

PORTFOLIO COMMITTEE :
FINANCE & ECONOMIC DEVELOPMENT

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**Ald P May, Cllrs L Krige,
R de Coning, S Gxamesi**

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FINANSIES & EKONOMIESE ONTWIKKELING

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Komiteelede :

**Rdh P May, Rdle L Krige,
R de Coning, S Gxamesi**

FINANCE & ECONOMIC DEVELOPMENT PORTFOLIO COMMITTEE
FINANSIES & EKONOMIESE ONTWIKKELING PORTEFEULJEKOMITEE

17 JUNE 2015

I N D E X

ITEM

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NUMBER**

OPENING

APPLICATIONS FOR LEAVE OF ABSENCE

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CHAIRPERSON**

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**AGENDA of the
Portfolio Committee : Finance & Economic Development
17 June 2015
(Also the agenda for the Mayoral Committee Meeting: 24 June 2015)**

**1.
LOCAL ECONOMIC DEVELOPMENT SERVICE DELIVERY ACTIVITIES: 3rd QUARTER**

2/R

**S Madikane
25 May 2015**

(028) 313 8066

Corporate Head Office

1. Executive Summary

The report will give an outline of the Directorate: Local Economic Development's activities for the third quarter.

2. Service Delivery and Budget Implementation Plan - IGNITE

Economic Development and Tourism Directorate

3. Compliance with Strategic Priorities

Provision of democratic, accountable and ethical governance

The encouragement of structured community participation in the matters of the municipality

Promotion of tourism, economic and social development

4. Delegated Authority

Executive Mayor

5. Legal Requirements

Section 152(c) of the Constitution of the Republic of South Africa, 1996

Section 4 of the Local Government: Municipal Systems Act, No 32 of 2000

Section B of the White Paper on Local Government, 1998

6. Background/Discussion/Evaluation/Conclusion

Local Economic Development (LED) is an outcome which is delivered through a variety of processes. LED initiatives are directed at poverty alleviation and growth of the municipal economy as well as community empowerment and distribution.

It is important to remember that LED is a long-term process, and this implies that the directorate is responsible for co-ordinating LED that must be designed in a way that ensures sustainability, consistency and stability over a period of time. It is from this background that the municipality's economic growth remains healthy, that the impact on jobs becomes a priority and a tool to change people's lives.

**AGENDA of the
Portfolio Committee : Finance & Economic Development
17 June 2015
(Also the agenda for the Mayoral Committee Meeting: 24 June 2015)**

LED projects and programmes focus, but not limited to, on the following:

- Supplier Development Programme;
- Enterprise development and support;
- Youth focused and activities
- Contractor and service provider development;
- Red tape reduction;
- Participatory appraisal and competitive advantage (PACA);
- Stakeholder engagement;
- Expanded Public Works Programme (EPWP)

LED operates as a walk-in centre for communities to access information relevant to their needs such as business registration, unemployment database, co-operative set-up, research information for business plan writing, updating CV's, etc

Specific reference to the outcome of the Hawston PACA process is contained in Annexure A (paragraph 8.1). The outcomes are to be included in the Municipality's Integrated Development Plan (IDP).

The final report on identified Red Tape issues is attached as Annexure B. These outcomes, where applicable, are also to be included in the IDP.

Tourism has the following functions and focus:

Promoting the Cape Whale Coast area as a prime tourism destination with the aim to develop and increase tourist activity and brand awareness, potentially create more business opportunities and ensuring that all marketing activities are in line with the Overstrand Economic Development's Strategy/IDP through:

- Supporting festivals and events
- Market research and visitor monitoring
- Tourism Stakeholder engagement
- Branding and Marketing
- Coordinating and Supporting Local Tourism Office initiatives

7. Financial Implications

As provided for in the Operational Budget.

8. Staff Implications

None

**AGENDA of the
Portfolio Committee : Finance & Economic Development
17 June 2015
(Also the agenda for the Mayoral Committee Meeting: 24 June 2015)**

9. Comments from other Departments, Divisions and Administrations

None

10. Annexures

Annexure A: LED and Tourism Report

Annexure B: Final Red Tape Report

RECOMMENDATION:

that the report on the Directorate: Local Economic Development's activities for the third quarter, **be noted**.

