

# THE FRAMEWORK AGREEMENT

FOR GROWTH AND DEVELOPMENT  
AND SOCIAL DIALOGUE



# THE FRAMEWORK AGREEMENT FOR GROWTH AND DEVELOPMENT AND SOCIAL DIALOGUE

A Progress Report Prepared for the Provincial Mini-Summit  
by the Western Cape Provincial Development Council

December 2004





## LIST OF ACRONYMS

ABET	Adult Basic Education and Training
CCDI	Cape Crafters and Designers Institute
CHEC	Cape Higher Education Consortium
CITI	Cape Information Technology Initiative
COGSI	Cape Oil and Gas Initiative
CTFL	Clothing, Textile, Footwear and Leather Industry
ECD	Early Childhood Development
ELRU	Early learning Research Unit
EPWP	Expanded Public Works Programme
HEI	Higher Education Institutions
HSRC	Human Sciences Research Council
ITP	Integrated Transport Plan
LCF	Learning Cape Festival
LCI	Learning Cape Initiative
LED	Local Economic Development
MEC	Member of the Executive Council
MSDF	Metropolitan Spatial Development Framework
PDC	Western Cape Provincial Development Council
PSDF	Provincial Spatial Development Framework
PSIP	Provincial Strategic Infrastructure Plan
RRU	Rapid Response Unit
SACTWU	Southern African Clothing and Textile Workers' Union
SADC	Southern African Developing Countries
SANRA	South African National Roads Agency



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## MESSAGE FROM THE PREMIER

THE WESTERN CAPE  
DIE WES-KAAP  
INTSHONA KOLONI



A HOME FOR ALL  
'N TUISTE VIR ALMAL  
IKHAYA LETHU SONKE

As we celebrate the first decade of democracy the air is filled with the scent of possibility. It seems that South Africa has decisively managed to buck afro-pessimism in just about every respect. For example, despite emerging out of a low-intensity civil war, peace is largely the norm, even though we are haunted by the legacies of systemic violence against women and children. But even on this front a major public mobilisation process is underway to stamp out this scourge. On the social front, we are making significant advances in extending basic services and housing to all our people. This is complemented by an expanding social safety net that is reaching more and more vulnerable people by the day. On the cultural front we are beginning to find our voice as a nation that can stand tall in the world for our distinctive contributions in diverse fields of sports, culture, internal relations, peace keeping, economic innovation, scientific excellence, and so forth. After a hard period of economic adjustment, it seems as if we have also taken this most important and difficult of corners. Growth prospects are looking up. Employment generation seem to be outpacing job losses for a welcome change. Investment levels are rising and rising. Consumer and business confidence is in evidence just about everywhere.



All of these signs of possibility is a reminder that if we band together as a nation, honest about our differences, but united in our determination to overcome our inherited problems, we can transcend the odds that seem so decisively stacked against us. It is against this relatively optimistic outlook that I want to congratulate all of the participants who have buckled down the past year to make sure we achieve the ambitions goals of the historic Growth and Development Summit. It is now time for us to assess our progress, acknowledge failings, appreciate successes and renew our resolve to do our utmost to achieve our shared objectives. This report provides an ideal platform to deepen our mutual learning about our collective and individual efforts to achieve shared growth and development.

As we move forward in entrenching the culture of social dialogue I want to remind the participants in the process, and the public at large, of the historic project we are building in the Western Cape. As this report demonstrates in no uncertain terms, we continue to face enormous challenges with regard to job creation, retention and expansion. This pernicious problem reinforces a host of inter-related social development challenges. In dealing with these in a holistic manner, we have to learn the art of social dialogue in aid of accelerated service delivery. In the end it is always about the specific outcomes we want to achieve and not only process. This imperative requires of us to find solutions that will simultaneously achieve economic growth and social cohesion. Dominant market sentiments will suggest to us that this synergy is not possible in our cut-throat world of global competition. In response I want to challenge all freedom loving citizens of the Western Cape, and the PDC stakeholders, to disprove this sentiment.

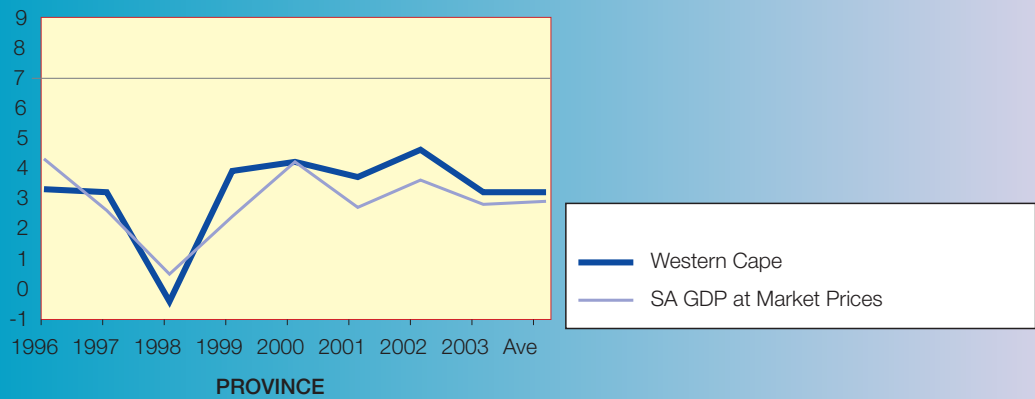
As government, we will lead the way through our campaign – A Home for All – aimed at restoring social cohesion between divided communities and groups across the Western Cape Province. A Home for All is rooted in iKapa elihlumayo, which spells out how we will achieve shared growth and prosperity over the medium-to-long-term through strategically focus interventions. The Framework Agreement for Growth and Development is the evidence that we are committed to work in principled partnership with key sectors of society to realise the goals of iKapa Elihlumayo. I therefore urge all the people of the Western Cape to engage with this report for it holds the seed of a shared destiny where everyone's dreams count.



## FACING THE GROWTH AND DEVELOPMENT CHALLENGE

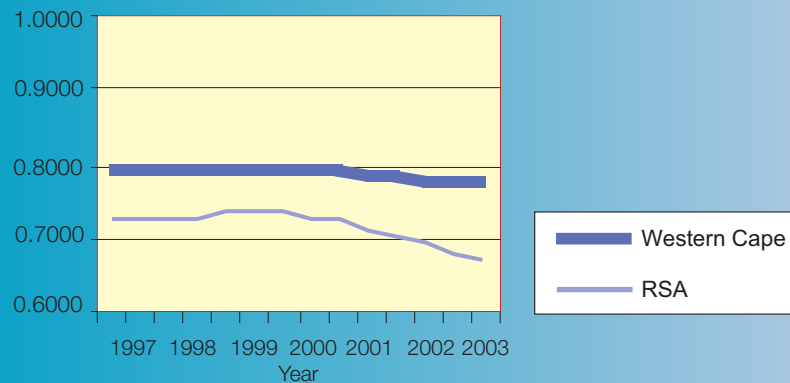
The Western Cape is increasingly facing daunting developmental challenges of various forms. The population of the Western Cape province has grown from just short of 4 million in 1996 to over 4,5 million in 2003. This represents a total increase of 14.3% compared to 10.4% growth in the total national population. The impact of the growth in the population can clearly be seen on the per capita GDP growth that remained stagnant between 1996 and 2001. The levels of unemployment have remained unchanged and are bound to worsen if the shedding of jobs in the local economy continues unabated. The level of unemployment for the Western Cape, although it compares favourably to the national levels, masks the level of unemployment within the various population groups and geographical locations within the province. Even more striking is that the economically active population in the Western Cape grew almost twice as fast as in South Africa as a whole (21% versus 11%). This translates into significant additional pressure on the Western Cape's labour market and household income trends.

FIGURE ONE: GROSS DOMESTIC PRODUCT BY REGION: WESTERN CAPE



SOURCE: STATISTICS SOUTH AFRICA-GROSS DOMESTIC PRODUCT ANNUAL ESTIMATES, NOVEMBER 2004.

FIGURE TWO: HUMAN DEVELOPMENT INDEX



SOURCE: SOUTH AFRICA-HUMAN DEVELOPMENT REPORT: 2003

The human development index (HDI), a composite measure of the country and province's economic and social wellbeing has also declined since 1990. This will have an adverse effect on the magnitude of poverty currently being experienced. A situation that will worsen as population movement trends increases the pressures on limited state resources to alleviate poverty. Inequalities will exacerbate, as



income distribution will not keep pace with the need to redress historically inherited backlogs in service delivery and the need to transform prevailing enterprise ownership patterns. While government services have been largely redistributive, the rest of the economy has followed a different path. The Gini coefficient for the Western Cape therefore remains significantly higher than the national figure. While these figures should be treated with some caution, preliminary indications are that the level of inequality in the Western Cape has increased between 1995 and 2000.

What is evident is that the current growth rate is necessary but not sufficient to deal with the unemployment and poverty challenge that the province faces. Furthermore, existing enterprises, particularly the mature sectors such as agriculture and agri-business, clothing and textiles and metals are increasingly shedding jobs in the face of global competitiveness. A number of areas have been identified requiring some form of intervention. This includes among others the need to deal more proactively with problems experienced by specific economic sectors, associated job losses, and job creation strategies. Secondly, the need to improve infrastructure as well as local and foreign investment. Thirdly, the need to embark on a more effective enterprise development and promotion strategy. Fourthly, the need to invest in and develop the human resource capability. Fifthly, a comprehension of the spatial impact of economic and social development and the need to develop more effective implementation strategies that deal not only with local economic strategies but also with their social dimensions. Finally, it is imperative that these endeavours be conducted based on partnership arrangements fostered through social dialogue involving all the major social partners. It is in this context that the Provincial Government and its social partners embarked on a process to develop and implement interventionist strategies to address these challenges.

### 1.1 A shared vision for growth and development

The Provincial Government in 2002 unveiled its vision for provincial growth and development when the then MEC Mr. E. Rasool delivered his keynote address to the Provincial Parliament and introduced the concept of **iKhapa Elihlumayo**. The commitment towards this vision was reinforced when he became the Premier of the Province in 2004. The vision encapsulated the need to establish the Western Cape as a world-class region that provides a safe and secure social and economic infrastructure and environment, a well integrated, managed transparent and accountable public sector and a vibrant civil society to meet the basic needs of its citizens. Its achievement involves the promotion of human development and improvements in the quality of life through:

- addressing imbalances through equity;
- employment creation;
- changed ownership patterns; and
- promoting participation, co-operation and partnerships.

The Framework Agreement on Growth and Development in the Western Cape clearly specified the commitment among the social partners to pursue social dialogue with the intention of developing an agreed Provincial Growth and Development Strategy based on the implementation of various aspects of the Framework Agreement. This had a direct bearing on multi-stakeholder deliberations about issues such as priority economic sectors, comprehensive support for SMME (including co-operatives), human resource development, infrastructure and spatial development and governance arrangements. This has meant that the social partners had to assess the implications of the Framework Agreement on its activity and prepare to embark on various processes structured around the various themes of the Agreement.

This report deals primarily with progress concerning the implementation of the Framework Agreement for the period April to November 2004. It attempts to provide a summary as to the progress that has been attained and the identification of potential areas that require improvement. The focus is on the type of outputs that can possibly be presented at the mini-summit and the ensuing processes.



THEME	ISSUE	CURRENT STATUS
Economic Participation, Enterprise Development and Employment Creation	Priority Sectors EPWP	All initiatives are underway A forum has been established and a comprehensive implementation strategy is being formulated
	Investment in priority sectors	A draft strategy is being considered
	Comprehensive support for SMME development including co-operatives	Agreement has been reached on the establishment and roll-out of Red Doors
	Broad based black economic empowerment and procurement	A Framework is being developed
	Monitoring Employment trends	A Rapid Response Unit is being established
Human Resource and Social Development	An Integrated Human Resource Development Framework	A draft document has been tabled for finalisation / consideration
Infrastructure, Spatial Development and Governance	An Integrated Transport Plan	A draft is being developed
	A Strategic Infrastructure Plan	A draft is being developed
	A Provincial Spatial Development Framework	A draft is being developed
	The Law Reform Project	A draft is being developed
Planning and Integration	Planning and Resource Allocation	Under consideration
	Local economic and social development	Under consideration
	Information and participation	Under consideration
Institutional arrangements and social dialogue	The PDC Law	Has been promulgated
	The Guidelines	A draft is being developed
	The Strategic Management Plan	A draft is being developed
	Preparations of the Social Partners	This matter is being concluded

The focus is also on the re-alignment of the organization to meet the new challenges, albeit during a transitional period leading up to a mini-summit. Specialist Committees under the auspices of the PDC constitute the mechanisms to expedite focused social dialogue concerning specifically identified issues. This included the streamlining of spescoms during the transitional period from five to three to ensure its efficient and effective functioning and the development and implementation of guidelines to ensure this. The work of the More Jobs, Better Jobs and Decent Work for All and Economic Participation and Enterprise Development Specialist Committees and that done on Investment in Priority Sectors was incorporated into the work programme of the new Economic Participation, Enterprise Development and Employment Creation Specialist Committee in September 2004. The work of the Infrastructure, Investment and Logistics and that of Governance and Local Development was grouped into the new Specialist Committee focusing on Infrastructure and Spatial Development. The Human Resource Development Specialist Committee should incorporate issues dealing with social development. This will hopefully provide an experiential basis for the activities of the new Provincial Development Council to be instituted by the Premier.





### The Overall Business Convenor: Mr Fanie Bekker

At the Provincial Growth and Development Summit held in November 2003, business along with the other social partners signed the Framework Agreement for Growth and Development in the Western Cape. In doing so, we gave a commitment aimed at establishing the Western Cape as a world-class region through a partnership of social dialogue with government, labour and civil society over the next five years.



We set out goals that, if followed, would lead to economic efficiency, social justice and a renewed sensitivity to the environment - increasingly known as the "triple bottom line" for sustainable development. We ambitiously against the background of globalisation, where in certain sectors jobs have been shed, set a target of 100 000 sustainable jobs, R5 billion in investment in priority sectors, provision of comprehensive support services and supply side measures to SMMEs' including co-operatives as well as the introduction of expanded public works programmes (EPWP) to generate 120 000 jobs in the Western Cape by 2008.

Looking back on the first year, it has largely been about the establishment of structures via the specialist committees, with the initial five specialist committees being consolidated into the three of Economic Participation, Enterprise Development and Employment Creation - Human Resources and Social Development - Infrastructure, Spatial Development and Governance. The job creation project which identified sector initiatives in the Primary sector, Manufacturing sector and Services sector moved forward at different speeds, with some like agri-business and clothing and textile being more advanced in that they had the advantage of established industry structures while others have lagged. Government have made input by presenting position papers and plans on spatial development, infrastructure and the micro economic framework.

We get the sense that while there is much common ground between the social partners, differences of opinion exist particularly in the understanding of the economy and that these issues will need to be confronted. Business is acutely aware that our economy has shown growth below that of our emerging economy peer group of around 2.5% while the likes of Poland, Brazil, Mexico, Russia etc achieved an average of 6% in 2003. This can largely be explained by the low level of foreign direct investment (FDI) but this needs to be unpacked which we believe will show that business, particularly the SMME sector, labour under an over regulated environment. This certainly acts as a deterrent to economic growth and employment creation and will need to be addressed if we are to make progress in accelerating job growth.

Finally, while the year has not achieved all that business would have hoped, it is a start and we believe that momentum will pick up in 2005. I would like to express appreciation to all the business representatives who have freely given of their time to attend the specialist committee meetings with particular thanks to my co-business convenors, Johann Baard, Brian Johnston, Herbert Hirsch, Sam Pienaar, Patrick Markom and Colin Boyes.

### The Overall Civil Society Convenor: Mrs Leonie Caroline

The Framework Agreement on Growth and Development in the Western Cape shaped the beginning for social dialogue amongst the four Social Partners.

