



Province of the
EASTERN CAPE

ECONOMIC DEVELOPMENT,
ENVIRONMENTAL AFFAIRS & TOURISM

2017/18

POLICY SPEECH



**DEPARTMENT OF ECONOMIC DEVELOPMENT,
ENVIRONMENTAL AFFAIRS AND TOURISM
2017/18 POLICY SPEECH**

Honourable MEC Sakhumzi Somyo

15 March 2017

Honourable Speaker

Honourable Premier

Members of the Executive Council

Honourable Members of the Provincial Legislature

Heads of Departments

Chief Executive Officers of our Public Entities

Distinguished Guests

Ladies and Gentlemen

Good Afternoon

Honourable Speaker, we welcome the opportunity that you have afforded us to address this house. We are tabling this policy speech just a week before the 57th commemoration of the Sharpeville Massacre, where 69 black people were brutally gunned down by the apartheid police forces for refusing to carry the 'dompass' which was limiting their freedom of movement. These fellow South Africans were merely demanding the right to movement and through a concerted struggle we have managed to at least guarantee the free movement of our people across our land. We must however hasten to indicate that this right remains limited by the fact that

many of our people do not have the economic means of movement. It is our view therefore that true radical economic transformation will mean the meaningful realisation of these rights through broadening economic access and participation by our people in the life of our nation.

The Strategy and Tactics of the ANC adopted in the Morogoro Conference in 1969 correctly captures our aims in this regard when it states that:

“In our country - more than in any other part of the oppressed world - it is inconceivable for liberation to have meaning without a return of the wealth of the land to the people as a whole. It is therefore a fundamental feature of our strategy that victory must embrace more than formal political democracy. To allow the existing economic forces to retain their interests intact is to feed the **root of racial supremacy and does not represent even the shadow of liberation.**”

Honourable Members, radical socio-economic transformation thus means the fundamental change in the structure, systems, institutions and patterns of ownership and control of the economy in favour of all South Africans. We should continuously busy ourselves with this task in order to enhance the standard of living and quality of life for all. We should ensure the creation of jobs, accelerating shared and inclusive growth and enabling the talents and productive potential of our people to flourish.

Economic Transformation

Honourable Speaker, the Eastern Cape economy is characterised by the dominance of the secondary and tertiary sectors, with the manufacturing

industry accounting for almost 14 per cent of the province's GDP, while trade and finance contribute approximately 20 per cent each. The automotive sector remains an important contributor to manufacturing, accounting for 30 per cent of employment and 32 per cent of gross value add, generating 51 per cent of the country's motor exports and producing half of South Africa's passenger vehicles.

Despite this economic footing, our provincial economy grew by 0.6 percent lagging behind the national economy which grew by 0.7 per cent in 2016. We have reason to be optimistic as the global economy is showing signs of recovery with the IMF anticipating a global growth of 3.4 per cent and our own National Treasury projecting growth of 1.3 per cent in 2017. This will assist our efforts of radically transforming our economy and creating job opportunities for our people.

While the rate of unemployment remains high in the province, the latest unemployment statistics from the Quarterly Labour Force Survey show that the number of people employed in the Eastern Cape grew by 5 000 over the fourth quarter of 2016.

However, many of our young people remain unemployed and as such we should direct our energies towards addressing the challenge of youth unemployment.

Honourable members, this will not be an easy task and we should bear in mind that the economy is never static and as such requires a dynamic and flexible policy response. This means that focal points should inevitably be adjusted as the global, national and provincial economic landscape

changes. We need to position the Eastern Cape as the future growth hub of the country rather than a periphery of the South African economy.

It is important that we diversify our provincial economy so that we fully unleash our economic potential and ensure inclusive participation. This will also caution us against internal and external economic shocks such as drought, performance of commodities, rand and other factors. The Provincial Economic Development Strategy (PEDS) is designed within this background with a clear aim of consolidating sector development, Local and Regional Economic Development (LRED), and ensuring skills and infrastructure development. The focus areas for our economic development strategy are:

- Agro-industry
- Sustainable energy
- Ocean economy
- Automotive industry
- Light manufacturing
- Tourism and small businesses

Revitalisation of the Agro-Industry and agro-processing value chain

Honourable Members, food security, social welfare, job creation and ecotourism are few areas where the farming and agriculture industry contributes to the economy. However, this contribution is far less than its potential. The agricultural industry in the province contributed 1.2 per cent



in the third quarter of 2016, performing better than traditional sectors of our economy.