RESPONSIBLE OFFICIAL :

X KOSI

TARGET DATE FOR IMPLEMENTATION :

1 JULY 2015

3a

**AGENDA of the
Portfolio Committee : Finance & Economic Development
17 June 2015
(Also the agenda for the Mayoral Committee Meeting : 24 June 2015)**

**1.
LOCAL ECONOMIC DEVELOPMENT SERVICE DELIVERY ACTIVITIES: 3rd
QUARTER**

**2/R
S Madikane (028) 313 8066 Corporate Head Office
25 May 2015**

**THIS MATTER SERVED BEFORE THE JOINT PORTFOLIO COMMITTEE ON
17 JUNE 2015, WHICH COMMITTEE SUPPORTED THE RECOMMENDATION**

**RESPONSIBLE OFFICIAL : X KOSI
TARGET DATE FOR IMPLEMENTATION : 1 JULY 2015**

LED Quarterly Report (Jan-March 2015)

1. Training and Development

1.1 Conflict Management Workshops (CMW)

The CMW's were specially put together to address a growing tendency of business formations particularly Cooperatives to resolve differences through violent means. The phenomenon has been noted country wide were most SME's collapse within two years for lack of amongst other challenges resolving conflict. Three workshops in Zwelihle, Gansbaai and Kleinmond were organised and an overwhelming positive feedback was received from the participants.

1.2 Cooperatives training

Sea Harvest Co-operative Limited from Mount Pleasant was assisted by the LED department to apply for the CIS grant. The co-operative had also undergone the Business Plan training facilitated by the LED department and Productivity SA. This co-operative after persevering was successful in applying for the CIS grant.

1.3 Arts and Crafts

The LED & Tourism department in conjunction with Cape Crafter Design Institute (CCDI) facilitated a number of trainings to capacitate crafters in the Overstrand area to refine their craft. A total number of 2 workshops were held. The first workshop which occurred on the 9 & 10 February 2015 focused on Business training and the Creative training was held on the 11 th and 12 March 2015. A total of 25 participants attended the training.

The department also transported crafters to the Design Indaba weekend in Cape Town to gain exposure to the quality standard of products produced by other South African crafters.

One of the crafters Margaret Motsoene was also nominated and selected for the provincial Lilizela awards. Her exhibition prepared for exhibition at the LED Women's Entrepreneurial event organized by the LED department. Margaret is a determined female entrepreneur determined to grow and gain more exposure for her business.

2. MoU's with Strategic Partners

2.1 AFRIMAT

Number of Learners	Aspect of Training	Outcomes		
		Passed	Not Successful	Postponed Testing
40	Drivers Licence	15	11	9
40	Learners Licence	40	0	0
8	Dropped OUT	-	-	-

It is with sadness that we must report that one learner was involved in a fatal car accident on her way to her drivers classes.

2.2 World Wide Fund (WWF)

The LED department in partnership with World Wildlife Fund for Nature are engaged in a Fishers Improvement project to facilitate the empowerment of small scale fishers in Kleinmond. After a series of workshops and in depth research the project is now in the action plan phase.

The aim of the project is to create job opportunities for the fishers who will have access to markets as part of the project as well as to achieve the balance of sustainable fishing.

The LED department is currently registering the fishers in a co-operative structure in order to apply for the permits and an entity.

2.3 PSA

Productivity South Africa has had their funding by the UIF curtailed due to budgetary pressures. They were granted a smaller number of 500 entrepreneurs to train and 200 out of which will be based in the Overstrand.

3. Emerging Contractor Development and Service Provider

A new Vukuphile coordinator has been appointed by the Department of Public Works from 1 May 2015. In the meeting between the DPW and LED it was clearly spelt out that top on the coordinator's list will be to assist the Vukuphile project in the Overstrand and to ensure that quick results are attained.

4. Entrepreneurship Development Initiatives.

The Grootbos Foundation has partnered with LED to roll out Entrepreneurship Training for learners in the high schools of the Overstrand. The initial camping round has been completed and a total of 170 young entrepreneurs trained and given technical assistance with regards to entrepreneurship. ABSA Bank was a key sponsor.

5. Stratetic Partners

SAWEN

A networking session was organised for young female entrepreneurs in the Overstrand. The success of the event resulted in further opportunity arising to give 15 members of SAWEN an opportunity to farm with Rabbits. Process is underway to provide the needed support to realise the project.