This process provided Civil Society Organisations with an opportunity to organise themselves on a provincial basis. We embrace and celebrate our diversity and as a stepping stone we agreed to elect our representatives for the Specialist Committees from the following sectors and interest groups, Non-Governmental Organisations, Faith Based Organisations, Civic and Community Based Organisations, Regions, Environment, Youth and Disability and that 40% of our representatives should be women.

The Provincial Development Council Law Amendment Act, No. 4 of 2004 creates the legislative platform for social dialogue in the Western Cape. It acknowledges Civil Society as an equal partner and values the participation of all four social partners. It is legislated that all four social partners should be present at meetings of the Council, Management Committee and Specialist Committees in order for the meeting to proceed. This places an enormous responsibility on all partners to make this process work.



The shift from consultation to social dialogue is a learning curve for all of us. This Act through the social dialogue process seeks to facilitate the conclusion of agreements on the basis of consensus. Civil Society Organisations over the years raised their concerns about not being consulted, consulted but not taken seriously and the patriotic attitude towards Civil Society Organisations. We believe that in time we shall graduate from "being consulted" to an accredited social partner that is taken seriously.

Capacity building is no longer a BUZZ word. We have identified some constraints, but not limited to, lack of resources; bridging the urban and rural divide; lack of information to the broader persons from the Western Cape. The Provincial Development Council should be adequately resourced and comprehensively financed in order for the Council to deliver on its mandate in terms of the Framework Agreement and the new Provincial Development Council Law Amendment Act.

We would like to extend a word of thanks to the Provincial Development Council as well as the Western Cape Department of Economic Development and Tourism for their assistance to Civil Society Organisations. Their support enabled us to hold constituency meetings, to organise ourselves and to prepare for the mini-summit.

### The Overall Government Convenor: MEC Tasneem Essop

I have observed how those involved in shaping important new social processes become impatient about what they perceive to be slow progress. There are usually two reasons. First, because of the demands of discussions and negotiations in which they are involved, they sometimes lose sight of the fact that they are doing the absolutely critical work of laying the foundations for a really important structure which will serve society well for a very long time. Second, by being so close to the coalface, they sometimes do not see the cumulative effects of their efforts.

As part of the Government team that helped create the Growth and Development Framework Agreement in November 2003, I read the detailed progress reports being tabled at the 2005 mini- GDS summit. Looking at my two experiences as snapshots of the process, I was struck by the very real progress that had been made over a period of a year, both in terms of building a sound platform for social dialogue and of getting on with the day-to-day business of consultative governance and delivery. The progress might not be as substantial as we expected in those early heady days but nevertheless it is something of which we can be proud.

Within the Government Sector, we are committed to building the kind of deep and effective relationships between different departments and spheres to underpin integrated and seamless governance and delivery.

Some of the highlights of progress that emerged from the last year's dialogue are:

- The promulgation of the PDC Act which has gives legal effect to the institutional form for social dialogue
- enthusiastic endorsement for the RED Door Initiative for supporting SMMEs
- committed support for the establishment of the Learning Cape Initiative as a platform for building meaningful and deep life-long learning in the Province.
- Progress in developing the critical thrusts for growth and development, namely, the Provincial Spatial Development Framework, the Micro-Economic and Development Strategy and the Strategic Infrastructure Plan

In all these instances, success requires strong and active partnership. The Government Sector is inspired by these and other successes achieved over the past year.

Trust is the cement that will bind and strengthen this partnership. We will play our part to deepen it at every turn.

Our social partners can be assured of Government's committed and enthusiastic participation in the PDC and its committees in future. I believe that there will be many benefits and positive spin-offs as a result of our experience in this serious bid to build social capital, to deliver on the goals of Ikapa Elihlumayo and to act with determination to make the Western Cape a "Home for All"



## The Overall Labour Convenor: Mr Tony Ehrenreich

Social dialogue is at the very foundation of the new South Africa. Our ability to transcend our differences through a conversation with and amongst antagonistic parties is probably our greatest strength. What is absolutely essential though is that the credibility and integrity of the respective parties are appreciated.

We have arrived at the first anniversary of the Provincial Growth and Development summit, borne out of meaningful dialogue that has also given birth to an institutional framework not unlike Nedlac for our engagements. It was President Thabo Mbeki himself who tasked us to speedily progress towards finding each other and starting the conversation. This has happened, we now look back 12 months later and even though we do not yet have great achievements or many jobs to boast about, we have each other and our commitment to work together for the best interests of our people.

We spend our days giving effect to the ruling party's slogan of building a contract with the people. This commitment to a contract with the people and the necessary dialogue required to get there is something sacred in our society and a treasure that we must guard jealously.

As labour we are committed to continue building on the foundations and seeking the solutions that would deliver greater employment prospects and a better life for our people. The unfortunate reality that we have to confront is the increasing levels of unemployment and poverty linked to both national and global factors and the challenge to craft local solutions that are located in an increasingly hostile global environment. Our responsibility is to present plans that advances our society, but as importantly to inspire our people and give them hope in the future.

This process has not been an easy one and on many occasions the engagements have been robust so as always to take us closer to the greater truth.

We need to evaluate whether we have proceeded ethically and with moral conviction.

We need to ask whether because of our efforts our people are freer, wealthier and more empowered, because this is the essential challenge. In South Africa we are building a democracy that is not synonymous with five yearly elections but embraces a real partnership between the social partners designed to build a better life for all of our people with a special focus on working families.



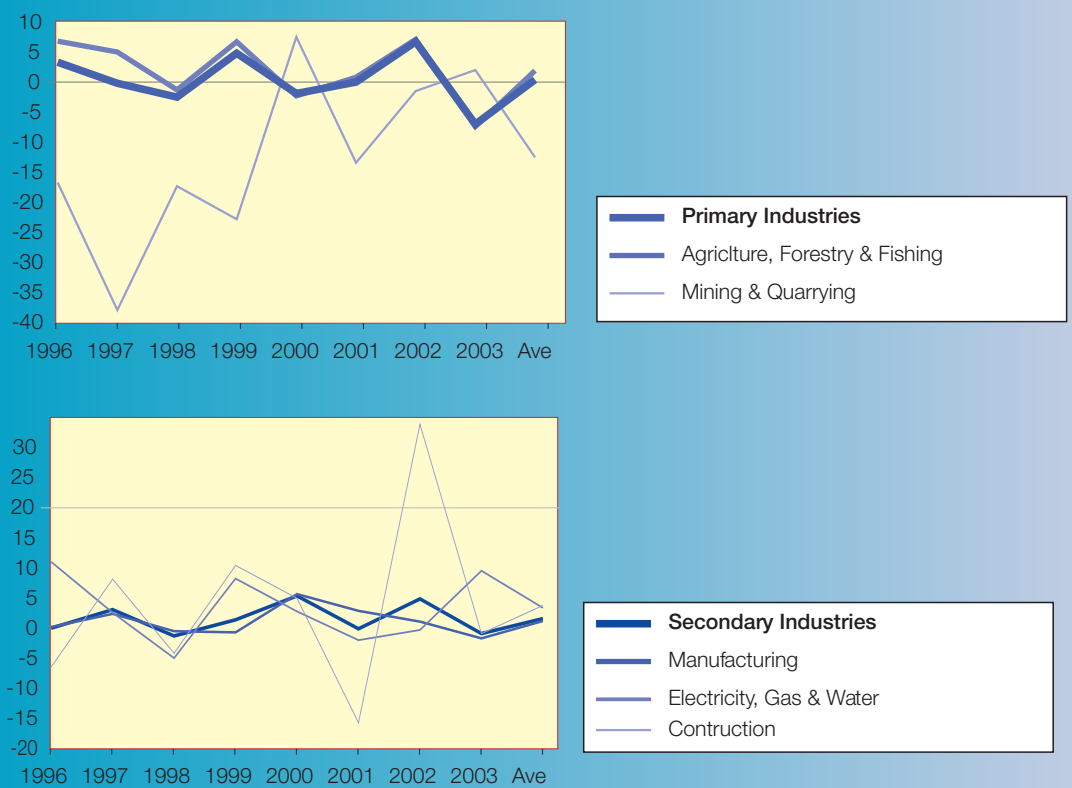
## ECONOMIC PARTICIPATION, ENTERPRISE DEVELOPMENT AND EMPLOYMENT CREATION

The Western Cape economy grew by an average of 3.2% between 1996 and 2003. (see Figure One). A slowdown occurred when the economy decelerated from a growth rate of 4.6% in 2002 to 3.2 % in 2003. It is evident that the economy of the Western Cape is shedding a significant number of jobs while attempts are being made to engage in activities of employment retention and creation in the context of an unemployment rate that is worsening. Areas identified for intervention under the ambit of the theme, Economic Participation, Enterprise Development and Employment Creation range from:

- the creation of 100 000 sustainable employment opportunities in identified priority sectors,
- the level of investment in the identified priority sectors to reach a target of R5 billion by 2008,
- the provision of comprehensive support services to SMMEs including co-operatives,
- more comprehensive supply-side measures,
- the Expanded Public Works Programme (EPWP); and
- the monitoring of employment trends.

This, however, has to be based on an understanding of the role of key economic priority sectors in terms of its contribution to both growth trends and employment creation. Increasing the level of economic participation through changes in ownership patterns, enterprise development and employment retention and creation in identified sectors remains pivotal to addressing inequities and income distribution in the regional economy.

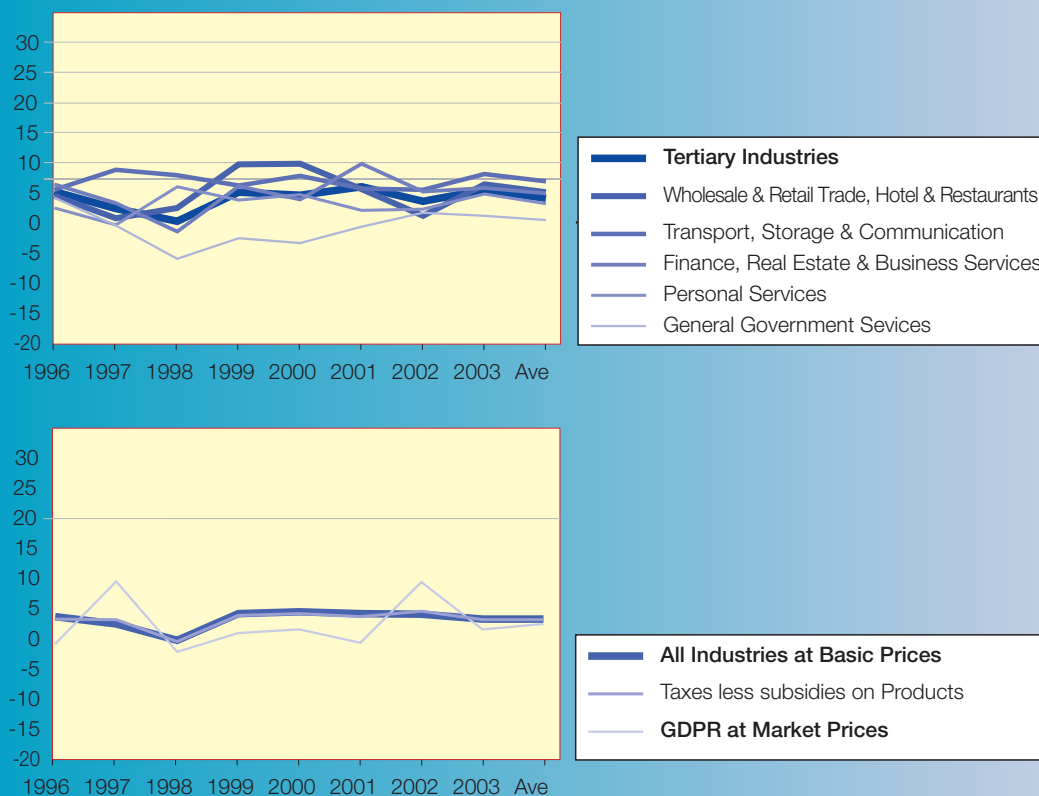
FIGURE THREE: WESTERN CAPE GDPR SECTOR GROWTH RATES BY CONSTANT 2000 PRICES



SOURCE: STATISTICS SOUTH AFRICA - GROSS DOMESTIC PRODUCT ANNUAL ESTIMATES, NOVEMBER 2004.



FIGURE THREE: WESTERN CAPE GDPR SECTOR GROWTH RATES BY CONSTANT 2000 PRICES



SOURCE: STATISTICS SOUTH AFRICA -GROSS DOMESTIC PRODUCT ANNUAL ESTIMATES, NOVEMBER 2004.

## 2.1. Sectoral growth and employment trends

The regional economy has undergone major restructuring since 1995 with tertiary industries growing much faster than primary and secondary industries that virtually stagnated over this period according to Statistics South Africa-SSA. The finance and business services and transport and communications grew annually at an average rate of between 7% and 5% respectively without significant increases in levels of employment. The manufacturing sector only recorded an average annual growth rate of 1.2 % (national average- 1.8%) as the food and beverages, textiles and clothing, and wood, paper and publishing stagnated. Together the agriculture, forestry and fishing and manufacturing industries, two traditionally important sectors in the provincial economy, only recorded annual average growth rate of 3.1% between 1996 and 2003.

### 2.1.1. Sectoral Contributions to the Growth Domestic Product of the region (GDPR)

The finance, insurance, real estate and business services sector consists of the property, banking and insurance industries and contributed 25.4 % to the Western Cape's GDP in 2003, up from 21,7 % in 1995 according to SSA. The data demonstrates the propensity of the sector to retain an average share at 23.5% for the 1995-2003 period. (see figure four) The growth in this sector has been the largest contributor to growth in the Western Cape economy since 1995. The recent slowdown in



growth is mainly due to a slowdown in the life insurance and pension fund industries, as well as slower growth in the real value added by security traders on the JSE Securities Exchange. The Western Cape property sector has, however, continued to show solid growth, despite a generally adverse economic environment.

The contribution of manufacturing to the provincial economy declined from 20.8% in 1995 to 18.1% in 2003. It has however managed to maintain an average contribution of 19% during the 1995-2003 period as reflected by data recently released. (see figure four) Despite this decreasing share, the manufacturing sector remains one of the largest contributors to employment and Gross Domestic Product in the Western Cape. The stronger Rand and a number of other factors such as technological, logistical and human resource capability continue to put pressure on this sector.

