusion**

The Committee expressed its appreciation for the information provided by the Minister, the Head of the Department and officials of the Department.

### **3. REPORT OF THE STANDING COMMITTEE ON COMMUNITY DEVELOPMENT ON THE ANNUAL REPORT OF THE DEPARTMENT OF SOCIAL DEVELOPMENT FOR THE YEAR ENDED 31 MARCH 2017, DATED 26 OCTOBER 2017.**

The Standing Committee on Community Development, having considered the Annual Report of the Department of Social Development for the year ended 31 March 2017 referred to it, reports as follows:

#### **1 Introduction**

The Western Cape Provincial Parliament's Annual Report Programme for the 2016/17 financial year was advertised in newspapers to invite stakeholders and members of the public to attend and participate in the discussions. As part of its oversight function, the Committee considered the Annual Report of the Department of Social Development on 17 October 2017. Before proceeding to the consideration of the Annual Report of the Department of Social Development, the Minister and the Head of Department were given the opportunity to make opening remarks.

The Department was questioned on:

Part A: General Information;

Part B: Departmental Performance Information; and

Part D: Human Resources Management of the Department's Annual Report.

Members of the public were also given the opportunity to pose questions and to make input during the discussions.

#### **2 Overview**

The Provincial Minister of Social Development Hon A Fritz provided an overview of the successes and challenges faced by the Department of Social Development during 2016/17. Minister Fritz informed the Committee that the provincial Department of Social Development (the Department) is guided by the Provincial Strategic Goals (PSGs), specifically PSG 2: improving education outcomes and opportunities for youth development, and PSG 3: increasing wellness, safety and reducing social ills. The Department focused on supporting,

protecting and helping children to prepare for and stay in school and realise their rights to safety and adequate care. The Department trained social workers in different specialised provisions of the Children's Act, Act 38 of 2005. There are roughly 26 social workers who were trained in the Safety and Risk Assessment Tool, 34 social workers were trained in adoptions as a permanent placement option for children in need of care and protection and 14 social workers were trained in mediation by the Family Mediators' Association of the Cape. A Foster Care Manager has been appointed to improve the administration of the foster care system. The Department's Child and Youth Care Centres (CYCCs) have improved their efficiency. The centralised admissions system for children to CYCCs has contributed to the more effective management and placement of children.

The Minister informed the Committee that the establishment of Youth Cafés remains a key priority for the Department. The Youth Cafés have proven to be very successful in providing targeted and meaningful services, opportunities and support to thousands of young people across the province. During the financial year under review, the sixth Youth Café was opened at Vrygrond. A total of six Youth Cafés have been established in the province since 2014 and they are fully operational and delivering on their mandates. The Minister also highlighted that the Ministerial Youth Excellence Awards were held during the 2016/17 financial year with a total of 21 organisations being honoured for their outstanding contribution to youth development and five young people were honoured for being role models to other young people. There are roughly 61 young people who were part of the Youth Skills Transfer Programme and who progressed to graduate eventually from the Business Incubation Programme. The Minister further reported that the Department focused on improving treatment and related interventions for substance abuse. An inspectorate that will tackle issues of elder abuse and address human rights issues has been established.

### **3 Findings**

- 3.1 The Department has prioritised the residential care facilities for frail older persons and made substantial progress with the mandatory registration of funded and private residential facilities in terms of the Older Persons Act, Act 13 of 2006.
- 3.2 There are 16 shelters in the province for victims of abuse and the shelters also cater for victims of human trafficking.
- 3.3 The Department reported that child protection services is a priority of the Department in light of the escalating violence against children. In addition, a 24-hour child-protection service has been established.
- 3.4 The Special Early Childhood Development (ECD) Pilot Project that aims to improve English language and cognitive development has been piloted at ten ECDs and will be rolled out to a further 50 sites including in rural areas.
- 3.5 A Disability Mainstreaming Strategy that aims to promote integration across the sector and the province has been approved.
- 3.6 The Department reported that care for older persons, especially the expansion of independent and assisted living, frail and appropriate community-based interventions, remain a priority.
- 3.7 The Department has continued to focus on victim support, a shelter for homeless adults, especially women and children, and special accommodation for the victims of human trafficking, probation services, and diversion programmes.
- 3.8 A review of the Diversion Accreditation Policy Framework was ongoing, while the system for tracking and monitoring all children in conflict with the law who are in detention was implemented.
- 3.9 The Department reported that five national diversion programmes were operational and four provincial diversion programmes were accredited.