6. EDP

LED, in support of its strategic objective to develop 30 entrepreneurs, has created an Enterprise Development Unit (EDP). Boland College students who a qualification in Management assistant course were contracted for 6 months to act as the eyes and ears of the department in the respective areas of Hawston, Zwelihle, Gansbaai.

Further the interns are expected to give practical assistance to the entrepreneurs on daily basis on matters ranging from completing necessary registration documents to getting them ready to source opportunities within both the public and the private sector.

7. Emerging Contractor Development Programme

A consultative process was initiated to further explore ways to utilize the PPPFA to give impetus to the Emerging Contractor Development policy of the Overstrand. In this regard a steering committee has since been established by the directive of the Municipal Manager to craft an PPPFA policy for the Overstrand with special emphasis on how the SME could further be assisted to participate meaningfully as service providers to the municipality.

8. Community Engagement Processes and Campaigns

8.1 Hawston PACA process

Overstrand's Department of Local Economic Development (LED) facilitated a participatory appraisal of competitive advantage (PACA) process in Hawston at the Hawston Thusong Centre in the course of March. The aim of this process, which follows a participatory planning methodology, is to determine Hawston's competitive advantage in partnership with the community with a view to identifying projects of strategic economic significance that can be implemented within the area.

Nine PACA projects were identified as well as PACA Champs through the process and viz:

- | | | |
|-------------------------|------------------------|------------------------------|
| (i) Industrial hive | (ii) Upgraded campsite | (iii) Skills centre |
| (iv) Aqua-culture | (v) Paddavlei upgrade | (vi) 24-hour - 1-stop garage |
| (vii) Youth development | (viii) Flea market | (ix) Old Age Home |

The process is put on hold due to some snag hit along the way but discussions are underway to salvage the process.

8.2 Gansbaai PACA Process

Much progress has been achieved already in the Gansbaai Area with a notable difference being the new signage right at the entrance of Gansbaai which came as a result of the PACA resolutions.

Further consultation was arranged for the Aqua Culture Champions to meet the Aqua Culture Specialist from the Department of Economic Development and Tourism. Subsequent to that engagement a meeting was scheduled for the champs to meet the Town Planning officials of the Overstrand Municipality to be view vacant municipal land in the Gansbaai Area.

8.3 Ward Meetings

A special request was made to LED to give a presentation to the citizens of Ward 12 with special emphasis on what LED Activities are conducted in the Ward and how does the community benefit through the LED Programme.

The presentation enjoyed overwhelming support and the community showed appreciation of the tangible assistance it had already obtained.

9. Walk-in Centre



9.1 Unemployment Database

A fully functional database has been developed through the assistance of the IT Department of the Overstrand Municipality. The added functionality is the view option which is currently being given to all councillors to enable them to look up citizens out their wards on the database.

9.2 Opening Access in Other Towns within OM

The citizens of the Overstrand Municipality have further access to the services of the LED office through new satellite offices in three additional towns, Gansbaai (Tuesday), Stanford (Wednesday) and Kleinmond (Friday). The main objective of the said service is to ensure that services are brought closer to the communities.

Tourism Report January – March 2015

TOURISM OVERVIEW

The 3 months after the busy summer season is a time of reflection to gauge the success of the previous year's marketing as well as to work on the shows that the Cape Whale Coast will be attending during this time. The Cape Whale Coast attended 2 very successful shows aimed at the public, Die Beeld and the Cape Town Getaway show. There was also the preparation required to attend the 2 most important trade shows in the Show Calendar, World Travel Market and Indaba.

In February there was the 1st Plenary of the year where the Province gave an overview of what transpired over the previous 6 months through the Wesgro Report on visitors to the Western Cape, the plans and vision for the time ahead through the Khulisa project, where province have decided to focus their efforts on the top 3 job creating industries, Tourism being number 1 to the interventions that they will be making to address perceived negative impacts on Tourism

A quick survey of both accommodation and restaurant feedback on the season showed almost a 100% occupancy and included comments like "Best season in 12 years", "Unbelievable". This feedback was sent through to Wesgro who incorporated the information into the Minister's feedback on the season to the press.