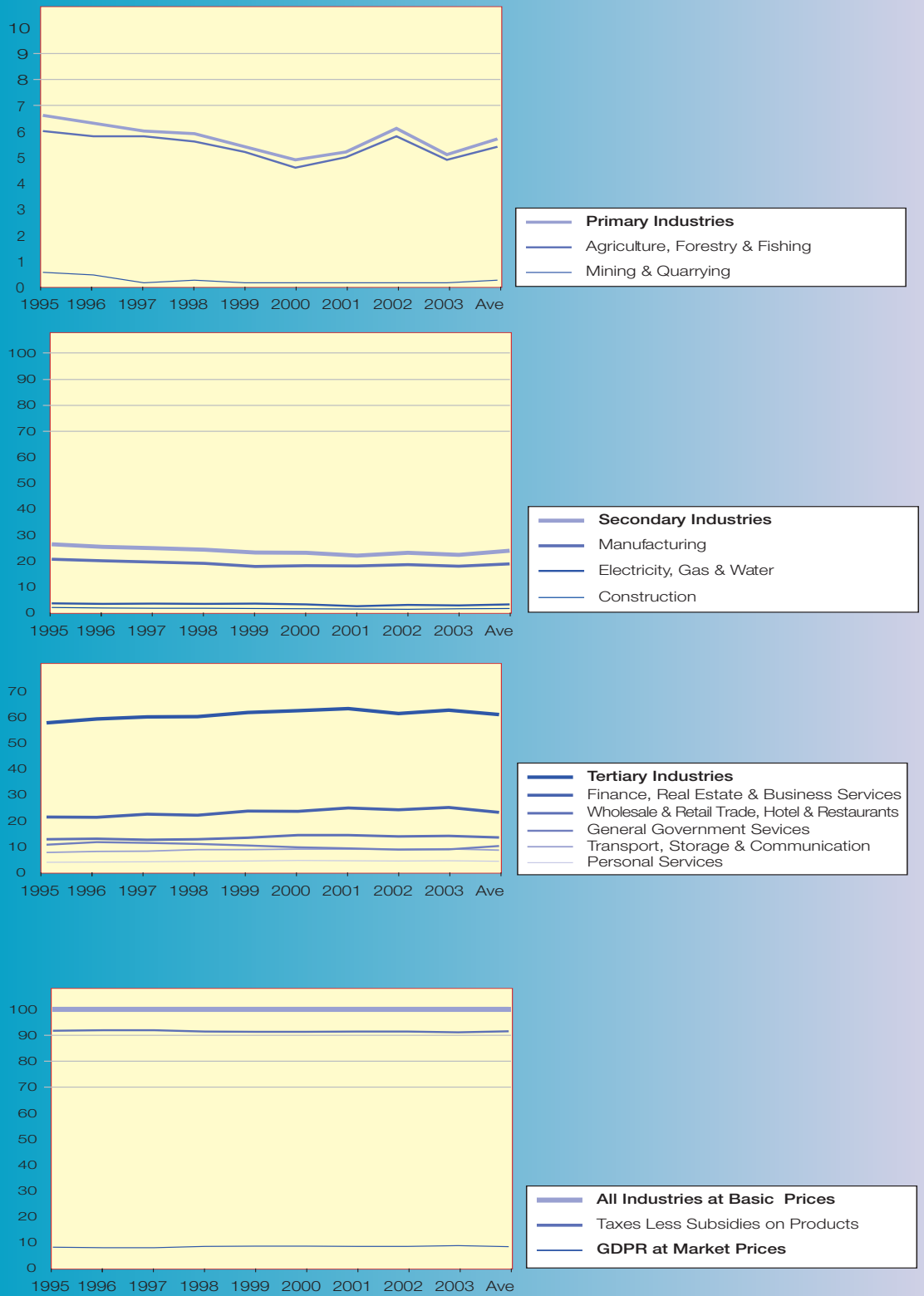
In 2003, the Western Cape Construction industry contributed R5,3 billion or 3% to the provincial GDP according to SSA. (see figure four). The Western Cape industry remained surprisingly resilient during the dips in the provincial economy between 1998 and 1999, reflecting the local demand driven by big projects, including Century City and major RDP housing projects. Currently, both nationally and provincially, the value of buildings completed remains on an upward trend. The construction industry is generally very labour intensive and construction wages in the Western Cape are also higher than the national average. The trend towards subcontracting in the industry has, however, led to a severe decline in apprenticeship levels, and therefore artisan training in the building industry over the last three decades. This has resulted in the current serious shortage of highly skilled labour.

Agriculture, forestry and fishing contributed 5% to the Western Cape Gross Domestic Product in 2001, with this contribution declining from 6% in 1995 according to SSA. By 2003 the contribution was estimated to be 4.9% but retained an annual average of 5.4% (see figure four). Nonetheless, according to the Socio-Economic Review-2003 total agricultural output in the Western Cape has increased from R10,4 billion in 1999 to R11,8 in 2001, with fruit production the most important (R2,4 billion in 2001). The Agriculture sector is labour intensive, contributing nearly 14 % to formal sector jobs in the Province. It is, however, low paying, contributing a much smaller percentage to total provincial salary and wage payments. The Extension of Security of Tenure (EST) legislation, rising labour costs and minimum wages have been cited by farmers as reasons for also shifting away from the employment of permanent workers towards the employment of temporary workers.

The Information, Communication Technology (ICT) sector has been an important driver in provincial growth and employment over the last few years. The growth potential of all its constituent industries is, however, capped by low levels of socio-economic development and increased population growth. In the long term, further growth will have to be carried by either higher levels of overall economic growth or increased access to foreign markets. The high level of local skills and the favourable exchange rate, coupled with having the same time zone as most of Europe, contributes to the ease with which companies move into some foreign markets. It has, however, been argued that the monopoly of Telkom in the telecommunications industry is restricting the growth opportunities of ICT companies. The 'brain drain' is another serious problem facing the Western Cape ICT industry as a result of relatively low salaries being paid in comparison to the rest of the country.

While no comprehensive statistics are available in this regard, the growth in the Transport and Restaurant and Hotel industries indicate a significant contribution by Tourism to the provincial GDP. The tourism industry is also highly labour intensive and much of the labour may be low skilled or skilled requiring only short, in-house training. The fluctuations in employment numbers do, however, suggest a fairly volatile business environment. In the medium term, tourism is likely to remain an important sector for the Western Cape, with considerable untapped potential in specifically the two- and three-star hotel niche of the market.

FIGURE FOUR: WESTERN CAPE GDP: SECTORAL CONTRIBUTION, 1995 – 2003



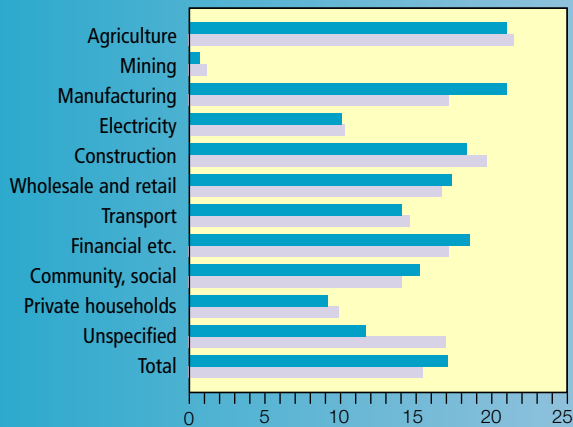
SOURCE: STATISTICS SOUTH AFRICA -GROSS DOMESTIC PRODUCT ANNUAL ESTIMATES, NOVEMBER 2004.



## 2.1.2. Employment Trends

Between 1995 and 2002, the Western Cape lost 1,6 % of its share of total national employment with the largest losses being felt in the Manufacturing (-3,8%), Financial (-1,4%) and Community (-1,2%) sectors.(see figure five) While the Financial sector has grown as a whole in terms of output and is less labour intensive than most others, it is still a significant employer in the Western Cape (10.5% of employment in 2001). Bank take-overs and rationalisation activities have, however, caused the national banking sector to shed nearly 9 000 jobs over the past year. This trend has hit the Western Cape particularly hard and is expected to continue over the next 12 months. The Agriculture (+0,4%), Mining (+0,5%), Electricity (+0,2%), Construction (+1,3%) and Transport (+0,5%) sectors have increased their share of national sectoral employment.

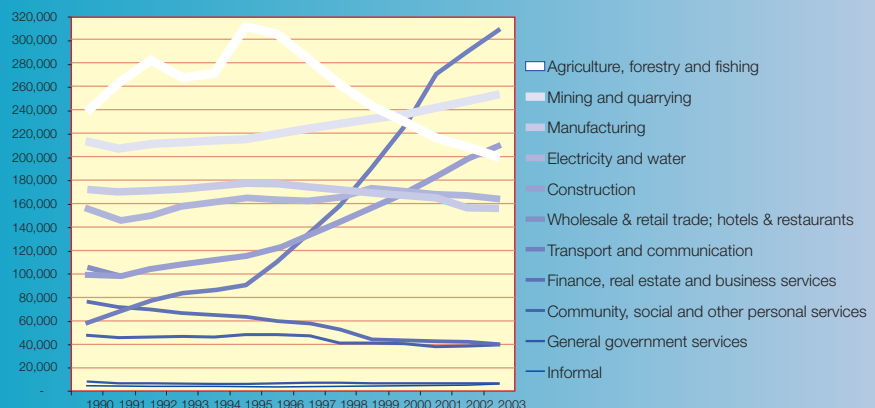
FIGURE FIVE: WESTERN CAPE SHARES OF TOTAL RSA EMPLOYMENT



SOURCE: STATISTICS SOUTH AFRICA CENSUS: 1996&2001

The manufacturing sector has in the process lost its status as being the sector with the largest employment share in the provincial economy to government services and community, social and other personal services sectors since 1999. This is largely due to major job losses in the clothing textiles, footwear and leather and food beverages and tobacco sectors. Strong growth in the tertiary sector has however not been accompanied by the creation of net employment on a significant scale. Over this period, the Western Cape labour market should have grown by 21-24% to maintain the 1995 unemployment rate. Instead, the labour market has only grown by 13%, providing jobs to only 55-60% of the new entrants in the provincial labour market.

FIGURE SIX: EMPLOYMENT PATTERNS IN THE WESTERN CAPE

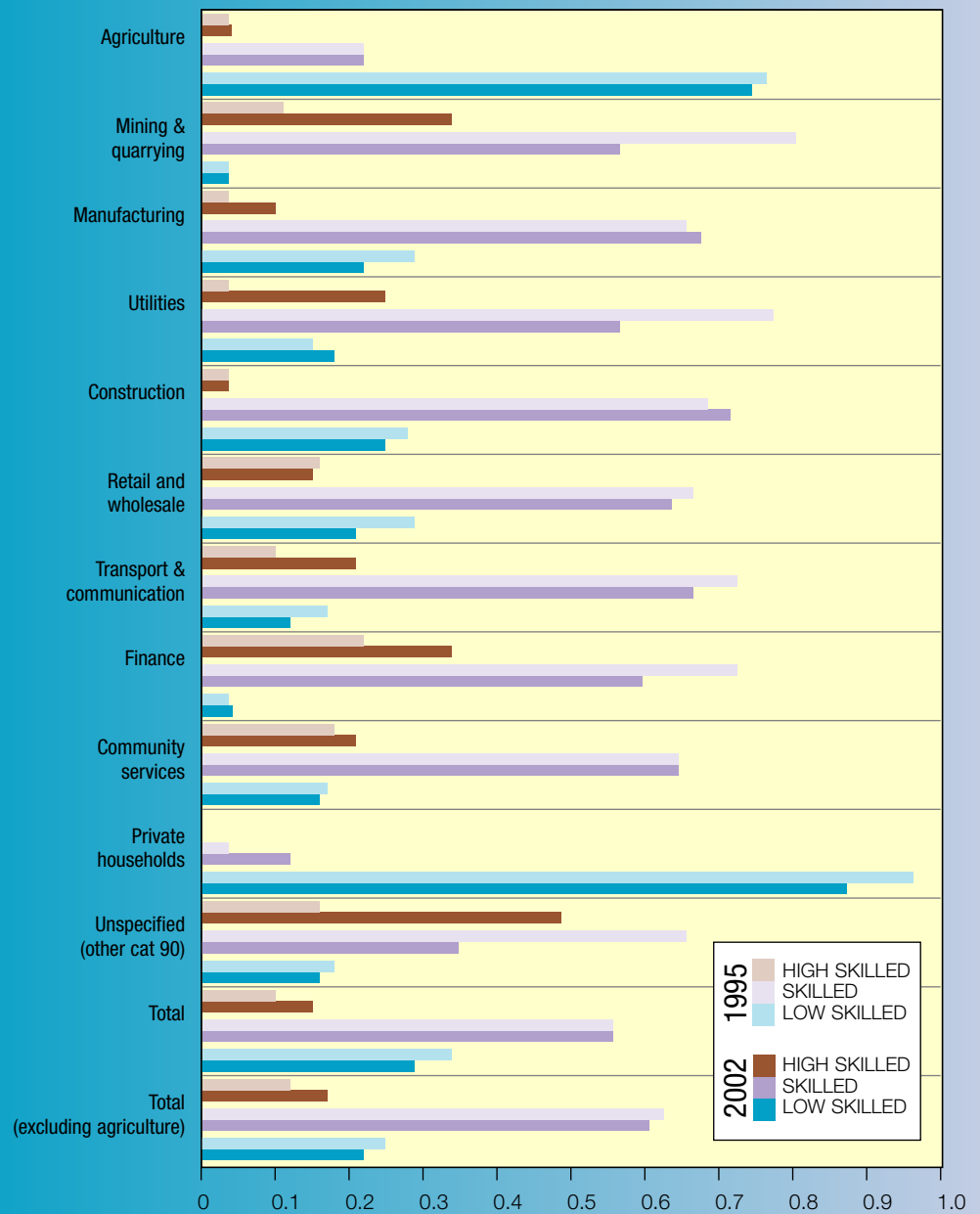


SOURCE: QUANTEC RESEARCH





FIGURE SEVEN: SHARE OF EMPLOYMENT BY THREE SKILLS CATEGORIES AND SECTOR



SOURCE: STATISTICS SOUTH AFRICA-OCTOBER HOUSEHOLD SURVEY, 1995 & LABOUR FORCE SURVEY, FEBRUARY 2002



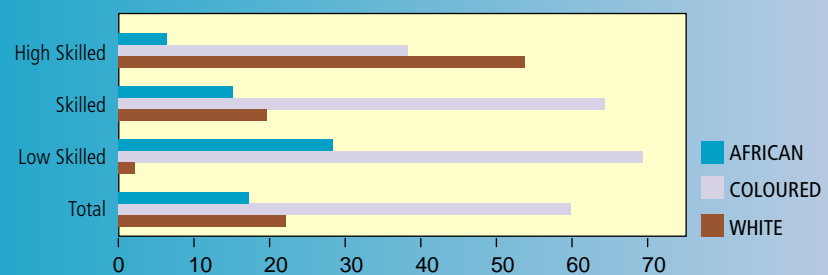
### Employment by Skills Levels

Between 1995 and 2002 low skilled workers in the Western Cape have seen their share in total employment decline from 34% to 29%. Skilled workers have the biggest share in the provincial labour market, with their share remaining constant at 56%. The share of highly skilled workers in employment has increased by 5% according to SSA. (see figure eight).

Low skilled workers have seen their share of employment increase in only two sectors, namely Utilities (+3 %) and Finance (+1%). In both cases the increase has been marginal and at the expense of semi-skilled workers. The Utilities sector has also seen the largest share increase of high skilled workers, with their share increasing by 18%. Low skilled workers have lost a 21% share in this sector. High skilled workers have increased their share in the Finance sector by 12%. Skilled labour has been the biggest loser in this sector, seeing their share decline by 13%.

Low skilled labour's biggest share loss has occurred in the Manufacturing sector. Its share has declined from 29% to 22% with skilled and high skilled labour increasing their share by 2% and 5% respectively. Low skilled labour has lost 5% of their employment share in the Transport and Communication sector. High skilled labour has benefited most in this sector, increasing its share by 11%, while skilled labour has lost 6%.

FIGURE EIGHT: SKILLS COMPOSITION OF WESTERN CAPE FORMAL EMPLOYMENT BY RACE, 2003



[SOURCE: STATISTICS SOUTH AFRICA LABOUR FORCE SURVEYS, SEPTEMBER 2003]

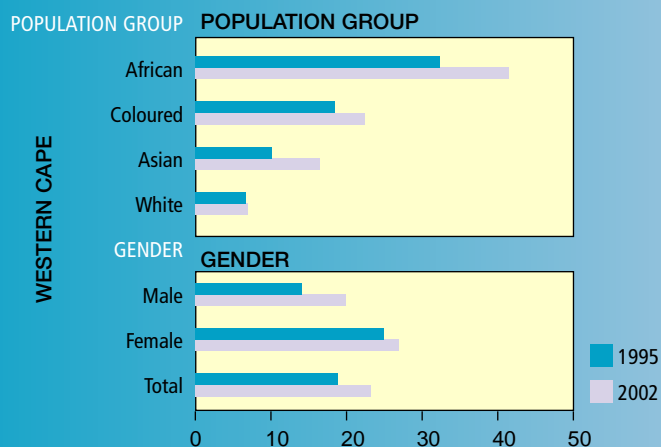
### Employment Trends by Population Group and Gender

Both the national and the Western Cape economies have displayed an increasing preference for high skilled workers. In the Western Cape, the increase in the demand for high skilled workers has been solely at the expense of low skilled workers, not skilled as well. Both nationally (46,62%) and in the Western Cape (41,52%), unemployment is highest amongst the African labour force with more than 40% unemployment. Both nationally and in the Western Cape, White and Asian workers are better off, although both groups experienced an increase in unemployment. While White unemployment almost doubled nationally, it increased negligibly in the Western Cape.

