

**SUBMISSION OF PAPER TO THE “ETHICS OF URBAN  
DEVELOPMENT IN THE WESTERN CAPE” SYMPOSIUM**

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## **Introduction**

Wesgro is the official Investment and Trade Promotion Agency for the Western Cape Province. We are the first point of contact for foreign importers, local exporters and investors wishing to take advantage of the unlimited opportunities in the Growing Cape. Wesgro works closely with key players in the Province, including the Provincial Government, business, labour, the City of Cape Town, district municipalities and rural local authorities.

### **Our vision:**

To make Cape Town and the Western Cape the most competitive business destination in the world by 2014

### **Our core mandate:**

- Attracting and facilitating direct investment into the Western Cape region
- Growing exports of products and services of the Western Cape through export capability, demand and market access
- Marketing the Western Cape as a competitive South Africa location within the national and international arenas

## **Background**

As part of the Investment Promotion Service, we offer investors an integrated and seamless Aftercare Service. Aftercare is a general term covering the management of relationships with new and existing investors. In essence it is the investment promotion equivalent of customer care. As such it adheres to the old sales adage that it is almost nine times less costly to sell to an existing customer as it is to attract and successfully develop a new one. Business Retention and Expansion (Aftercare) can be described as the business of keeping a buyer/investor interested to buy/invest long after the sale – it should not be treated as an afterthought. The same level of personal skill and corporate expertise required to make the sale in the first place, is required to prolong the buying mood of the investor. Ineffective Aftercare could actually do more damage to the credibility of a location than no Aftercare at all. International best practise places more emphasis on Aftercare as a means of stimulating re-investment, than it does on investment promotion in the pure sense. Everyone knows that it is far easier to keep a satisfied customer/client than to go out and get a new one. Aftercare is therefore an integral part of investment promotion. According to a 2003 IBM-PLI report on Aftercare Services in developed countries, 75% of investment relates to existing investors in the form of expansions, new functions and suppliers.

Aftercare is the overarching, hand holding process by which the client is assisted and guided through the investment process. The service we offer is ongoing support for investors once the investment has materialised.

Our basket of services include assistance with:

- Accessing of national incentives
- Access to state owned/municipal land
- **Municipality regulations eg. Rezoning issues**
- Utilities from the municipality eg. Water, electricity, affluent
- Access to finance
- Assistance around BEE
- **Environmental issues eg EIA applications through the Department of Environmental Affairs and Development Planning**
- Enquiries and challenges around infrastructure
- Enquiries around labour issues
- Home Affairs related issues

As you can see from the above, our involvement and interaction with investors involves various challenges and problems investors experience when operating or setting up a business in the Western Cape. Wesgro can therefore be seen as the interface between the investor and government departments.

Since we are the first point of contact for foreign investors, they normally request our assistance with tracking their applications either with the Department of Environmental Affairs and Development Planning or Minister Tasneem Essop's office. As you might know, should there be objections to a proposed development, an objector can appeal and the case would then have to be forwarded to the Minister's office for final approval.

We have assisted a number of investors in the area of EIA applications and rezoning issues. Our service is free of charge since we are funded by Provincial Government and the City of Cape Town.

### **General Overview – the investor's challenge**

All the investors we have dealt with or who have requested our assistance, have complained about the sheer delay in obtaining approval for their EIA applications. From the time they submit an application to the time the ROD (Record of Decision) is approved could be anything between 2 to 3 years. Although the investor understands the constraints and pressures under which case officers at the various DEA&DP offices work, they do inevitably become frustrated with the process and long time delays in finalising their applications. The above time

period includes the cases (appeals) that are forwarded to the Minister's office for further investigation and final approval.

The reason why investors tend to request Wesgro's assistance and intervention in following up their applications, is because they are not always able to speak to the right people at the various offices. Sometimes they are sent from pillar to post and are still in the dark about where their applications/appeals are in the system. This is in no way a bad reflection on the various offices, but rather an indication of the fact that Wesgro has established a good working relationship with the CT office of the DEA&DP as well as with the Minister's office. To this end, it is far easier for us (Wesgro) to discuss and get assistance from the relevant personnel/case officers in these departments.

From an investment point of view, it is imperative that an investor be given all the support and assistance necessary to ensure that the investment comes to fruition. It is therefore important that we create a user-friendly environment for investors so as to make the relocation process as "painless" as possible. As mentioned before, investors do not expect any favours – they fully understand that the EIA process and procedures involved in the ROD being approved. Their main concern, however, is the long delays in dealing with these applications and the fact that they do not always receive feedback from the relevant personnel handling their case. Every week, month or year their application is delayed, inevitably costs the investor money since they cannot operate their business if all applications have not been approved by the relevant authorities.

Another frustrating challenge is the rezoning applications submitted to the municipalities. Many of our clients have been experiencing this problem whereby they are referred between DEA&DP and the concerned municipalities. As you know, for any development to be approved, the municipality needs the approval of DEA&DP in the form of an approved ROD. This process in itself is sometimes very frustrating as delays also occur with the municipality since approvals are forwarded and discussed at municipal committee meetings. These committees **do not** meet as often as stipulated and the cases are "rolled-over" to another meeting. This has certainly been Wesgro's experience in dealing with the cases referred to us for intervention.

## **In Conclusion**

We have been informed that new regulations and policy will be introduced on 1 July 2006. We sincerely hope that these new regulations will not complicate or delay the process and procedure even further but would instead assist in streamlining the whole process. It can't be emphasised enough that we need sustainable projects and investment (foreign and/or local) that would create employment in the identified potential growth sectors within the Western Cape.