1. STATISTICS

1.1 Wesgro report specific to the Overberg at February Plenary:

OVERVIEW OF TRENDS AND PATTERNS BY TOP INTERNATIONAL SOURCE MARKETS VISITING CAPE OVERBERG, JAN-SEP 2014					
TOURISM INDICATOR	United Kingdom	Germany	Netherlands	Australia	United States
Main purpose of visit	Holiday/leisure (97.0%) Education (1.3%)	Holiday/leisure (97.5%) Business (0.8%)	Holiday/leisure (98.2%)	Holiday/leisure (95.4%) VFR (3.1%)	Holiday/leisure (98.9%) Business (1.1%)
Most common travel group size	Pairs (56.9%) 5 & more (16.3%)	Pairs (65.0%) Fours, 5 & more (9.0% each)	Pairs (67.5%) Fours (14.2%)	Pairs (59.1%) Fours (16.7%)	Pairs (60.9%) Fours, 5 & more (12.6% each)
Most common length of stay	1 night (39.9%) 2 nights (38.3%)	1 night (47.2%) 2 nights (39.6%)	1 night (51.4%) 2 nights (35.5%)	1 night (55.9%) 2 nights (23.5%)	1 night (45.5%) 2 nights (42.4%)
Most common mode of transport	Rented car (88.1%) Tour bus (4.8%)	Rented car (88.1%) Tour bus (6.5%)	Rented car (94.3%) -	Rented car (85.0%) Own motor vehicle (5.0%)	Rented car (85.1%) Own motor vehicle (8.1%)
Top information sources	Internet/websites (39.1%) Word of mouth (15.8%)	Internet/websites (41.2%) Word of mouth (16.1%)	Internet/websites (35.2%) Travel agent/tour operator (13.9%)	Internet/websites (32.7%) VICs (17.3%)	Word of mouth (23.8%) Internet/websites (20.6%)
Most common type of accommodation	B&B (37.9%) Guesthouse (28.7%)	B&B (42.6%) Guesthouse (24.6%)	B&B (30.9%) Guesthouse (28.4%)	B&B (35.7%) Self-catering (25.0%)	B&B (42.3%) Guesthouse (15.4%)
Average spend on accommodation	R501-R1000 (41.8%)	R201-R500 (42.7%)	R201-R500, R501-R1000, (28.6% each)	R501-R1000 (39.1%)	R501-R1000 (40.0%)
Average daily spend	R501-R1000 (46.3%)	R201-R500 (44.1%)	R501-R1000 (51.9%)	R201-R500 (40.6%)	R501-R1000 (40.4%)
Top three activities Undertaken	Scenic drives (26.5%) Gourmet restaurants (22.7%) Culture/heritage (16.8%)	Gourmet restaurants (25.2%) Scenic drives (23.1%) Culture/heritage (18.7%)	Gourmet restaurants (23.6%) Scenic drives (21.8%) Culture/heritage (20.4%)	Scenic drives (34.5%) Gourmet restaurants (21.4%) Culture/heritage (10.7%)	Scenic drives (26.1%) Gourmet restaurants (19.1%) Culture/heritage (17.8%)

1.3 SOCIAL MEDIA

We had 1 campaign over Easter where eggs were hidden throughout our website as well as on our Social Media platforms. This allowed us to generate some further excitement to draw people to the sites.

The 2nd campaign will only begin in May to create business during Winter by offering Fan Deals. This is where the businesses add value to their product thereby encouraging travel to the Cape Whale Coast. Anything from stay 2 nights get a 3rd free to a free manicure with your facial.



Snapshot:
 Facebook : 2144 Likes
 Twitter: 1119 Followers

2. MARKETING ACTIVITIES AND EVENTS

2.1 Advertisement & Media

- ½ page advert in The Cape Getaway Magazine for the Cape Getaway Show (13 – 15th March 2015)
- Full page advert in the Coffee Table Book The Cape Odyssey (stories of shipwrecks etc around our coastline)
- **Media Trade Event @ Tsogo Sun in Cape Town – 30th March 2015.**
 Gansbaai and the Cape Whale Coast took 2 tables at this event. We spoke to over 30 journalists (print and online) about the region and will be using these contacts to send information and updates to. They will also form the group we will be inviting to an educational in July 2015 (start of whale season)

2.2 Shows & Events

The **2015 Beeld Holiday Show**, last 4 days in February was attended by **27 360** enthusiasts and no less than 15 new products were launched during the show. This is a very good show for the Cape Whale Coast, with many of the attendees specifically coming to the Cape Whale Coast Stand to gather information for future holidays

The Cape Whale Coast was given an "Award of Excellence" as "Best Local Destination 2015" at the **2015 Cape Getaway Show held at Lourensford Wine Estate 13 - 15 March**. Over 15717 attended the show and were exposed to the Cape Whale Coast. This award was given to the Cape Whale Coast using the following criteria. The beauty of the stand and images used best showcased what the area has to offer. Cape Getaway also highlighted the friendliness as well as depth of knowledge of the team who manned the stand, including the Hermanus Whale Crier who continues to do us proud.