When comparing unemployment rates and employment absorption rates by population group and gender, the Western Cape has performed better than the national average with lower unemployment growth as well as better employment absorption rates for three out of four population groups and both male and female workers. The major exception is African workers, where only 3% of new entrants in the Western Cape labour market have found employment, significantly lower than the national figure of 30 %. Both nationally and in the Western Cape, the employment absorption rates for Coloured, Asian and White workers are higher than for African workers. Nationally, 40% of Coloured entrants, 57% of Asian entrants and 85% of White entrants have found employment. In the Western Cape, 54% of Coloured entrants, 81% of Asian entrants and 92% of White entrants have found employment.



FIGURE NINE: UNEMPLOYMENT RATES BY POPULATION GROUP AND GENDER, 1995 AND 2002



SOURCE: STATISTICS SOUTH AFRICA- OCTOBER HOUSEHOLD SURVEY, 1995 AND LABOUR FORCE SURVEY, FEBRUARY 2002.

## 2.2. Initiatives in Priority Economic Sectors

A number of sectors were selected based on the significant role they play in the Western Cape economy in terms of their contribution to growth, employment and other factors that inform the competitive advantages of the Western Cape's economy, and therefore could potentially benefit from collective support. All social partners agreed to support the implementation of national sector strategies by identifying and implementing regional and local initiatives within prioritised sectors. For sectors where no national sector summits have been held, sector strategies will be developed and unveiled at provincial sector summits or indabas. Cognisance should be taken of environmentally sensitive issues such as water availability and other environmental factors when developing the sector strategies.

Each of the sector initiatives will have its institutional arrangements and regular reports will be submitted to the specialist committee for consideration in relation to the terms of reference detailed by the Framework Agreement. The reports have to include comments on a range of indicators that have been developed to aid assessment as to whether the initiatives are in compliance with the requirements of the Framework Agreement. It also enables the development of sector initiatives and the monitoring and evaluation of their economic impact. This process will also accommodate the identification of additional potential growth sectors and the initiation of strategies to facilitate their establishment and development. It is in this context that the biotech, financial services and other industries can be factored into future planning.

Reports of progress in each sector supported in terms of the Framework Agreement should be guided by the provision of information in accordance with the following indicators:

- (a) Number of Jobs Created
- (b) Type of Jobs Created



- (c) The target population
- (d) Human Resource Development
- (e) Need for economies of scale
- (f) Access to finance- lack of public/ private investments
- (g) Funding for R&D and technology transfer
- (h) Product identification and development and identification of niche markets are considered critical to the pursuit of diversification strategies
- (i) Access to globally competitive incentives
- (j) Inadequate policy co-ordination and industry fragmentation
- (k) Commitment to the "Proudly SA Campaign": Insufficient private sector local procurement
- (l) Due consideration for the need to retain a balance between environmental imperatives and economic development
- (m) Regional branding and marketing of sectors broadly and identification of forward and backward linkages with other industries e.g. tourism being linked to film industry
- (n) Implementation strategies
  - o *The institutional arrangements and capacities*
  - o *Project cycle management*
  - o *Legal framework*
  - o *Funding sources*

These indicators provides some guidance as to the approach that would be applied when assessing whether a sector initiative complies with the tenets of the Framework Agreement. Key considerations are the number of sustainable jobs created and the investment attracted to the priority sectors. Each sector's contribution to the overall targets together with broad empowerment arrangements is pivotal. Although initiatives should have been established by the end of the first quarter of 2004 in all priority sectors, only current initiatives in the Agriculture and Agri-business sector, Clothing, Textiles, Footwear and Leather sector and Fishing and Mariculture sector were subsequently endorsed and considered as good examples for the development of the other sector initiatives. Additional work is being done in the other sectors that are currently lagging behind the aforementioned sectors. Interventions in these sectors could go a long way towards contributing to the target of creating 100 000 sustainable jobs by 2008.

### 2.2.1. The Agriculture and Agri-business

The work programme of the Agriculture and Agri-business sector initiative gathered momentum with the establishment of a Steering Committee and three task teams to deliberate key issues emanating from the following thematic areas: Land reform and Agri-BEE; Competitiveness of agriculture/marketing, market development and market access; Human resource development, social development and farm workers. Issues requiring consideration in the immediate future involve among other, physical infrastructure, food safety and security, research and development/technology and extension services, farmer support and environment and institutional infrastructure and development.

#### **(a) Competitiveness of agricultural marketing, market development and market access**

The following six areas were identified as critical elements to address the issues relating to the competitiveness of agriculture marketing, market development and market access. These issues include the importance of information; branding (including labelling) and product differentiation; market identification development; capacity building and institutional development; research; and competitiveness whether real or revealed as being critical to the development of competitiveness, market development and access strategies were considered.

Significant progress has been made relating to developing recommendations to address each of the six topics identified. Under each topic strategies were identified to support its achievement. These strategies were further detailed to outlined areas such as constraints, threats, opportunities, desired results, strategic results, developing specific activities, stakeholder responsibility, verifiable indicators and budgets.

#### ***(b) Land Reform and Agri-Bee***

Discussions on Land Reform thus far dealt with the following : (a) high failure rate of projects initiated under the land reform programme. It considered the need to devise a turn around strategy to curb the high project failure rate. As part of the package, the province should establish a distress response capacity, which allows stakeholders in the agricultural sector to consider various options in the event of project failures, thereby limiting the impact of job and production losses. The Unit would gather information and investigate measures that serve to prevent or minimise the loss of production in the agricultural sector. Government will avail the terms of reference for land reform projects review tender for evaluation; (b) access to finance for emerging farmers; (c) identification of suitable land for redistribution (d) the need to bridge the knowledge gap between emerging and existing farmers. Here, agriculture mentorship programmes should be prioritized. Full-time project managers or teams comprising professionals from government, existing farmers and other experts in the field of agriculture should be formed to assist the emerging farmers; and (e) the evaluation of the willing seller, willing buyer legislation. Additional issues such as Land Tenure and broad based black economic empowerment (BBBEE) have received considerable attention.

The social partners developed a strategic intervention framework to address key challenges in the provincial land reform process, land tenure and farm workers. In this framework each social partner was obliged to submit to the task team a report that identifies issues, constraints, threats opportunities and the desired results. A collective intervention strategy was developed to address these issues.

#### ***(c) Human Resource and Social Development and Farmworkers***

Here, issues such as poor access to information to enhance human development and the need to link skills development and job market requirements were considered. It was indicated that economic growth sectors or sectors that are expanding should be identified and be linked to institutions that offer skills development programmes. This will assist in assessing the skills base, determine the changes in employment and the designing training models. In the same vein, it is critical to evaluate facilities existing in the farming communities, especially schools and health amenities. The evaluation process will ensure that the general education and training and adult basic education and training programmes are implemented and intensified in these areas. It is in this context that workplace training and strategies to deal with the need for transformation and empowerment of farm workers should be implemented, as the need exists for farm workers to be empowered with knowledge and skills. Farmers should realize that the workers are their greatest assets and that they should invest in their development. The whole exercise can only be effective once it is part of the process of transforming the agriculture and agri-business sector based on the need to encourage labour intensive production.

### **2.2.2. Fishing and Mariculture**

After discussions with various role-players, a well-attended meeting of labour, business and civil society organizations was convened on 19 August 2004. A commitment was obtained towards the need to pursue the development of strategies to deal with the problems experienced by the industry. It was agreed that a more representative meeting involving all the players in the fishing and mariculture industry be convened to chart the way forward. A Task Team consisting of Messrs Andy Johnson, Peter Visser, Dicky Meter, Khalid Khan and Norman Daniels has been established to assist the PDC to convene such a meeting. They will assist with the revision of the database attached and provide information on



associations and identify other institutions representing various stakeholders in this industry that may have been omitted. The purpose is to develop an updated list of the various institutions and stakeholders involved in the industry especially within the various sub-sectors of the industry. The PDC will liaise with the identified stakeholders in preparation for a meeting scheduled for February 2005 involving the various associations, labour and government.

### **2.2.3. Clothing, Textiles, Leather and Footwear**

A plethora of issues besieging the Clothing, Textiles, Leather and Footwear (CTLF) industry was identified by a core committee comprising representatives from the social partners actively involved in this industry. The prioritized areas below present a summary of some of the outcomes from the deliberations on these issues and include:

#### ***(a) Job Creation and Job Retention***

The sector has been shedding jobs at an alarming rate. After identifying the key reasons for job losses and factory closures, the social partners embarked on a process to develop a strategy that contains a package of measures essential to grow the industry.

##### **(i) Database of retrenched workers**

The social partners agreed that a database of retrenched workers (in small or large companies) be developed to ensure that the skills in the industry are not lost. The database will record the contact details and the type of skills possessed by each worker to expedite the identification and appointment of workers into vacancies. Government would fund the process once the appropriate business plans have been established and capacity could be created within appropriate institutions such as the bargaining council, SACTWU and government to fulfil this function with appropriate funding.

##### **(ii) Establishment of the Rapid Response Unit**

The social partners agreed that the province establish a distress response capacity, which allows stakeholders to consider various options in the event of factory closures, thereby limiting the impact of huge job losses. The Rapid Response Unit (RRU) would gather information and investigate measures that serve to prevent or minimise company closures. Government tabled a draft proposal for the establishment of a rapid response unit and outlined the proposed process and phases to be followed to accomplish the desired outcomes. A task team will be established to consider issues such as the role and function of the RRU, its work method, funding, lifespan and the role of the social partners therein. The task team would also evaluate the document tabled by government and its associated implementation processes.

#### ***(b) Developing Manufacturing Capability***

##### **(i) Design**

The social partners recognized the need to support Cape Town as the design centre in South Africa and possibly Africa. There are, however, fundamental structural problems that inhibit designers from becoming global players. The most creative designers are not the most successful and vice versa. Designers require an appropriate structure within which to operate. They adopted recommendations that include the development of a centre of excellence to co-ordinate and manage all research and development activities for the clothing and textile industry. The Peninsula Technikon (including the Cape Technikon) was identified as the institution for such activities and mechanisms to ensure that African designers are brought into the mainstream of the industry.



#### **(ii) Beneficiation and government incentives**

The social partners agreed that beneficiation be geared towards providing an opportunity for industries to add more value within the pipeline. Beneficiation opportunities have not been fully utilized within the CTLF industry due to a lack of finance, capacity and the necessary resources and collaborative partnerships within the pipeline. Industries continue to export raw materials without adding value to the products. They recommended that government avail resources to support the agreed initiatives and projects.

#### **(c) Learnerships**

Historically there has been an under-investment in skills development, especially at the lower levels and appropriate measures are required to eradicate the deficit, especially at the operator level. The national Growth and Development Summit (GDS) and the Provincial Growth and Development Summit has identified the provision of a certain number of learnerships as critical to address the challenge of human resource development. The provision of ten thousand learnerships is considered the Western Cape's share of 72 908.

A framework for the allocation of resources between the various learnership categories has been agreed to and the allocation of resources between various learnership categories would also be based on an assessment of trends or needs that exist. All workers in these industries would have gone through a learnership programme over the next six years. The allocation of resources will be revisited and assessed on a regular basis. The key focus area is the achievement of the targets that have been agreed to and the utilisation of the budget to achieve this objective.

#### **(d) Exports**

Duty Credit Certificates (DCCs) were originally designed and implemented to address the lack of availability of a variety of products to produce high value products. It forms an integral part of the country's trade policy. DCCs should therefore not be removed, but the process must be reviewed.

#### **(e) Tariffs**

The crux of the issue relates to the differentiation of tariffs charged to countries exporting clothing and textile goods in South Africa with some merchandise/goods being undervalued, or undeclared to the customs officials. This practice has escalated the problem of dumping and flooding of local markets with illegal products, which are sold cheaply and in the process destroying the ability of local producers/manufactures to compete on even terms and subsequently job losses. Recommendations have been developed relating to providing additional support to the South African Revenue Services and Custom Duty institutions.

#### **(f) SMME development**

SMMEs serve as an important support to the formal sector despite its diminished capacity compared to big firms in the industry. There is a need to define, underpin and revisit the role, functions and contribution of small firms, especially since it is an important creator of employment and contributor to the economic activity of the province and are able to compete at a high level. SMMEs in the informal sector should be incorporated as part of the mainstream of the clothing and textile industry and be provided with the necessary resources, access to capital and markets and the required infrastructure. The discussion on SMME development and the informal sector focuses on the compliance criteria to become part of the formal sector and the associated benefits that they could derive from this process.

#### **2.2.4. Metals and Engineering (including yacht building and boat repairs)**

The development of the metal industry in the province has been constrained by the lack of raw materials and access to markets. It has largely been confined to the provision of services to the ship repair and the provision of services to other sectors such as agriculture and construction. It emerged that there are 1 400 companies registered with the Metal and Engineering Industry Bargaining Council which employ approximately 30 000 employees. The vast majority are SMMEs as there are only 12 companies that each employ more than 150 people. The sector has a strong focus on precision engineering companies that feed into the motor components industry. Also, it is characterised by service and repair to the ship industry and also incorporates the plastic conversion industry sector. The Oil and Gas industry on the West Coast of Africa and a burgeoning yacht building industry provides additional opportunities for growth. Exploratory discussions have commenced with the stakeholders in the industry to explore key growth areas and the design of processes that will lead to a strategy for this sector.

To guide the process forward, it was agreed that a synergy exists between activities in the oil and gas and the metal and engineering sectors, hence the task team consisting of C. Boyes (Business), C. Herandien (Labour), A. Warnick (Civil Society) and H. Jonker (Government) will discuss the modus operandi to address issues in both sectors. The task team agreed to the need to establish a Steering Committee consisting of representatives from the four social partners and support organisations that includes COGSI and Boat Builders Institute, SETA and the Bargaining Council. This Steering Committee will be officially launched after a broader consultative meeting has been held in February 2005.

#### **2.2.5. Oil and Gas**

A significant amount of work is currently being performed in relation to the Oil and Gas industry. A special purpose vehicle, the Cape Oil and Gas Supply Initiative (COGSI) has been established. This project focuses mainly on upstream mining activities, i.e. the extraction of raw materials (off shore oil drilling) for international markets, marketing and support for value chain industries. The down stream activities involve local refineries and the distribution networks. The down stream activities in this project do not receive adequate consideration because they operate at a smaller scale in comparison to upstream activities and have little growth led demand i.e. there are seven oil refineries in South Africa capable of meeting the local demand, and to some extent, the SADC market. As such, it's not cost effective to concentrate on these activities since the market is limited.

The social partners agreed that this initiative faces enormous challenges that include among others:

- (i) The need to integrate the work of local institutions such as Port Authorities, Wesgro, government oil and gas task teams and the social partners in the project.
- (ii) The need to enhance the oil and gas down stream activities (recapitalisation of refineries and related pipeline activities that include repairs and maintenance and identification of local companies for procurement).
- (iii) Human resource development (skills training and internship programmes and job placements) should be considered in detail.

The social partners agreed to form a joint task team with the metals and engineering industry to work out a process proposal as soon as possible to address the key challenges. A stakeholder meeting will then be convened whereby each social partner would table its issues and input into the whole programme.





### 2.2.6. Furniture

Resources have been transferred to Furntech to assess potential sector initiatives as part of the process of repositioning the industry. Research was conducted and no information is available as yet. There is a need to assess the objectives, possible outcomes of this work and the possibility of convening a sector summit as no detailed work has commenced on the development of a sector strategy. It was agreed that a full report on the status quo of the work done in the furniture sector will be presented for future deliberations.