- 3.10 A project in Hanover Park, Manenberg and Lavender Hill that implements an intervention model, with the aim of transforming communities, devastated by psychological and economic challenges, has yielded 258 new clients who benefitted from a counselling project, 173 new clients in the men's monitoring project, 184 children in three primary schools benefitted from the aftercare project and 209 young people and children benefitted from the Youth in Action Project.
- 3.11 A three-year approved Quality Assurance Plan was implemented as part of a comprehensive performance management system that aims to ensure compliance with the norms and standards for CYCCs.
- 3.12 A Crisis Communication and Reportable Incident Protocol has been rolled out to all funded non-profit organisations (NPOs) and CYCCs.
- 3.13 The Department has prioritised the upgrade of security at shelters for victims of crime and violence and has expanded services in areas where gang violence occurred.
- 3.14 A Human Trafficking Task Team has been established at the Department with the implementation of the Prevention and Combatting of Human Trafficking Act, Act 7 of 2013.
- 3.15 The National Gender-Based Violence Command Centre, a 24-hour helpline operated by social workers, assists victims of gender-based violence to access services will be developed.
- 3.16 A shelter space for male victims of domestic violence has been piloted to develop a baseline for the need for male shelters in Cape Town. In addition, the Department also piloted the first shelter in South Africa specifically for adult victims of human trafficking and their children.
- 3.17 In terms of the substance abuse programmes, the expansion of the substance abuse programme included an adolescent school-based outpatient programme in Elsies River, an outpatient programme in Beaufort West and Ceres, an inpatient substance abuse treatment centre for 30 females in Kensington, an inpatient substance abuse programme for 30 males and young boys (age group: 16 to 17 years) at the Kraaifontein Reception Observation Assessment and Referral (ROAR) Treatment Centre; and an inpatient treatment centre for 10 boys (age group: 13 to 15 years) and 8 girls (age group: 13 to 17 years) at the Lindelani CYCC.
- 3.18 The Department offered bursary opportunities to a number of students from funded NPOs for a postgraduate degree in substance abuse.
- 3.19 An internal referral pathway for case management at DSD local offices, an intervention aligned with the Alcohol Harms Reduction Game Changer, has been piloted in Metro East, Metro South and Cape Winelands.
- 3.20 The Department signed memorandums of understanding (MOUs) with two schools in Metro East thereby cementing collaboration on preventative strategies regarding harm related to alcohol abuse.
- 3.21 A Destitute Persons Burial Assistance Guide that aims to provide a framework for the Department to assist poor and vulnerable families who cannot bury their loved ones has been finalised.
- 3.22 The Department's Disaster Management Plan for 2017/18 has been developed in collaboration with the Western Cape Disaster Centre to clarify roles and responsibilities regarding disasters.
- 3.23 The Department has applied for the rollover and retention of revenue of R1, 115 million for the purpose of providing funding to three NPOs, namely the Western Cape Forum for Intellectual Disability, the Carel du Toit Trust Fund and the Vukani Centre for Children with Special Needs.

- 3.24 The Department will focus on the inclusion of young people with disabilities, with specific emphasis on creating improved linkage to economic opportunities and better services for young people with disabilities.
- 3.25 A Provincial Foster Care Management Plan has been completed to address the challenges surrounding the Foster Care Management System that include the shortage of foster care parents.

#### **4. Public input**

Mr M Mbiko of the Nyanga Development Forum was afforded the opportunity to address and pose questions to the Department of Social Development. The Minister and Head of Department duly responded to the questions posed by Mr Mbiko.

#### **5 Resolutions**

The Committee RESOLVED to:

- 5.1 Invite the Department to brief the Committee on the Trauma Support Project.
- 5.2 Conduct an oversight visit to the Ikamva Labantu NPO to assess its community outreach programme for older persons.

#### **6 Information requested by the Committee**

The Committee REQUESTED that the Department provides the Committee with the following information by Friday, 24 November 2017:

- 6.1 A list of the 50 geographically spread sites where the special ECD pilot project will be rolled out in the next phase of the project.
- 6.2 A detailed breakdown of information on victims of human trafficking in the province in terms of the areas they come from and countries of origin.
- 6.3 The accredited report on the diversion programme should be forwarded to the Committee upon its completion in April 2018.
- 6.4 A copy of the policy for the Destitute Persons Burial Assistance Guide.
- 6.5 A detailed breakdown of information on the number of youth that benefitted in terms of finding employment. The Department should submit the information related to the Nyanga and Mitchells Plain Youth Cafés by 24 November 2017. The information on the other four Youth Cafés can be submitted to the Committee by February 2018.  
The Committee also requested a copy of the evaluation report for all the Youth Cafés in the province.
- 6.6 A detailed report on the Department's funding of the Ikhaya Labantu Old Age Home in Gugulethu. The report should include the reasons that led to the name change of the NPO and the change of management.
- 6.7 Detailed information about the social relief programme for undue hardship, including the number of families from the Philippi township who had benefitted from the social relief programme for undue hardship.
- 6.8 A list of assets that have been disposed of by the Department during the financial year under review.
- 6.9 A list of all the funded service centres in Nyanga. This should include the physical addresses and contact numbers.