3. FESTIVALS

Fyn Arts which occurs in June has been chosen by the Cape Whale Coast to take part in the Wesgro Survey, allowing a better overview to be gained of the people attending this show. This will be a pilot project and dependant on the quality of information obtained could be rolled out to all of our festivals.

4. PROJECT KHULISA – Provincial direction

Provincial government have decided with the limited resources and capacity to target into focusing on 3 industries rather than trying a "spray and pray approach"

Project Khulisa looked at where Province have the best chance to accelerate growth and job creation in our province. Tourism has been chosen as the top of 3 industries to focus on because of the capacity to create jobs. Tourism has been found to be the top job creator with a Compound Annual Growth rate 2009 – 2013 of 7.8%.

Through Project Khulisa, we discovered that:

- The province has a **clear competitive identity**, which makes it an obvious home for several industries;
- The Province has a **broad socioeconomic mandate** to implement policies and programmes that ensure the **whole of society** has access to opportunities to live better lives
- However, given limited resources, we need to make clear choices on where to invest attention and resources – so that we establish a **distinctive Western Cape brand**, enhance our **competitive advantage**, and have **meaningful impact on jobs and growth**
- Project Khulisa is a set of **high impact interventions** aimed at creating growth and jobs in those sectors of our region which hold a clear competitive advantage.

5. NATIONAL TOURISM DEPARTMENT

The Tourism department continues to engage with the other 3 B Municipalities as well as the Overberg District Municipality in order to work on a platform to formally engage with the National Department of Tourism.

6. TOURISM DEVELOPMENT AND CAPACITY BUILDING

- **The Tourism Buddie Programme** : the students have entered their 3rd of 4 blocks of in school training of a one year learnership in Hospitality resulting in an NQF Qualification. Unemployed youth are matched with Host Employees in Hospitality, with a balance of "in school" training and experience in the workplace
- **CCDI – 4 crafters** were taken to Cape Town for 4 days around the Design Indaba at the CTICC, the British Design Library and with visits to the National Gallery, the Slave Museum and District 6 Museum. There were also 2 workshops arranged mid Feb and mid March
- **The LED Craft Group at the Red Shed** have been contacted and discussions on the way forward have begun. Issues around Entrepreneurial skills, registering as a co – op and design support have been identified and will be worked on with the team in order to grow them as a vibrant part of the craft culture of the region.
- **Tourism Working Committee** – All 4 B Municipalities along with the ODM working at taking Tourism to the next level in the Overberg, focusing on Marketing the Brand and Tourism Conference to be held later on in year

7. LTOs

We began actively reporting on the achievement of the items on their Service Level Agreements with the Municipality. This management is ongoing and the reporting thereof will form part of the further development of the relationship. During a meeting held with Municipal officials in January there was a decision made to investigate best practice in managing this relationship as well as the budget process. Feedback on this will be given in April, and the way forward decided upon through consultation at various levels.



ANNEXURE B

1/92

Municipal Red Tape Reduction in Overberg District: Final Project Report
Impact Economix (www.impacteconomix.com): 03 March 2015



Municipal Red Tape Reduction in the Overberg District

Final Report: Red Tape Reduction Action Plans including “As Is” and “To Be” process flows



28 February 2015

Municipal Red Tape Reduction in Overberg District: Final Project Report
Impact Economix (www.impacteconomix.com); 03 March 2015

Acknowledgements

Impact Economix would like to acknowledge the support of the Overstrand and Cape Agulhas Municipalities, as well as the Western Cape Government: Department of Economic Development and Tourism, for making this process possible. In particular, the contributions made by participating municipal officials, as well as local business people, have been based on a genuine intent to improve municipal service delivery and the local business environment by reducing red tape.