### 2.2.7. Cultural Industries (including crafts and jewellery)

A number of initiatives are underway involving the Cape Technicon and other institutions such as the Cape Crafters & Designers Institute (CCDI). Similarly, there is also some activity in the jewellery industry where more extensive work should be pursued. The key challenges facing the sector include among other:

- *Design & product development:*  
The notion that it is a sector that does not require high skills might be true in certain respects, especially with regard to production, but it is definitely not so if you have to run a business. Crafters need to understand the market and how to manage and position within the market.
- *Production & pricing:*  
Delivering the right product at the right time and the right price is critical.
- *Access to finance:*  
Most of these businesses are being conducted as survivalist enterprises and most of the time do not have the finance to purchase the raw materials for the products. Finance is needed to buy products at wholesale prices or bulk prices and this requires financial support.
- *Training & Capacity building*  
Learnerships need to address literacy and numeracy issues. To run a business you need high skills and to build this capacity is not a short-term process. Capacity building will require a 5 to 10 year process time.
- A website is being developed to access information and a monthly newsletter is being distributed

### 2.2.8. Tourism

All the tourism agencies in this province are now operating under one umbrella body, the Cape Town Routes Unlimited. The Provincial Government and City of Cape Town have contributed financial resources to enable the body to function effectively. Some of the key issues identified by the social partners for consideration involve among other:

- The identification of key stakeholders dealing with products, services, operators and projects.
- The true history, especially that of the indigenous people, should be researched and tourism projects developed around this.
- Museums should be involved and accredited.
- The need to give attention to the pricing issues (over-pricing) and the way tourists are being exploited.
- The need to link up with National Minister's initiative to transform the industry.

### 2.2.9. Call Centres and Foreign Business Process Outsourcing Centres

It was estimated that 70 call centres are fully operational and employ approximately 7 000 people. Several global companies are subscribing to this initiative. The sector has been identified as a critical contributor to employment creation.



## 2.2.10. Information and Communication Technology (ICT)

It was reported that a broader forum linked to the Presidential Commission on Information Communication Technology (ICT) was established. This Presidential Commission is supposed to provide direction to the overall programme. This sector could be critical with respect to repositioning other sectors while initiatives in the sector spearheaded by CITI should not be neglected.

## 2.2.11. Film industry

The Film industry has been boosted with arrangements to establish a film studio in the metropolitan south-east. The Cape Film Commission is the official body that manages the sector in the province. How these initiatives relate to the need to develop an industry strategy is, however, not clear given the following key challenges it faces:

- The industry could be divided into two categories. An international industry of which the commission has very little control of and a cultural film industry for South Africans.
- There are no fixed regulations and structure for the industry and the industry is a difficult and complex one.
- A critical problem is with the provision of training where the learnership programmes do not fit the industry's requirements. Most learn at their own expenses and by going overseas.
- This industry does provide secure jobs and most of the work is done on a freelance basis.

## 2.3. Investment in the Priority Economic Sectors

Wesgro the public entity responsible for trade and investment promotion has responded to the provisions contained in the Framework Agreement by tabling a draft investment strategy for the priority sectors. Key factors that will impact on the competitiveness of the Western Cape economy as a preferred investment location in the future, include:

- Market dynamics – including the growth of purchasing power in the province as well as the international and national demand for Western Cape's goods and services;
- Value chain dynamics – competitive positioning and integration of the Western Cape's sectors into high-growth and high value-added areas of production;
- Global barriers to trade and investment – including the reduction of non-tariff barriers such as stringent production and labeling standards and rules of origin.
- Service excellence – globally competitive service providers in the local market, in particular the sectoral cluster, to successfully compete on aspects such as quality, quantity, logistics, turnaround times, and operational flexibility, among others;
- Labour dynamics – structural reform of the Western Cape's labour force aligned with sectoral shifts in the province will be key to position this province as a serious competitor for international investment in the 21st century;
- Brand building – capitalize on the current global recognition of the location of the Western Cape based on its popularity for tourism and work towards branding it as a world-class investment location.

The following key strategic interventions have been identified to have a medium- to long-term implementation requirements and related impact horizon, including:

- Replication of the success of the 'sector-location' promotion body "Calling the Cape" in other dynamic high-growth niche markets including areas such as biotechnology and boatbuilding.
- Increased access to both national and international sources of finance such as venture capital and development finance for the Western Cape business community; and
- Branding of the Western Cape as a world-class business location.



Furthermore, it is envisaged that the implementation of a strategically balanced investment strategy would produce the following key deliverables over the medium- to long-term:

- Contribute towards the development of unskilled labour-intensive projects in targeted sectors such as agriculture and crafts.
- Contribute towards the spatial development of the Western Cape, in particular in areas highlighted by current policy directives of the Western Cape.
- Together with other stakeholders, produce a vibrant entrepreneurial society with access to international technology, finance, and operational know-how.
- Advancement of the dynamic technology-, value addition, and value chain integration complex in targeted sectors such as biotechnology, mining and engineering, and ICT.
- Ensure increased diversification of sources of investment to reduce exposure to regional economic development and to direct investments into non-traditional sectors for investment.

## **2.4. Comprehensive support for SMME development (including co-operatives)**

The social partners considered the Real Enterprise Development Strategy (RED Door) Draft Business Plan and agreed with the broad framework and thrust of the document. Three pilot sites were identified to implement the RED Door business plan during the current financial year. The identified sites include Mitchell's Plain and Khayelitsha (Cape Town) and Beaufort West (Central Karoo region), Atlantis (West Coast) and in the Boland and Overberg regions

A strategy was developed to mobilize local stakeholders, which include the Mitchell's Plain Development Forum (MPDF), Khayelitsha Development Forum (KDF) and local land/property owners. They assisted in identifying the possible vacant space for establishing the RED Door offices. Government has recruited a core team of five professional experts to manage the offices and they will recruit and train local people to render the required services. The RED Door offices in Khayelitsha and Mitchell's Plain will be operational by the 22 of November 2004. Apart from the RED Door Office in Atlantis, the social partners are currently engaged with stakeholders in the West Coast region to locate another possible site for implementing the RED Door business plan.

## **2.5. Broad-based black economic empowerment (BEE) and Procurement**

The Department of Economic Development and Tourism is in the process of developing a draft BEE framework based on an approach that was shared with the social partners. It was agreed that BEE and procurement are inter linked and should therefore be addressed simultaneously. As part of the dialogue process the other social partners will provide their input into the framework document and identify their contributions to the overall BEE framework for the province. It is anticipated that in the process of drafting the BEE framework, a series of activities will be planned that includes a provincial BEE conference. The precise timeframe for the implementation of the framework still has to be considered.

## **2.6. The Expanded Public Works Programme**

The Framework Agreement details the creation of 120 000 employment opportunities by 2008 through the implementation of the Expanded Public Works Programme (EPWP) as part of the province's contribution to the creation of 1 million employment opportunities.

### 2.6.1. The launch of the EPWP and the establishment of a Forum

The President successfully launched the EPWP on 2 September in Gugulethu. The EPWP Forum, established using the terms of reference, powers and functions and composition as determined by the social partners, deliberated in detail the nature of the programme and how it is to be implemented in the province.

Provision was made for social partners to provide a maximum of eight delegates with 5 being permanent or standing delegates with the remainder being used for providing specialist inputs with regard to the composition of the forum. The terms of reference of the forum is to co-ordinate the implementation of the EPWP informed by the need to use the EPW as a stepping stone to enter the main stream economy and involves, among other, the following:

- Assessing an array of projects that have a direct impact on poverty alleviation and unemployment that were cited and is consistent with the nationally agreed focus areas.
- To deal with institutional capacity constraints to cover all aspects of the issues identified such as those who do data collection, assess progress and measurable outcomes.
- Training that will form an integral part of the programme.
- To ensure that empowerment impact assessments are built into the EPWP process.

It would meet initially at least once per month and thereafter quarterly, based on the tasks to be performed. Key issues considered to date involve, among other, the Western Cape, KZN and Limpopo experiences, and critical elements to the design and implementation in the province. Issues such as the scale and nature of the programme, targeting, remuneration, training will only be considered and finalized once the Forum has received additional information about the nature of all the public sector led projects, the type and scale of projects, employment, income and social impacts. A task that requires inter-governmental collaboration. This will enable appraisal and agreement on the nature of the programme to be implemented.

### 2.7. Monitoring Employment Trends

The social partners have agreed to a process of monitoring the development of the sectors through information gathered with the formulation and implementation of a sector reporting format. It is evident that the quality of statistics to inform more effective interventions in various sectors of the economy does not permit an accurate assessment of employment trends in both the formal and informal sector. The lack of capacity to respond to sectors in distress using existing provisions has highlighted the need for a more proactive response. The aforementioned proposal to monitor job loss, including the role of policy instruments will assist with determining employment trends in each priority sector. While more sustainable approaches are being developed in the various sectors with the formulation of development strategies, short-term responses are required to at least enhance job retention capability. The proposal concerning the establishment of the rapid response unit is currently being revised. It is envisaged that the development of a Rapid Response Unit be piloted in the CTLF sector.

### 2.8. Process facilitation and management and the role of the specialist committee

Social dialogue concerning the economic participation, enterprise development and employment creation issues has been managed by the Specialist Committee and associated structures with the administrative and facilitation support provided by the staff of the PDC.

BUSINESS	LABOUR	CIVIL SOCIETY	GOVERNMENT
Mr Johann Baard (Convenor)	Mr Fred Petersen (Convenor)	Mr A K Warnick (Convenor)	Mr Brendon Roberts Convenor)
Mr Colin Hobanie	Ms Aziza Kannemeyer	Mr Temba Mgobozi	Mr Shuray Bux
Mr Reginald Johnson	Mr Freddie Lindoor	Dr Annelize Naudé	Mr Herman Gribble
Mr Prakash Khusal	Mr Chinaman Melani	Mr Andy Peterson	Mr Nigel Gwynne-Evans
Mr C J T Krone	Mr Crosby Booï	Ms Marie-Lou Roux	Ms Karen Harrison
Mr Patrick Markom	Ms Riefdah Ajam	Mr Hennie Van Wyk	Mr Riefqah Jappie
Dr Ernest Messina		Mr Anthony George	Mr Riaan Warie
Dr Gerald Wolman		Mr Wilfred Wentzel	Ms Jane Prinsloo
			Mr Dudley Adolph
			Mr Zolile Siswana
			Dr Dirk Troskie
			Mr Rae Wolpe

### Administration

The administrative support provided to the committee involved primarily the scheduling and arranging of meetings, documentation of the deliberations of the committee and preparation of the necessary reports. This is being done by the PDC staff.

A number of successful Specialist Committee meetings under the thematic area, 'Economic Participation, Enterprise Development and Employment Creation' were held on 6 May, 10 June 8 July, 23 August\*, 9 September, and 30 September, 30 October and 11 November 2004 where a number of issues were dealt with. All the Specialist Committee meetings were well attended by most of the social partners. A meeting of the convenors was held to develop an approach towards sector initiatives. A task team meeting on the EPWP to determine the terms of reference of the EPWP Forum and launch arrangements was held. The EPWP Forum was established on 7 July 2004. A number of meetings of the Clothing, Textiles, Leather and Footwear sector core committee were held on 26 January, 2 March, 6 April, 20 May and 17 June. This was preceded by meetings of the two task teams on 10 February, 16 March and 5 May. A number of meetings in the Agriculture and Agri-business sector, including a consultative conference were held on 23 January, 12 February, 10 March, 5 April, 29 April, 29 June, 5 August, 2 September, 5 October and 21 October 2004 to deliberate on challenges facing this sector. The Agriculture and Agri-Business consultative conference was held on 4 May 2004.

### Research and capacity issues

Research information requirements have been identified. Approaches are being developed to ensure that the necessary information is at hand for the respective meetings. The capacity issues identified involved the capacity of all the social partners to be effectively involved in the sector initiatives and need for the social partners to access all the relevant information to enable them to deal with the execution of the terms of reference of the specialist committee. The capacity of the social partners is varied in the process to date. The capacity and representation of the business delegation was questioned, especially given the absence of the financial sector as part of the business delegation. The absence of certain key stakeholders also negatively impacts on the outcomes of the process and the need to be as inclusive as possible.

The capacity constraints being experienced are also related to a lack of understanding of the process to be followed, the nature of social dialogue and the nature of the products that would emerge from these processes. Within this process, all social partners are equal and the discussions should be informed by a collective approach to deal with the issues contained within the work programme of the committee. Understanding the nature of the products that would emerge from these processes is crucial and the discussion should revolve around developing partnerships and the need to take ownership of the process and its outcomes. The intention should be to create an environment that enables creative problem solving which allows diverse social parties to engage with each other in an effective manner to harness the forces in society in a common direction.



# 3

## HUMAN RESOURCE AND SOCIAL DEVELOPMENT

The growing earnings function literature in South Africa – and internationally – shows a tight relationship between education and labour market status and earnings. To date the education system has however proven incapable of substantially reducing inequality in the Western Cape labour market because of its inability to reduce inequalities in educational output. The Western Cape’s educational performance is far from ideal; producing low levels of literacy and numeracy in young learners, only 45 - 52% of learners who enrol in Grade 1 reach Grade 12 with variable enrolment, matriculation and mathematics passes by population group. Figure II (below) shows a dramatic drop off in enrolment after Grade 8 and more recently grade 10. Quantitative analysis of the Western Cape school enrolment figures by various researchers indicates that only 45 - 52% of learners who enrol in Grade 1 reach Grade 12 (Crouch, 2002; van Wyk, 2003). The flow through rate is highly correlated with race. While enrolment in school up to the age of 17 was almost 100% amongst whites, enrolment was lower among Africans and even lower among coloured adolescents (Seekings, 2003 and WCED EMIS). The school output data is heavily biased by race. This is shown in the results of the 2003 Senior Certificate. The number of exemptions and higher-grade passes are predominantly white with very few black higher-grade mathematics and science candidates.

The Framework Agreement identified human resource development as an important vehicle to accelerate equity, particularly in areas of employment and the promotion of literacy, learnerships, skills development and education (general) and central to the realization of the new growth and development path being charted. It was agreed that the philosophical focus and ethos of the provincial framework should be directed towards poverty alleviation and transformation, which should form the basis for sustainable growth and development. The integrated and co-ordinated Human Resource Development Strategy (HRDS) should encapsulate such values.

FIGURE TEN: ENROLMENT BY GRADE



### 3.1. An Integrated HRD strategy for the province

Work towards developing an integrated human resource development (HRD) strategy for the province is proceeding apace. The key focus areas agreed upon in the Framework Agreement are:

- General Education and Training
- Adult Basic Education and Training
- Higher Education
- Further Education and Training
- Workplace Learning



These key focus areas should be underpinned by the agreed principles as stated in the Framework Agreement. It should also incorporate "civic education and special care education" which should be covered in all the key focus areas.

Attempts were made to determine the detailed requirements for each focus area. It has been noted that specialist input is required for those areas. A key focus area was dealt with in each of the ensuing months and the necessary experts were invited to deliver inputs on the topics identified. The results of those discussions should inform the design of an integrated HRD strategy.

### **3.1.1. General Education and Training and Adult Basic Education and Training**

The focus of these sessions was primarily on Early Child Development (ECD) and Adult Basic Education and Training (ABET). It was agreed that the programme for Grades 1 to 9 is already in progress and that it should be dealt with during the drafting of the report.

### **3.1.2. Early Childhood Development**

Approximately 13.5% of the population of the Western Cape Province is 0 – 6 years. Investing in ECD and giving children a good start not only has a determining effect on their future as individuals, but also on their families and the socio-economic development of the province as a whole. A study done by the Early Learning Research Unit (ELRU) dealt with a qualitative analysis (based on quantitative realities) of needs and current supply of Early Childhood Development (ECD) in public and private sectors, so as to identify blockages and problems, and develop recommendations to resolve these. Departments with key responsibilities for the provision of services to children in this age group are Education, Welfare and Health.