## 7 Conclusion

The Committee expressed its appreciation for the information provided by the Minister, the Head of the Department and officials of the Department.

### 4. **REPORT OF THE STANDING COMMITTEE ON ECONOMIC OPPORTUNITIES, TOURISM AND AGRICULTURE 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 2017, DATED 18 OCTOBER 2017.**

#### 1. Introduction

The Annual Report programme for the 2016/17 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 Economic Opportunities, Tourism and Agriculture 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 (hereafter “Wesgro”) and Saldanha Bay Industrial Development Zone Licencing Company (SOC) Ltd, on 10 October 2017.

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 and its entities, Wesgro and Saldanha Bay Industrial Development Zone Licencing Company (SOC) Ltd.

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 of Economic Development and Tourism, and its Entities, received clean audits for its 2016/17 financial year. The Committee made findings and recommendations based on its interaction with the Department and its Entities on the respective 2016/17 Annual Reports.

#### 3. Findings/Concerns

##### 3.1 Western Cape Tourism, Trade and Investment Promotion Agency (Wesgro)

3.1.1 Despite a challenging investment climate in the 2016/17 financial year, Wesgro secured more investment than the previous financial year, exceeding its set targets. The Wesgro Investment Promotion Unit (IPU) secured a total of 12 investment projects, to the value of R2.1 billion against a target of R1 – R1.8 billion, creating 696

jobs. The IPU also secured its single biggest investment since 2011, with Pegas Novens investing more than R1.3 billion in Atlantis.

- 3.1.2 The Agribusiness Unit (AIU) realised three investment projects to the value of R735 million, which created 275 jobs.
- 3.1.3 Tourism has played an important part in the Western Cape's economic strategy. Foreign tourists contributed over R18 billion to the provincial economy.
- 3.1.4 In terms of the Cape Town Air Access Project, Wesgro secured more than 10 direct flights, and an equal amount of flight expansions.
- 3.1.5 In the year under review, the Film and Media Production Unit recorded a total of five film and media declarations to the value of R1.520 billion, which created approximately 3200 jobs in the province.
- 3.1.6 During the 2016/17 financial year Wesgro embarked on 60 missions around the world to promote the Western Cape's competitiveness to more investors, buyers and tourists.
- 3.1.7 Wesgro's organisational structure, as indicated on page 17 of the Entity's 2016/17 Annual Report, showed only three women out of 14 board members in total which could indicate gender inequality.
- 3.1.8 More effort should be made to ensure rural areas and the township economy, in general, are part of the Western Cape Government's concept of "inclusive economy".
- 3.1.9 Wesgro should focus on investment strategies for municipalities outside of the Metro.
- 3.1.10 Wesgro should be commended for the method in which the 2016/17 Annual Report was structured and for the quarterly infographic bulletin on the economy, as the information was provided in a way that made it easier for the Members and public to understand the Report.

### **3.2 Saldanha Bay Industrial Development Zone Licencing Company (SOC) Ltd (SBIDZ)**

- 3.2.1 The SBIDZ has been involved in a number of collaborative initiatives, culminating in the Grow-net programme. Grow-Net is an integrated enterprise and supplier development approach which will create a system to localise more opportunities by encouraging local Small Medium and Micro Enterprises (SMME)/supplier capability advancement, and make buying and selling of goods and services more efficient and accessible.
- 3.2.2 The SBIDZ initiated the Talks on the Oil and Gas Services Industry (TOGASI) programme, which consists of a series of monthly talks on the oil and gas services industry. The programme aims to educate the local business fraternity about the industry's requirements and focus areas.
- 3.2.3 One of the capacity constraints facing the successful local outcome is ensuring that there will be adequate local skills and business resources to support the investor industry requirements in the medium term.

### **3.3 Department of Economic Development and Tourism (the Department)**

- 3.3.1 50 000 jobs have been added in the tourism sector since the launch of Project Khulisa in 2014. This could be attributed to the improved air access in the Western Cape. Over the same period, the number of people employed in the agriculture and agri-processing sectors has increased by more than 40%, to just over 448 000.
- 3.3.2 The Western Cape added 137 000 jobs year-on-year between quarter 2 of 2016 and quarter 2 of 2017, which translated into an unemployment rate of 20.7% as at the end of quarter 2 of 2017. The Western Cape also experienced the highest Labour Force Absorption and Labour Force Participation rates of 53.9% and 68% respectively.