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Red Tape Reduction in Overberg District: Final Report
 Impact Economix (www.impacteconomix.com), 03 March 2015

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Red Tape Reduction in Overberg District: Final Report
Impact Economix (www.impacteconomix.com). 03 March 2015

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Red Tape Reduction in Overberg District: Final Report
Impact Economix (www.impacteconomix.com): 03 March 2015

Executive Summary

The reduction of red tape within the regulatory environment is part of the broader effort by the Western Cape Government (WCG) to improve the Local Business Environment (LBE) to allow for successful private sector and business promotion. The WCG: Department of Economic Development and Tourism (DEDAT) appointed Impact Economix to facilitate a municipal red tape reduction process in the Overberg District. The participating municipalities were: Overstrand and Cape Agulhas.

This final project report includes a list of municipal red tape issues identified by businesses in each municipality through business surveys and workshops, municipal red tape reduction action plans for the prioritised red tape issues, two case studies of municipal red tape reduction initiatives underway, and final project conclusions and recommendations.

The following table summarises the red tape survey results for the two participating municipalities:

Municipality	Survey response rate
Overstrand	<ul style="list-style-type: none"> • 36 informal businesses were interviewed face to face. • 309 formal businesses completed an online red tape survey.
Cape Agulhas	<ul style="list-style-type: none"> • 33 formal businesses completed an online survey.
Municipality	Key findings from business survey
Overstrand	<p>Formal Businesses:</p> <ul style="list-style-type: none"> • 41% of informal businesses surveyed indicated that the time taken by the municipality to respond to queries was unacceptable. <p>Informal businesses:</p> <ul style="list-style-type: none"> • 18% of business stated that lack of information on municipal services and in-ability to access relevant municipal officials were the main issues affecting their businesses.
Cape Agulhas	<p>Formal Businesses:</p> <ul style="list-style-type: none"> • 17% of businesses surveyed indicated that the time taken by the municipality to approve building plans was unacceptable.

The following priority municipal red tape issues were further prioritised by businesses based in each municipality and participating in the process:

Municipality	Municipal Red Tape issues Prioritised by Stakeholders
Overstrand	<ul style="list-style-type: none"> • The improvement of the building plan approval process which is taking too long, for example application for departures. • The procedures to identify municipal land and buildings, as well as the municipality's policies and procedures for the sale of land or leasing of buildings need to be clarified.
Cape Agulhas	<ul style="list-style-type: none"> • The need for the availability of officials and a policy and system to submit, monitor and escalate complaints. • Lack of pro-active enforcement approach by the municipality of illegal land-uses.

Red Tape Reduction in Overberg District, Final Report
Impact Economix (www.impacteconomix.com) 03 March 2015

The following main improvement proposals to address the above prioritised municipal red tape issues were identified by municipal and business stakeholders during the red tape reduction action planning process:

Municipality	Municipal Red Tape issues Prioritised by Stakeholders
Overstrand	<ul style="list-style-type: none"> Building plan approval process: As part of the pre-screening phase, the Town Planner should advise the applicant on Bulk Infrastructure Contribution Levy as well as which municipal official to contact to obtain further clarity on BICLE if relevant/ needed. DEADP should prepare and make publicly available a contact list of officials responsible for different types of property development and planning decisions. DEADP should also develop service standards and Standard Operating Procedures for its key decisions impacting on the property development process. Leasing of municipal premises and land: The municipal LED Department with support from the Property Management Department should lead the revival of the Operations Management Committee. Access to land for agricultural purposes: The municipal LED Department to facilitate negotiations between private land-owners and emerging farmers regarding the provision of long-term leases for emerging farmers for live-stock farming.
Cape Agulhas	<ul style="list-style-type: none"> A range of actions to improve the identification and enforcement of illegal land-uses. Improving the municipal Complaints System: The municipality should consider centralising Client Services and complaints in one corporate unit to help manage and track client complaints better.

It is recommended that the participating Overberg District Municipalities present the red tape reduction action plans to Top Municipal Management, proceed with implementation of the action plans and, where relevant, develop new Key Performance Indicators (KPIs) for improved processes and that can be used to monitor and report on the future performance of these processes.