### **3.1.3. Adult Basic Education and Training**

In terms of the national Human Resource Development Strategy (HRDS), accepted as government policy in February 2001, 'breaking the back of illiteracy' and 'increasing participation in adult education' is required to improve the foundations of human development in South Africa. The agreement reached at the national Growth and Development Summit held in June 2003 conflates the provision of Adult Basic Education and Training (ABET) with 'promoting literacy'. This notion should, however, be broadened.

Agreements were made involving all social partners nationally to achieve various objectives by March 2005. At least 70 per cent of workers should have at least basic literacy and numeracy according to level one on the National Qualifications Framework (Grade 9 in the schooling system). These and other agreements should be implemented to ensure that the integrated HRD strategy incorporates national processes and takes into consideration provincial dynamics. More resources, especially time and funds, should be made available to conduct rigorous and detailed research on the state of ABET provision in the province. Studies reflecting best practice examples should be conducted to profile the success stories and benefits of ABET provision.

### 3.1.4. Learnerships

A learnership task team was established to ascertain what is happening with regard to this activity in the Province, as target dates were agreed upon at the signing of the Framework Agreement in November 2003. The MEC for Finance, Economic Development and Tourism and the Provincial Head of the Department of Labour, made presentations at the workshop on learnerships. It was attended by SETAs, provincial government departments, civil society, business and one person from labour. A recent study commissioned by the Department of Economic Development and Tourism on the SETAs - referred to as the "baseline study" - as well as the Department of Labour's skills development programme were used as the basis for discussions at the Learnership workshop. It became evident that the study requires more detailed refinement and that parties be allowed to comment and make corrections to this study. The workshop indicated that the following issues need attention:

- A need exists for integrating the various learnership interventions in the province
- A communication mechanism needs to be established for intervention efforts between the service providers, government, communities and the private sector
- The lack of information and communication results in mistrust and tensions
- The need for SETAs to meet regularly for co-ordination and information sharing in relation to the provincial efforts
- Establishing the mechanisms that will facilitate a co-ordinated approach towards learnerships in the province.

### 3.1.5. Higher Education (HE)

There are 5 higher education institutions in the Western Cape which are important provincial assets. They are already making important contributions to the life of the province and more needs to be done to engage Higher Education Institutions (HEIs) systematically in the growth and development of the province. The HEIs also present an important economic opportunity, as they are net importers of students. Higher education is a national competence and the 5 higher education institutions in the Western Cape have fairly recently been giving more attention to their collective roles in the province when they formed a consortium.

#### Cape Higher Education Consortium

The Cape Higher Education Consortium (CHEC) was founded by the Universities of Cape Town, Western Cape, Stellenbosch and the Cape and Peninsula Technikons in 1993. The new UNISA now has observer status. It exists to facilitate co-operation between HEIs, to create a strong HE region, and to be responsive to regional and national development needs. The five Vice Chancellors have signed a public compact to give effect to this vision which include:

- The HEIs are committed to serving the public interest.
- They see themselves as a major development resource for the region.
- Have developed over time social capital in the form of trust, reciprocity, and commitment to agreed obligations that are the basis of co-operation.
- Established 'rules of the game' of collaboration.
- CHEC has a standing committee (SC) responsible for working with the Learning Cape Festival (LCF):





The goals of public higher education involve, among other, to:

- promote equity of access and fair chances of success.
- meet national development needs through well planned teaching, learning research programmes, including the challenges presented by a growing economy operating in a global environment.
- support a democratic ethos and a culture of human rights.
- contribute to the advancement of all forms of knowledge and scholarship, in particular, addressing the diverse problems and demands of the local, national and southern African and African contexts.

What, however, remains critical is the relation between regional growth and development needs and the service HEI might provide. An audit was developed of research strengths and teaching capabilities that they are able to showcase to potential fellows for the UNESCO/DoE pilot. They are confident that, with an appropriate audit of resources, they can find (or develop) a fit between the priorities identified by the HRD Specialist Committee and the teaching and research programmes of the HEIs.

CHEC also made representations for the inclusion of HEI in the PDC. Whatever the outcome of the representations are, the CHEC Board supports the recommendations on HE made in the 2003 framework document for developing a human resource and skills development strategy and would welcome regular interactions with the PDC, the HRD Specialist Committee, and departments of provincial government.

### **3.1.6. Further Education and Training**

Further Education and Training (FET) Colleges have already begun the process of developing new courses and qualifications based on Unit Standards. This programme development phase has been substantially strengthened in 2004 by the iKapa Elihlumayo grant of R14 million for the development of level 2 to 4 programmes.

As with FET Schools, the province will actively drive a process of curriculum redress to ensure that a wide range of programmes is offered in all districts. This will require careful planning and strong redress action through the recapitalisation of colleges especially the provision of workshops and equipment and specialist teaching staff.

Colleges will also develop strategies to broaden access to FET colleges such as:

- A variety of delivery modes (e-learning, distance learning, learnerships, skills programmes, etc.)
- Facilities and training that meet the needs of differently-abled learners
- New sites for the disadvantaged and rural communities
- Bursary and loan schemes
- Recognition of Prior Learning (RPL)

The new National Curriculum will be introduced into Grade 10 - 12 from 2004 – 2006. The number of subjects offered in the FET schools curriculum has been greatly reduced but are more focussed and relevant. The FETC qualification requirements are also more focussed and require that learners offer a core component of two subjects from a single learning field as well as fundamental subjects and an elective. This requires that schools offer subjects from a particular set of combinations. The province will have to actively drive a process of curriculum redress to ensure that in all districts the full range of subjects is offered. This will require careful planning and strong redress action.

The curriculum redress process must be supported by a systematic redress programme, which provides equipment (especially computers) and specialist teachers to disadvantaged areas. The WCED has begun this redress process in the fields of mathematics and science and already supports eleven Mathematics, Science and Technology schools for disadvantaged learners. These are the ten Dinaledi schools and the Mathematics and Science Academy. Other 'focus' schools such as Arts and Culture schools will be developed in the FET band.

All FET phase teachers will receive training in OBE teaching and assessment strategies. In addition, all teachers will attend courses run by HEIs and other subject experts to upgrade their subject content knowledge as required. Computer literacy programmes will be provided to all teachers who require these for their teaching.

### The promotion of life long learning

The establishment of the Learning Cape Initiative (LCI), a Section 21 Company to promote life long learning was considered and a proposal containing recommendations was received for final decision.

## 3.2 Process facilitation and management and the role of the specialist committee

Eight Specialist Committee meetings were scheduled, of which seven were held since the inception of the HRD specialist committee on the 6 May 2004. The meeting of 19 August 2004 had to be postponed due to the poor attendance. Follow-up meetings were held on the 19 May, 15 June, 15 July, 9 September, 30 September and 28 October and 11 November. The Specialist Committee appointed task teams to attend to certain matters for the purpose of completing work for the Committee within the timeframes.

The task team on learnerships met on the following occasions, 10 May, 17 May, 14 June, 30 June, 15 July, 26 July and 9 August 2004 to finalise arrangements for the workshops of 13 August 2004. A task team investigating the possibility of establishing a Learning Cape Initiative Section 21 Company met on 15 July, 16 August and 30 August and forwarded their recommendations to the Specialist Committee. A team to complete the report for the mini-summit met on the 1 November, 8 November, 15 November and will be finalising the report on the 18 November 2004.

The following people represented the social partners in the Specialist Committee.

BUSINESS	CIVIL SOCIETY	GOVERNMENT	LABOUR
Mr Brian Johnston (Convenor)	Mr Leonard Pienaar (Convenor)	Mr Zozo Siyengo (Convenor)	Mr Don Pasquallie (Convenor)
Mr Cedric Potgieter	Ms Freda Brock	Mr Marten Leukes	Ms Joan Johnson
Mr David Seale	Mr Kamaal Kariem	Ms Bonnie Sesenyamotse	Mr Peter Visser
Ms Helga Nefdt	Mr Sinbongile Mgwali	Mr Dave Shepherd	Mr M Mbolekwa
Mr Denver Williams	Ms Anthea Bingle	Ms Desi Angelis	Mr Voti Zatu
Mr L Africa	Mr Ernest White	Mr Joseph Thee	Ms Suraya Jawoodeen
Mr S Pienaar	Ms Jessica Fortuin	Mr Christopher Mvalo	Mr Eric Martinsich
	Ms Mary Newman	Ms Koleka Lubelwana	Mr Derek J. Haupt



### Meeting Attendance

The attendance to meetings became a concern by July and August 2004 and the matter had to be taken up with the Overall Convenors. After this intervention and the restructuring of the Specialist Committees the attendance changed drastically that gave rise to more constructive inputs to the deliberations. The poor attendance resulted in the cancellation of the Spescom meeting of the 19 August 2004.

Reference to capacity issues should distinguish between resource capacity and the knowledge and skill required for effective engagement. Resource capacity should again be divided between capacity of the individual member and that of the social partner. Resource capacities with the individual members seem to be adequate in relation to communication, time availability and transport. A problem, however, exists with the capacities of the social partners in relation to co-ordination and communication within their respective sectors. The appointment of administrators assisted in redressing the communication problems but also started to build the capacities of some of the Social Partners.

### Research information

The secretariat collated all the inputs made during the Spescom sessions and also the referred studies presented to the Spescom into a draft discussion document. This document content was used for the drafting of the report towards the mini-summit in December 2004.

### Administration

The task of the PDC's secretariat involved the recording of minutes, the organising of meetings, acting as the communication hub for the Specialist Committee and collating the different information gathered by the Specialist Committee into a draft discussion document that could be utilised as a basis towards developing the integrated human resource strategy for the province.



# 4

## INFRASTRUCTURE AND SPATIAL DEVELOPMENT

The Framework Agreement clearly identifies three key focus areas, namely the development of a Provincial Strategic Infrastructure Plan, a Provincial Integrated Transport Plan and the Provincial Spatial Development Framework as critical to provincial growth and development. Furthermore, the plans have to contribute to the strategy to increase the level of investment in infrastructure to 2,5% of the GDP in the province. Although no comprehensive drafts were tabled to date, Government representatives made a series of presentations detailing their intentions. Processes have subsequently been designed to attain consensus on very specific issues in relation to the development of these plans.

### 4.1. The Provincial Strategic Infrastructure Plan

Various dimensions of infrastructure required and the principles and objectives for the construction of the Provincial Strategic Infrastructure Plan (PSIP) have been highlighted. What is evident is that all the public entities investing in infrastructure in the province have committed themselves to collaborate in the construction of a plan. A process that would involve the social partners has also been outlined for the construction of the plan, after the social partners highlighted a number of key issues in their deliberations. The social partners also raised a number of issues for incorporation into the development of the plan:

- The PSIP currently includes provincial and national governments, but no reference is made to the role of local governments, or the role of the National Ports Authority, Eskom and Telkom.
- Pipelines for gas considered elsewhere were also not addressed.
- The importance of ports was highlighted, and the fact that railways and ports cannot handle the import/export volume, with trucks causing major damage on the roads. Proper infrastructure for transport in rural areas, and telecommunication networks in rural areas are very poor or non-existent. The latest proposal for the upgrade of the Cape Town Harbour does not address or solve the long-term problems. A serious investigation into potential investment in infrastructure for export/import of products is therefore considered urgent.
- Although the schooling infrastructure in rural areas is to be upgraded, and funding and staff with the right curriculum will be provided, the provision of pre-schools remains a problem.
- Not sufficient mention is made of the land in possession of parastatals. This land is sometimes sold without consideration of using it for different developmental purposes. The importance of valuable agricultural land not being used for other purposes, for example housing development was emphasised. The potential impact on the SIP, and benefits to the former disadvantaged in relation to the question of land reform was also raised. A concern was raised that no mention of black economic empowerment of estate agents was made.
- Infrastructure projects should include short-term and long-term goals for job creation. The social partners cautioned against a focus on capital investment without the necessary investment in expanding employment opportunities and skills development. Motivations should be developed for particular projects with reasons why it should be done in a particular manner.

It is envisaged that the differences in relation to the information provided be resolved to enable the construction of the Plan to proceed on the basis of consensus concerning the objectives set, the principles informing the plan and the issues that it should address.



## 4.2. The Integrated Transport Plan

Public investment in transport infrastructure usually accounts for 2,0 to 2,5 percent of GDP, and it may rise as high as 3.5 percent in countries modernizing outdated infrastructure or developing new. In comparison, preliminary estimates indicate that public investment in transport infrastructure (road and rail, excluding airports and harbours) accounts for only about 1,1 percent of the Western Cape GDP. As a result the Western Cape transport network shows signs of stress on a number of fronts such as harbour congestion, high levels of motor-vehicle accidents and unsatisfactory public transport. Many proponents favour radical or interventionist strategies (such as fundamental land use restructuring) to address these issues. Others drive an agenda aimed at improving economic competitiveness in the context of ongoing structural economic changes towards globalised production systems. The challenge is to define a strategically balanced agenda (and an associated transport investment portfolio) that yields both higher levels of growth and economic participation.

The construction of an Integrated Transport Plan that would involve all the different modes of transport and the responsible authorities were considered. It was, however, emphasised that the rail link is under-utilised currently due to a range of constraints and needs to be improved. Rail plans are approved by national government, while roads fall under the responsibility of the relevant MEC. It was concluded that upgrading the transport system was going to take years to implement. It was noted that the Department of Transport is also doing work on a freight logistics strategy. Freight falls outside the ambit of the Provincial Department of Transport and Public Works, but the issue needs the co-ordination of all departments.

A development potential study of 128 towns was initiated as settlement patterns were not designed for public transport or the implementation of a PSIP. The concern, however, was that municipalities did not have the capacity to conduct Local Economic Development (LED) studies, making the information and plans to identify those needing services unreliable. There are towns with no development potential, but with definite skills and no access to markets. The development potential study was an attempt to discuss investment thinking to ensure these towns were being considered when developing plans. There is a need to link infrastructure to economic and social objectives as we had to recognise limitations and build a strategy for improvements. A challenge was for municipalities to develop lateral approaches to guide and stimulate holistic thinking. This was increasingly possible due to the alignment between provincial and municipal players. The following issues were emphasised in the discussion thus far in the development of an Integrated Transport Plan:

- Adequate and affordable public transport is urgently needed and road infrastructure needs to be improved as a matter of urgency.
- Rail and freight were also not properly dealt with.
- A concern was raised about the issue of the Klipfontein Corridor being finalised while no agreement on the contents of an Integrated Transport Plan exists. The transport plan should first have been discussed and finalised. It was observed that although no comprehensive integrated transport plan has been tabled, documents have been distributed for comments. Various other decision-making tools will be applied to make a decision on the Klipfontein Corridor and various other green-field projects. Concern was expressed about planning for imperfection, as it is costly and impacted on the long term. The process needed to be looked at more holistically (how many jobs were created, what services were being delivered etc.)
- The further concern was that the focus was on the metro area only and the need to deal with issues regarding public transport in rural areas.
- The establishment of a Metropolitan Transport Authority
- The IDPs had to be looked at to ensure that transport is included - a draft framework for municipalities that ties in with the IDP process is available for comment.
- It was emphasised that there was a need to have political will, a need to deliver and engage stakeholders and to implement.



- The question as to how the transport plan affected social networks, IDPs and municipalities was raised. The answer to social networks in part lies with the Departments of Transport and Development Planning and the need to integrate different land users. It was mentioned that if services had to be provided and funded by local authorities, levels of services had to be defined and long-term solutions looked at to counter act the development of short-term, not stop-gap measures.

The Department of Transport and Public Works, indicated that the envisaged completion date of the draft Integrated Transport Plan is December 2004. A process that would involve the social partners has also been outlined in the construction of the plan as it will be brought to the Committee for comment before being presented to the MEC. Public meetings are to be held in the districts to facilitate public participation.