- 3.3.3 The downgrading of the country's investment status by ratings agencies has been a major challenge, which the Department is wary of in terms of the risk that this presents to the province's investment prospects.
- 3.3.4 The Department's organogram, as found on page 24 of the 2016/17 Annual Report, reflected 10 vacancies. These are a combination of funded and unfunded posts. The Department is in the process of filling the funded posts.
- 3.3.5 Previously, the Department set a target to deliver 364 Wi-Fi hotspots in municipal wards within the Western Cape by 2019, as part of the Public Access Wi-Fi project in partnership with Neotel. This agreement recently changed, which has resulted in the timeframes for delivery of the Wi-Fi hotspots being staggered, and ultimately, the roll out of the programme will not be completed by 2019.
- 3.3.6 The Committee could not get a sense of the total magnitude of the proposed Madiba Legacy Project from the Department's 2016/17 Annual Report.
- 3.3.7 As with Wesgro, the Department should make more effort to ensure rural areas and the township economy, in general, are part of the Western Cape Government's concept of "inclusive economy".
- 3.3.8 The Department should foster relationships with national departments such as the Department of Trade and Industry and the Department of Small Business Development, to boost economic growth and Small Medium and Micro Enterprise (SMME) participation.

#### **4. Recommendations**

- 4.1 The Committee RECOMMENDED that:
  - 4.1.1 Wesgro look into opening up the Indian market by ensuring more visa centres for visa applications for Indian tourists wanting to visit the country;
  - 4.1.2 Wesgro follow up on the statement made by the Department of Labour at the Cape Investor Centre, that it will only recommend that of the 40% international work visas allowed for international companies, that these are only from the critical skills list;
  - 4.1.3 Wesgro and the Department look at mechanisms that will track investment that has an impact on small and medium businesses;
  - 4.1.4 Wesgro brief the Committee on township tourism and tourism programmes for areas outside of the Metro;
  - 4.1.5 Wesgro and Cape Town Tourism brief the Committee on investment for municipalities outside of the Metro;
  - 4.1.6 The Department brief the Committee on the Madiba Legacy Project once the project has been fully unveiled;
  - 4.1.7 The Department brief the Committee on the Digital Economy and the challenges experienced through: Digital Disruption, the Citizen Internet Champion Project, the Interactive Community Access Network (I-CAN) Project and Digital Gaming;
  - 4.1.8 The Department brief the Committee on water for the economy;
  - 4.1.9 The Department brief the Committee on its way forward to address rising youth unemployment;
  - 4.1.10 The Department brief the Committee on the Informal Economy;
  - 4.1.11 The Department brief the Committee on the Inclusive Economy;
  - 4.1.12 The Committee, with the Standing Committee on Local Government, engage with the Department on Municipal Economic Strategies; and
  - 4.1.13 The Department of the Premier brief the Committee on the delay in completing the roll out the Public Access Wi-Fi hotspots to municipal wards by 2019.
- 4.2 The Committee RESOLVED to conduct the following oversight visits:

4.2.1 To the Saldanha Bay IDZ Licencing Company (SOC) Ltd in Saldanha Bay in early 2018 to receive a briefing by the entity on the following:

4.2.1.1 The Western Cape Industrial Development Plan;

4.2.1.2 The Grow-Net Programme;

4.2.1.3 The TOGASI Programme;

4.2.1.4 The Innovation Campus within the SBIDZ; and

4.2.1.5 The impact of the SBIDZ in the local space and local content of Saldanha Bay.

4.2.2 To the I-CAN Centre in Elsie's River to receive a briefing by the Department on the Digital Economy and the challenges experienced through:

4.2.2.1 Digital Disruption;

4.2.2.2 The Citizen Internet Champion Project;

4.2.2.3 The Interactive Community Access Network (I-CAN) Project; and

4.2.2.4 Digital Gaming.

4.3 The Committee FURTHER RESOLVED to write a letter to the Premier to express its dissatisfaction that the rolling out of the Public Access Wi-Fi hotspots to identified Wards will not be completed by 2019, and to recommend that the project is completed by 2019, as originally planned.

## **5. Information Requested**

5.1 The Committee REQUESTED that the Department provide the Committee with the following information by 15 January 2018:

5.1.1 A report on the Public Access Wi-Fi hotspots for Wards and the timeline for completion of the roll out of the Wi-Fi hotspots; and

5.1.2 The Report on Digital Disruption.

## **6. Conclusion**

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