It is recommended that the WCG: DEDAT distribute and raise awareness of the two municipal red tape case studies, explore holding an information sharing workshop on municipal red tape reduction actions being taken by municipalities, and explore further opportunities to support the reduction of municipal red tape going forward (e.g. municipal services benchmarking for key process such as building plan approvals, encouraging municipalities to nominate red tape reduction champions at Directorate level, and providing on-going training and support to municipalities to develop business process management and improvement skills and experience).

Introduction and Background

1.1 Introduction

The Western Cape Government: DEDAT appointed Impact Economix to facilitate a municipal red tape reduction process in the Overberg District. The participating municipalities were: Overstrand and Cape Agulhas.

According to the terms of reference, the broad objectives of the project were to:

- Identify key red tape reduction priorities among local business through a large scale survey (service provider to design the survey in consultation with DEDAT, conduct the survey as well as provide the analysis report).
- Work with the identified red-tape issues (three per municipality, established in consultation with the municipality and DEDAT) and undertake a detailed mapping process showing "As Is" and "To Be" scenarios.
- Enhance the capacity of municipal officials and supporting process facilitators to improve the business environment via Local Red Tape Reduction through training on the methods used during the project.
- Identify areas of improvement and efficiencies to be attained in the said municipalities – where possible recommend institutionalization of reduction of Red Tape in selected municipalities.
- Initiate benchmarking, networking and sharing of lessons learnt and best practise on local red tape reduction between and beyond localities and stakeholders that participated in the process. This will be achieved through the preparation of case studies.

1.2 Background

Improving the local business environment is a crucial element of successful private sector and business promotion, as the local level is an important implementation and feedback level for business environment reforms. Only in the context of a favourable local business environment can the local economy reach its full potential. The local business environment can be improved in three ways: firstly, the creation of an entrepreneurial and enterprise culture, secondly, the development of strong local government (and local role players) in terms of the capability of developing and implementing effective economic development and growth strategies, thirdly, the reduction of red tape within the regulatory environment.

A wide range of municipal red tape undermines private sector productivity and competitiveness and constrains business sustainability, growth, productive investment and job creation. McMillan (2002)¹ explains that for a market to work, five specific elements are required as a platform and red tape can negatively impact on many of these platform requirements:

- Information that flows smoothly.
- Property rights that are protected.
- People must be able to be trusted to fulfil their promises.

¹ McMillan, J. 2002. Reinventing the Bazaar. New York: Norton.

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- Side-effects on third parties must be curtailed.
- Competition in the market is fostered.

1.3 Process Followed

The red tape reduction process involved three workshops namely: the launch workshop with municipal officials, the red tape identification workshop and the red tape action plan workshop. Cape Agulhas and Overstrand municipalities invited local businesses to attend the red tape identification and action plan works.

The purpose of the launch workshop was to discuss the process as well as the roles and responsibilities of each municipality as well as the service provider with regards to stakeholder awareness participation and organisation of workshop logistics. The purpose of the red tape identification workshop was to obtain the input from local businesses on municipal red tape issues that are negatively impacting on local businesses, as well as to prioritise which red tape issues to focus on in the action plan phase. The red tape reduction action plan workshops conducted causal analysis of the prioritised red tape issue(s), including "As Is" process mapping where relevant, and identified improvement actions (including "To Be" process maps where relevant) and way forward steps.

In both municipalities, local businesses participating in the red tape reduction workshops identified and prioritised the municipal red tape reduction processes for which red tape reduction action plans were developed (as contained in this report). This ensured that businesses identified red tape issues which were of major concern to them, and that these businesses were also part of defining proposed actions to address these issues.

In addition to the above workshops, business surveys were conducted with the municipalities. In Overstrand Municipality, two surveys were conducted with formal and informal businesses whilst in Cape Agulhas Municipality, one online survey was conducted with the formal businesses (Cape Agulhas Municipality's Municipal Manager decided to focus on formal businesses only during the Launch Workshop- hence there was no informal businesses survey conducted in Cape Agulhas).

1.4 Report Structure

This report is the final project report. The purpose of the report is to present the results that emerged from the project in terms of the following:

- The municipal red tape issues identified and prioritised by stakeholders in the two municipalities.
- The municipal red tape reduction action plans (which contain "As is" and "To be" process flows where process flows are relevant to the action plans).
- Two case studies of municipal red tape reduction initiatives underway in this process for broader dissemination as useful information for other municipalities.
- Final project conclusions and recommendations.