### 4.3. The Provincial Spatial Development Framework

Contained in the Framework Agreement is the need to construct a comprehensive Provincial Spatial Development Framework (PSDF). Good progress has been made in the process of drafting the PSDF, which will inter alia:

- address and make proposals to correct the inequitable spatial pattern and develop our communities in urban and rural areas and the formulation of guiding principles for sustainable development;
- indicate areas for growth and potential for growth;
- indicate areas of decline that need special intervention for the sustainable survival of these areas;
- provide a new spatial development pattern for the Western Cape that will ensure integrated budget alignments of all spheres of government and also of private sector investment, with a view of promoting economic growth while maintaining and enhancing the Province's unique environment as an essential part of its socio-economic base and the quest to uplift its population, and
- ensure that our biodiversity and our cultural heritage are conserved for future generations in pursuit of the above;

The interaction and constructive engagement of the Social Partners (Civil Society, Labour, Business and Government) in this process is of crucial importance.

#### 4.3.1. The long term development strategy guiding the Province is derived from three sources:

- The National Spatial Development Perspective which directs that investment should have two broad aims: to support economic development; and to build social capital. The former should only occur in areas of primary economic growth and with high economic potential. The latter should occur in areas of significant population concentration but which are likely to deteriorate through migration in the near future.
- The Premier's vision of A Home for All. This is considered to have a broad rather than narrow meaning. It is not confined to shelter although this obviously is an important issue. Rather it is directed at ensuring that all of the Province's residents should have equal access to opportunities and should feel at home, throughout the Province, no matter who they are or their level of economic status.
- The definition of sustainability, i.e. *optimal development by the current generation without compromising the ability of future generations to meet their needs.*



### 4.3.2 The PSDF's contribution to sustainable development:

- Forward planning – the PSDF is, in effect, a spatial forward plan. It should show where in space on land development by public and private organisations should be making an impact, either through investment into certain areas, or by other areas being avoided.
- Strategic investment – it is not sufficient to merely show where, or where not, activities should be occurring spatially. Government departments, by co-ordinating and implementing their various infrastructure capital and maintenance programs, and their land and buildings, can ensure that a significant proportion of a spatial development program be achieved. This is particularly true if parastatal and departmental investment programs in all spheres of government are co-ordinated towards a commonly shared strategic target.
- Development control – it is difficult for development control measures on their own to facilitate development; for example, merely zoning land for industrial purposes does not of its own accord create jobs. However, development control can play an effective role in containing or prohibiting development projects according to guidelines laid down in the PSDF.

### 4.3.3. The PSDF process will include analysis, synthesis, draft plan and implementation stages.

- The analysis phase has been completed (subject to minor verification). This included status quo findings which were workshopped with the social partners in all five District Municipal Areas and the City of Cape Town. Valuable inputs were received from delegates attending the workshops.
- An important study that will inform the PSDF is the Growth Potential Study of Towns (131 towns in the Western Cape, outside of the City of Cape Town). This study includes an analysis of human need. The study is approximately 80% complete and already provides important input into the PSDF process.
- A State of the Environment Overview Report (of the environment in the broader context, i.e. inclusive of socio-economic factors and the built environment) has been completed and a full Year One Report has been commenced.
- Based on the above-mentioned studies, the synthesis stage of the PSDF is receiving attention. Incorporated in this phase is the formulation of guiding principles on sustainable development, on which consensus should be attained.
- Certain provisional outcomes and findings from the analysis and synthesis stages could be determined, and are classified and dealt with in the further process under the headings of *natural environment*, *built environment* and *socio-economic factors*.

#### (a) The natural environment

- There are about 10 million hectares of arable land in the Province (12.4% of agricultural land in SA). There is pressure to convert much of the best of this land to urban land-uses (including golf estates).
- Large areas of scarce lowland fynbos remain unprotected (yet are critically vulnerable) and are under pressure from agriculture and urban and rural development.
- The potential synergy between least-threatened biodiversity and extensive farming is weakening due to overgrazing – with biodiversity and small-stock carrying-capacity declining, and therefore local economies, suffering.
- Water quality is already a major issue, particularly where rivers and wetlands are trying to cope with increasing nutrient and e-coli loads. Excessive use of boreholes for agricultural and domestic use could result in the long-term destruction of underground water resources.
- Visual carrying capacity levels and scenic amenity continue to be degraded. There nevertheless





appears to be agreement on the inappropriateness of certain types of urban and rural development in landscapes and settings considered to have high scenic amenity.

- The coastline is facing major pressure almost along its entire length. This pressure includes applications for upgrading of development rights as well as the harvesting of marine fishing resources.

#### (b) Socio-economic factors

- The major concern with the Province's human resources lies with levels of skills and education. This gives rise to grave concerns regarding the future development and social stability of the Province given the long lead time between attaining full education and increases in economic growth.
- The spatial standards of school facilities and their use represent a major opportunity for provincial/municipal co-operation: firstly with respect to reductions in site size and multi-use of halls and sportsfields, and secondly with the co-ordination of management and sharing of maintenance burdens between schools, the Department of Education, and municipalities.
- The major issues on the health front are HIV/AIDS followed by TB. These diseases are most prevalent in the rapidly growing areas of the Province. There is also a need for a number of secondary hospitals, and their location must be integrated into a larger urban development program that gives attention to issues of convenient access.
- There is a concern that Province is not keeping up with maintenance on its buildings and that a larger and larger backlog is developing. There is also a huge demand for new buildings and infrastructure – although it may be possible to reconfigure some of this requirement through an inter-departmental approach to coordinated infrastructure such as multi-purpose centres.
- High levels of unemployment are found throughout the Province, and are increasing although they are generally lower than in the rest of the country. Concentrations of unemployed people coincide with the highest concentrations of population.
- Crime remains prevalent in all categories, especially in Cape Town. A worrying pattern is that organised crime appears to be spreading from Cape Town to nearby and also peripheral areas.
- With regard to per capita income, the poorest areas in the Province appear to be the Breede River, Klein Karoo and Central Karoo. The latter two areas seem to be origin rather than destination areas for migration, so measures to combat unemployment may not be as important there as in the Breede River which appears to be a destination area for migration.
- The growing sectors of the economy, with the exception of agriculture and construction, require high levels of skills, of which there is a shortage.
- Agriculture is facing increasing pressure to diversify as farmers find it difficult to provide a living for their employees solely from this activity, particularly in the fruit and wheat areas. The lack of clear development control policies and of a fiscal regime that could help to protect agricultural land, is leading to an unstable situation with regard to the preservation of land with production potential, especially near urban settlements and in areas of scenic beauty and biodiversity importance.
- Land reform and restitution is proceeding at a slow pace. Approximately 80 000 hectares of agricultural land out of a potential total of 3 million hectares have been redistributed in the Province. There is increasing concern being raised from community groups regarding their exclusion from the land due to high prices and gated security estates. Careful attention must be paid to these issues even from a land-use point of view.

#### (c) The built environment

- In most cases the spatial legacy of apartheid is being perpetuated in villages and towns throughout the Province and also in Cape Town. Notwithstanding rhetoric to the contrary, implementation of housing and bulk infrastructure projects by both the private and public sectors continues in the patterns of the past. It is essential that, to begin with, the public sector co-ordinates the efforts of the various departments in the three spheres of government. This should then be followed by efforts to encourage private sector investment to contribute to the same vision.





- The state of transport in the Province is fast reaching an unsustainable situation:
  - Private motor vehicle traffic has doubled in the past 25 years, leading to major congestion and air pollution, particularly in Cape Town.
  - The metropolitan commuter rail service is performing at unsatisfactory levels with respect to reliability and particularly safety.
  - There appears to be considerable doubt as to financial sustainability without subsidies of the large bus service in Cape Town.
  - The mini-bus taxi industry appears to be the most financially sustainable public transport mode judging by the fact that it is still operating without subsidies and its low volume vehicles are ideally suited to the low density urban layouts of most settlements in the Province. However, there are serious driver training, safety and maintenance issues with this transport mode.
  - With the exception of the Klipfontein corridor project, little serious attention is being paid to encouraging non-motorised transport in the Province.
  - Road transport has become the dominant carrier for freight leading to major maintenance backlogs on the road network.
  - The Province is relatively well endowed with a rail network but the services it offers are declining for both passengers and freight. It is common cause that much of the freight currently being carried on the road network should be on rail if only that mode could offer reliable and cost effective services.
  - There are three items of major concern and one with potential for disaster in regard to road infrastructure. Firstly, the N2 freeway and its alignment, as well as road widening and by-pass proposals in the Southern Cape. Secondly, the proposed public sector toll roads on the N2 and N1 freeways around Cape Town and in the Boland and Overberg. Thirdly, the proposed tarred road between Hermanus and Arniston will increase development pressures along this route. Last but not least, the private-sector-driven proposed R300 ring road extension in the City of Cape Town from Muizenberg along the east of the Tygerberg to the Blaauwberg/Koeberg area will, if given the go-ahead, have disastrous consequences for the desired urban development pattern of Cape Town. The whole principle of arresting urban sprawl and achieving spatial integration may as well be cast overboard should the authorities give in on this proposal.
- Cape Town and a number of (especially coastal) towns are increasingly facing water supply shortages.
- Sewage treatment works throughout the Province and particularly in Cape Town are facing large maintenance and funding backlogs. This state of affairs is partly the cause for some of the serious water quality problems being experienced in rivers, particularly those flowing in and out of urban areas.
- A significant number of waste tip sites in Cape Town and provincial towns have either one year or between two and five years left before new sites must be found.
- There are relatively few telephone landlines in the Province but the high level of cell phone ownership appears to be nullifying this problem. There is extensive cellphone network coverage throughout most of the Province. A major inhibitor to business is the shortage and extremely high expense of broad band internet functionality particularly when compared to that of the Province's major international trading partners.
- Major housing shortages are found, especially in Cape Town, Boland and Southern Cape:
  - Current provincial housing policy is severely constrained by national policy, and over the next three years there is only sufficient funding for 38% of the backlog.
  - There seems to be a decline in actual versus budgeted expenditures, in part due to there being insufficient land available for development (as opposed to insufficient land per se) and there being insufficient project management capacity within both the public and private sector.
  - To date the rolling out of housing programs has demonstrated lack of co-ordination between various Provincial, Municipal and National government departments although there have been some notable exceptions, e.g. Delft. Here there was generally good co-ordination regarding the



delivery of housing, schools, clinics and major road infrastructure, e.g. the construction of Symphony Way over the N2 freeway to Philippi.

- The housing subsidy and the way in which it operates makes it impossible for housing developments, units and layouts to be located and designed in such a way as to avoid perpetuation of low density urban sprawl on the periphery of urban settlements.

#### **4.3.4. Progress to date and the way forward:**

The series of regional workshops held in October 2004 formed an integral part of a process to embark on a comprehensive consultative process to develop such a Framework. The inputs received at the workshops were synthesised and presented to the social partners for further deliberations on 28 October 2004 as part of the process for constructing the PSDF earmarked for finalisation by March 2005. Each social partner was also required to use the opportunity to brief its constituency on progress concerning the implementation of the Framework Agreement for Growth and Development in the Western Cape.

Consequent to the PSDF Consultative Summit of 29 November (with its goal of the Social Partners being informed of the PSDF and underlying studies, and of attaining consensus on progress thus far), the outcome of the Summit will inform the subsequent PSDF process up to the First Draft PSDF. That draft will be workshopped with the Social Partners on the same basis as before (through the five District Municipal Areas and the City of Cape Town). This will lead up to the final PSDF which will be the subject of a Signatory Summit of the Social Partners before adoption by Cabinet and approval in terms of planning law by mid-2005.

The above is therefore being done through a process inclusive of meaningful public participation for the purpose of laying down, and enforcing by law where necessary, policies, imperatives and directives that are essential to be followed in the development of land. The overarching goal is then to ensure sustainable development and conservation of the Province, given that the Western Cape's natural environment is unique – even on a world scale especially in terms of biodiversity (one of the world's six floral kingdoms occurring only here), and in addition given the crucial role that this fact, as well as the Province's broader agricultural, built and cultural environment, plays in the establishment of the Western Cape's future socio-economic base. Consensus should be sought in the Western Cape around maintaining the Province's environment at all cost and enhancing it as the socio-economic base for the Province.

#### **4.4 Process facilitation and management and the role of the specialist committee**

Two meetings of the merged Specialist Committee dealing with Infrastructure and Spatial Development were held on 30 September, 28 October and 11 November 2004 to further the work of the preceding Specialist Committees. Various Specialist Committee meetings dealing with Investment, Infrastructure and the Logistical Challenge were held on 6 May and 17 June. Attendance at meetings was good amongst most of the social partners. The Local Development and Governance Specialist Committee convened three meetings to date, which were scheduled on 6 May, 20 May, 11 June and 20 July 2004. The meetings were generally convened from 09h00 until 13h00. However, social partners requested a special arrangement for the meeting on 11 June. This was arranged to coincide with the quarterly Management meeting of the Integrated Sustainable Rural Development Programme, which was scheduled for 11 June in Elsenburg, Stellenbosch. Although social partners were requested to provide a list of the names and contact details of their representatives (5 representatives per social partner, 20 in total), it remains unclear as to who exactly the representatives are. Attempts to improve attendance were made, but the attendance is still poor. Although social partners commit to dates and times proposed for a meeting, the reality is that some representatives fail to stay for the full duration of the

meeting due to other commitments or meetings overlapping with the set timeframes for the Governance meeting. Social partners were urged to ensure their representatives are available and prepared for Specialist Committee meetings.

BUSINESS	CIVIL SOCIETY	GOVERNMENT	LABOUR
Mr. Colin Boyes (Convenor)	Ms Joye Gibbs (Convenor)	Mr. Ismail Dockrat (Convenor)	Mr Barry Stemmet (Convenor)
Mr. Cecil Halley	Ms Leonie Caroline	Ms Ayanda Canca	Mr. André Adams
Mr. Herbert Hirsch	Mr. Jonathan Cartwright	Mr. Philip Grobler	Mr. Noel Coetzee
Mr. Ivan Jurens	Ms Gadija Claasen	Mr. Dawie Kruger	Mr. Dumisani Daniso
Ms Milase Mzamo	Rev. Keith Benjamin	Mr. Thami Manyathi	Mr. Ivan Abrahams
Mr. Carl Opperman	Mr. Dan Kotze	Dr Laurine Platzky	Ms Gretchen Humphries
Mr. Sam Pienaar	Ms Selma Louw	Ms Shaheeda Sechel	
Mr. Willem Williams	Mr. Claude Schroeder	Cllr Anthea Sheldon	
Ms Wendy Hartshorne		Ms Sharon Pheiffer	
		Mr. Ben Veldman	
		Mr. Dawid Vermeulen	

#### Administrative support

Wesgro provided administration and facilitation support at the first meeting of the Investment, Infrastructure and Logistics Specialist Committee. Thereafter, the process of managing the deliberations of the Specialist Committee and associated structures has been done by the staff of the PDC and will continue to do so. It has provided organisational and secretarial support for the Specialist Committee, which includes the developing of the agenda and associated documentation in preparation for each meeting, relevant research information and other support services as required. This also includes being in a position to effect facilitation between social partners with relevant role-players outside the Specialist Committee, and with other Specialist Committees and their respective role-players.

#### Capacity and research issues

One aspect that clearly needs urgent intervention is the capacity of the social partners, given their responsibilities and the nature of the products that would emerge from these processes. Social partners need to consider aspects as reflected in the Framework Agreement and cross-refer to what has been achieved during previous meetings. Specific outcomes need to be identified and boundaries need to be effected to guide the process to achieve even minimum objectives within the short timeframe available. Quality improvement measures, measurable objectives and performance indicators have not been set due to the limited available time-frames to ensure that Social Partners function within the parameters of the Framework Agreement and the Guidelines for Specialist Committees.

Thus far, representatives who were present made enthusiastic contributions towards the discussions, although capacity constraints were experienced to the extent that an important partner in the local governance content, local authorities were either under represented or not represented at all. Social partners need to review the gap experienced by the absence of this important pillar in the deliberations on local governance. Further contributing to the lack of clarity of the process to be followed, is the broad nature of issues captured within this Specialist Committee. Access to information was identified as critical to effective and constructive social dialogue and thus vital to the functioning of the committee. The PDC needs to ensure broader constituencies and communities are fully informed on the proceedings of the Specialist Committee, and that Social Partners are held accountable for the achievement of its objectives.



## PLANNING AND INTEGRATION

The construction of a Provincial Growth and Development Strategy as specified in various sections of the Framework Agreement is critical in ascertaining progress in relation to facilitating dialogue concerning the implementation of the Framework Agreement. Processes to attain the inputs of committees deliberating specialist areas for use as a basis for the construction of a consensus based strategy were designed and implemented. This involves, among other, the items contained in the Guidelines for the Functioning of Specialist Committees and its relation to planning and integration processes. Due to the limited progress experienced with the work of these committees, only certain functions pertaining to planning and integration could be dealt with.

### 5.1. Local implications of the Framework Agreement and Integrated Development Planning

Key aspects for intervention as stipulated within the Framework Agreement agreed to by the social partners were prioritized for consideration under the theme local development and governance.

- The Incorporated Development Planning (IDP) and the local implications of the Framework Agreement;
- People-centred development, poverty and developmental government; and
- Integrated and Sustainable Rural Development Programme (ISRDP) and the Urban Renewal Programme (URP)

The following key critical factors were identified to ensure proper implementation and alignment between provincial and local planning processes. That is, the relation between the Framework Agreement, the IDP processes, Urban Renewal and IRSDP processes, resource allocation and social dialogue.

#### 5.1.1. Planning and Resource Allocation

A highly successful first round of IDP processes, although certain shortcomings are recognized and will be addressed in the follow-up processes, was reported. A concern was expressed about (a) a general lack of structured public participation in IDP processes that is dependent on a combination of willingness and capacity essential to ensure broad participation; and (b) the inequitable resource allocation in the province and the dire need to address this from a provincial perspective. The importance and the problems encountered in effecting seamless planning in the regions were highlighted

The interface between national, provincial and local government is to be found in the IDP and ikhapa Elihlumayo that has a focused, realistic approach to development. It becomes essential for Provincial Government to engage municipal priorities in provincial planning and to assist municipalities with aligning these priorities with provincial planning. It was further noted that a significant shift from past planning practices is also to be found in the spatial development framework currently being positioned as a section within the IDP and not the overarching planning mechanism as in the past. This further cemented the shift from geographical planning to people-centered planning.

The importance of the ISRDP to be driven by the priorities of the IDP for the identified nodes was considered, as the integration between the IDP and the ISRDP was not clear. The alignment of the Framework Agreement, the ISRDP and the IDP at local level, focusing on resource mobilization needs to form the basis of future discussion. A sensitivity to the importance of benchmarking should be highlighted and filtered through to the players and the activities within the ISRDP.



Public-Private partnerships: It was emphasized that the social partners need to consider other alternatives to garner resources as people are sometimes hesitant to take on new responsibilities, and because local governments are sometimes locked into thinking that resources can only come from government. A re-look at alternatives such as government bonds and ways to mobilise resources through public-private partnerships is necessary.

### **5.1.2. Local Economic and Social Development**

Apart from social partners having attempted to identify key issues within the broad governmental development programmes (IDP and ISRDP), a vast array of programmes and projects, are reflected within the Framework Agreement. There is an urgent need to address the capacity on a local level to effectively deal with social and economic issues. Critical intervention is necessary to ensure that local government is positioned to create the capacity to implement the agreed targets and strategies for socio-economic developmental local governance. The lack of budgets to support implementation of local social and economic initiatives, capacity willingness of officials and local leadership were mentioned as critical success factors. Currently, local government experiences an uneven understanding of the problem and willingness to address the problem. It was suggested that the organizational structure, systems and budgets be unpacked to compare the content of the document with the capacity of the institution responsible for the implementation. This would highlight any deficiencies in the structure necessary for the implementation and would contextualize the performance required to engage.

Particular resource gaps in Government initiated projects needed to be identified. These affect especially the programmes and projects that immediately affect the basic services and needs of the population, and determine their future levels of income, health, welfare, and household needs for safety and security. These serve as feeder-source and guidance for the planning and resource allocation aspects. It needs to be weaved into the planning and resource allocation criteria or strategy to be developed and serve as future intervention focus areas for the social partners.

### **5.1.3. Co-ordination, Participation and Information**

Public participatory processes in all initiatives, and on all levels of planning, resource allocation, implementation and monitoring and proper co-ordination should inform provincial strategic planning. The dissemination of information, increased access to information, the identification of information gaps, the identification of resources, and access routes need to be developed and proposals designed for continuous improvement. This is specifically significant with regards to e-portal, information on tenders, job opportunities, and statistics for the Western Cape, poverty data, and any other data being used in development planning processes in Departments. The provincial momentum of the PGDS has, however, not reached local communities. There is a lack of understanding of the developmental role of local government and the need for an integrated approach, as the "silo" way of working amongst some officials who are demoralized and under resourced is still evident. There is also a poor understanding of public-private partnerships. A lack of communication of the IDP and ISRDP to local constituencies and stakeholder dialogue is evident. It was requested that the issue of social partner representation on the IDP, ISRDP and URP Forums be addressed as a matter of urgency while acknowledging existing nodal structures as facilitating relations among government representatives to give effect to the working agreements between the three spheres of government. A strong focus should be placed on the sharing of information on the activities associated with the IDP, ISRDP and URP especially with regional social partners.



Institutional and social dialogue arrangements between social partners need to be effected in the implementation of all development programmes. Government focuses on implementation within their spheres, whilst vital communication of these activities and co-ordination between all sectors of society is often absent. All initiatives and programmes need to be filtered to communities, the ultimate beneficiaries of these initiatives. The Provincial Growth and Development process should be popularized within the regional areas of the Province, with a focus on the inter-face between the IDP and the Provincial Growth and Development process. Strategies needs to be designed before a structured communication action takes place in the regions. As the IDP is a tool to enable the processes of social dialogue and partnership formation concerning people-centred development, poverty and developmental government. The IDP should also be regarded as a way for people to take control over their resources. The following issues should be considered:

- The IDP process has succeeded in complying with the bare minimum requirements, and with minimal participation.
- The majority of interested and affected people should participate.
- Information shared should be relevant as input gained from the minimal levels of participation is not reflected in the documentation - it gets filtered.
- A strong emphasis should be placed on "civic education".
- It was further suggested that activities to focus on service delivery and performance targets be considered. Municipalities focus primarily on what is legally required, and not enough resources are being focused on the 'soft issues" such as HIV/AIDS. It should be clarified who is responsible for resource mobilization in municipal areas to ensure these issues get proper attention. Communities see "one" government being responsible for addressing these issues, as was clearly evident during the recent Presidential Imbizo in the Boland, where the President was being held accountable for the lack of delivery locally. It was observed that it is the responsibility of the municipality to account while at the same time ensure that capacity-building takes place where required.

Public participation was highlighted as essential to the process. Communities expect deliverables to be within the context of their input and role in the social dialogue process. A clear distinction between the various roles a social partner plays within the context of local government needs to be recognized. The establishment of regional social dialogue processes would address this problem. It was suggested that the sectoral/think-tank route be considered to enhance the workings of social dialogue processes, be that on local or regional level. The existing health and police forums are good examples of how sectoral forums succeed as think tanks and advisory bodies. The issue of the impact of project-and programme-management and the general lack of good participation practices in project management were also considered critical. As the practice of project management was traditionally developed in the engineering field, where people and participation practices were weak.

## 5.2. Process Facilitation and Management

Overall Convenors meetings were held on 19 April, 15 May, 28 June, 14 July, 30 August, 10 September and 6 October. Planning and Integration Committee meetings were held on 14 July and 17 September. Both dealt with the deliberations of the Specialist Committee meetings and preparations for the Provincial Growth and Development Mini-Summit. The following representatives were present at meetings of the Planning and Integration Committee and the meeting of the Overall Convenors.



BUSINESS	CIVIL SOCIETY	GOVERNMENT	LABOUR
Mr Fanie Bekker (convenors) Mr Johann Baard Mr Brian Johnston Mr Colin Boyes Mr Herbert Hirsch Mr Sam Pienaar	Ms Leonie Caroline (convenor) Mr A K Warnick Mr Leonard Pienaar Ms Joye Gibbs (acting) Rev. Keith Benjamin	MEC Tasneem Essop (convenor) Mr Alan Roberts Mr Brendon Roberts Mr Zozo Siyengo Mr Ismail Dockrat Dr G. Lawrence	Mr Tony Ehrenreich (convenor) Mr Fred Petersen Mr Don Pasquallie Mr Barry Stemmet



## INSTITUTIONAL ARRANGEMENTS FOR SOCIAL DIALOGUE AND THE IMPLEMENTATION OF THE FRAMEWORK AGREEMENT

Section 7 of the Framework Agreement makes provision for institutional arrangements that amounts to the transformation of the PDC. This essentially involves amendments to the PDC Law and the establishment of appropriate structures and guidelines to facilitate dialogue on specific issues. The Provincial Parliament considered all the submissions and approved the Western Cape Provincial Development Council Law Amendment Act on 16 September 2004. The Premier signed the Law and the Amendments were published on 30 September 2004.

### 6.1. The PDC Legislation

The PDC Law Amendment Act No. 4 of 2004 requires that a series of changes be effected to the operations of the PDC. These changes have two dimensions. The first dimension concerns the transitional period leading up to the establishment of the new Council. The second dimension involves the establishment of the new Council and its first tasks.

#### 6.1.1. Transitional Arrangements

The transitional arrangements specified in section 11 of the PDC Law deals with a number of issues. Firstly, the existing Council will remain responsible for the PDC activities until the day before the new Council is established. It has consequently developed a progress report and a series of recommendations for the new Council. Secondly, although it is stated that all the specialist committees will cease to exist by the time the Law comes into effect, the final round of Specialist Committees were held on 11 November 2004.

Finally, provisions have also been made for staffing arrangements. Section 11(5) stipulates that the any person employed by the Provincial Development Council on the date on which the Amended Act comes into operation remains so employed and that Section 11(6) empowers the new Council to restructure with due regard for the need for effective performance and the Provisions of the Labour Relations Act of 1995.

#### 6.1.2. Establishing the New Council

It is envisaged that a new Council, as specified by the Framework Agreement, be unveiled with due consideration for the timeframes specified in the PDC Law. This requires preparation on behalf of the social partners to implement the new legislative provisions once the amendments to the Law have been enacted. A critical path for this to be achieved would involve the Premier calling for nominations, the social partners determining their nominees and the Premier engaging in consultative discussions before proclaiming the names of the representatives. A number of measures will have to be effected to enable the new Council to become fully operational.

##### The Call for Nominations

The Premier requested social partners to nominate people to serve on the new Council. The due date for such submissions was 12 November 2004. Thereafter, the Premier has to proclaim the new Council within 28 days after having consulted constituencies where it was deemed necessary.



### The Appointment of the new Council

Provision has been made for the appointment of 32 members drawn from among the senior leadership of the four social partners. The Premier has to appoint the new Council within 28 days by proclamation. When and how the new Council will be unveiled is the prerogative of the Premier. The Council, at its first meeting, must address a number of issues.

- *The determination of the process for chairing the proceedings of the PDC*  
It is imperative that the new leadership of the Council be determined at the outset to identify those responsible for executing certain key tasks such as the determination of meeting dates, who presides over meetings and the determination of the procedure for the calling, postponement and cancellation of meetings. Although the broad perimeters are specified in Sections 6 and 7 of the Act, more comprehensive guidelines could be required to detail the responsibilities.
- *The establishment of a Management Committee*  
A Management Committee consisting of five people representative of the social partners and the Chairperson of the Council should be established to manage the tasks of the PDC as specified in the Law and elaborated on by the Council.
- *The establishment of Specialist Committees*  
In terms of Section 5 of the Act, the new Council will be entitled to establish up to three Specialist Committees. The Council will have to consider the number of Specialist Committees to be established and how it is to be populated.
- *Policies and Guidelines*  
The incoming Council should also review all the policies and guidelines that have been applied to ensure the effective and efficient functioning of the previous Council. This includes, among other, the development of a comprehensive set of the guidelines and a code of ethics, audit charter, staffing and financial policies including a fraud prevention plan.

## 6.2. Strategically managing the establishment and functioning of the new institutional arrangements

A Strategic Management Plan titled *Provincial Growth and Development through Social Dialogue and Partnership* has been developed to manage the transitional institutional arrangements established since November 2003. This was submitted to Province after the Council's approval. The new Council will have to consider this matter consistent with its work programme and the requirements of the PFMA. A new Strategic Management Plan will have to be finalised to ensure that a clear work programme has been determined for the functioning of the PDC.

### 6.2.1. Guidelines for the Establishment and Functioning of Structures

Although the Law provides broad guidelines as to how the PDC should function, it is imperative that more detailed rules be developed to ensure that the PDC and its structures functions efficiently and effectively. The chairperson, vice-chairperson and the overall convenors met regularly to ensure that the mechanisms that facilitate dialogue on key thematic areas, namely the specialist committees and the planning and integration committee perform their tasks. This was guided by Guidelines that informed the functioning of these committees. After reviewing the functioning of these committees in July and

August 2004, it was agreed to reduce the number of committees from five to three and to improve the guidelines to develop the functioning of these committees. The amendments made to the PDC Law also necessitates the revisiting of these Guidelines to ensure the necessary procedures are in place to aid the more effective functioning of the PDC structures.

### **6.2.2. Stakeholder Preparation**

Stakeholder preparation has been hampered by capacity issues that are being addressed through the following decisions:

- The social partners should be allocated more resources to enable them to participate more effectively through the organisation of its own activities.
- They should have the requisite administrative support to facilitate communication across a diverse array of constituencies. The Economic Development and Tourism Department recently agreed to provide a facility through which social partners were allocated increased administrative support.
- The streamlining of specialist committees to three and the processes leading up to the establishment of the new Council and the establishment of new specialist committees in terms of the new PDC Law Amendment Act also facilitate the revisiting of representation.
- The Premier has also initiated meetings between the Provincial Cabinet and the three social partners. The meetings with business and labour have been held while a forthcoming meeting with civil society is being planned.
- The Provincial Parliament has also embarked on a process to engage stakeholders in regions in its affairs.

#### ***(a) Business***

Briefing sessions were held with Business Cape leadership before the launch of the specialist committees in May 2004.

#### ***(b) Civil Society***

The PDC has provided continued support for the meetings of civil society, particularly the planning meetings on 3 and 23 March and workshops on 27 March, 24 April and 10 July. Additional activities were held on 29 and 30 October 2004.

#### ***(c) Labour***

The Labour federations had its first workshop on 16-18 July 2004. Fedusa held a workshop on 22 September 2004. Nactu requested additional sessions. Additional sessions have also been held for specific unions such as the workshop dealing with Agriculture and Agri-business held on 23 October 2004.

#### ***(d) Regional Activity***

Regional bodies, developmental structures, political and administrative office-bearers and regional social partners play a crucial role in the provincial planning processes and the effect of these strategies and decisions locally. The social partners should ensure that regional and local decision-makers are informed and empowered to participate constructively as fully-fledged partners in these processes affecting the



Western Cape as a whole. Representatives of interested and affected parties, organizations and government bodies will be invited to attend regional-based workshops which were organised to focus and find synergy between the local importance and impact of recent activities relating to development in the Province.

The objectives of these workshops will foremost be to ensure the involvement of social partners and participants in development activities in the Western Cape, whether their approach in developing frameworks and strategies is for short - and long term delivery on development with reference to the Framework Agreement.

### **6.2.3. Finance and Administration**

The effective functioning of the PDC new or old has always depended on the available resources. This involved the establishment of a well resourced administration to ensure that all decisions are implemented and adhered to, consistent with a Strategic Management Plan that includes the effective use of staffing arrangements and the development of appropriate budgets consistent with the MTEF. The new Council should revisit all the policies and proposals formulated to date.