Through collaboration with DRDAR we will be supporting sustainable economic development initiatives in agriculture by ensuring that road networks linking farm and non-farm activities are prioritised.

In advancing radical economic transformation, we are bringing our people into the mainstream of the agro-industry. Through our Local, Regional and Economic Development Fund (LRED) we have funded a fibre manufacturing project in Butterworth which uses cashmere wool. We believe that this project has a potential of reviving the fibre industry in the area and creating local job opportunities.

On the Eastern side of the province, the Department through the ECDC partnered with ECRDA for the development of the forestry and RED hubs in Mqanduli and Ncorha. The program received **R113 million (R83 million Jobs Fund and R30 million grant equally contributed by ECDC and ECRDA)** for forestry and **R91m (R18m ECRDA & ECDC while R73m Jobs Fund) for the Agro processing (RED hubs)** in 2013/2014 financial year for 3 years. As we speak Honourable Members, the primary production produce from the Mqanduli Mill is supplying Nicks Spar in King Williams Town.

On the Forestry programme, which covers parts of OR Tambo and Alfred Nzo, six forestry community projects are underway employing more than 1000 people. More than 3400 ha of land has been planted and the first harvest is expected in the next three years. Already some community

enterprises are benefiting from the sales of timber harvested from the compartments.

Resolving the energy challenge & encouraging investment in sustainable energy

Honourable Members, we have seen our energy supply stabilise with no load shedding experienced for almost two years. A consistent and stable supply of energy is very critical for our industrialisation programme.

As we announced last year, the province has been allocated 16 wind farms and 1 solar energy farm with a combined investment value of R33.7 billion. To date 12 of the 17 projects have come on-line, generating over 220 Gigawatts of electricity a month. To put this in perspective, these 12 wind and solar farms are now generating approximately 30% of the provincial electricity requirement. Furthermore, 15% of the provincial renewable energy production is during peak hours when we need electricity the most. Over their lifetime, the wind and solar farms have avoided 4.6 million tons of carbon dioxide from being released to the atmosphere, in so doing assisting the Province in reaching its climate change goals. The facilities that have been commissioned to date have achieved 47% local content in construction.

As part of the radical economic transformation agenda, we must actively promote increased local participation in the renewable energy value chain, including SMME participation and the manufacturing of components. In this respect, the sustainable energy manufacturing industry must continue to

be supported in the Eastern Cape, including the further inclusion of black industrialists. While the manufacturing industry has been hampered by the delays in the signing of the power purchase agreements, the pronouncement by his Excellency, President Jacob Zuma, with regards to the resolution matter is welcomed.

The Department of Energy has identified Coega IDZ for the construction of a 1000 Megawatt (MW) Liquid Natural Gas(LNG) fired power station. The 1000 MW power station will entail the development of infrastructure at the Port of Ngqura for the importation of liquid natural gas, the regasification of the gas, and the supply of the gas to the Power Station. This truly is a megaproject, with the prospect of thousands of jobs at construction and many hundreds of direct jobs at operation.

It is crucial that the gains from the Gas to Power project flow to the rest of the province, underpinning a meaningful radical economic transformation agenda. It is for this reason that a number of economic development conditions will have to be embedded in the procurement process for the LNG Power Project. These include equity participation by historically disadvantaged citizens, advancement of black people in management structures, job creation, Local content; fostering the involvement of communities, skills development and enterprise development.

Honourable members, since 2015 we have been developing our gas sector intelligence, undertaking analyses and developing plans for the creation of a provincial gas economy. A provincial oil and gas working group is currently in place as an institutional structure to take these matters forward.

The University of Fort Hare continues to play a significant role in the development of renewable energy, producing much needed young black talent for the sector, while undertaking world class research which often leads to local economic development. The University has entered into a collaborative research programme with a local small enterprise (Ikusasa Green) for the design and manufacturing of a roto-moulded biogas digester system. Phase 1 of the project has seen about 20 household digesters installed and they are fully functional.

As the Premier announced in his State of the Province Address, the province is collaborating with the Province of Lower Saxony in Germany to build the EC-Lower Saxony Mini-grid Project. The project will be piloted in Upper Blinkwater village in the Raymond Mhlaba Municipality and will entail electrification using a renewable energy mini-grid. This project represents a model for supplying high quality energy to deep rural villages which are not due to be connected to the national electricity grid within the next five to ten years. This in turn brings the developmental opportunities for the rural community forward by a decade.

This represents a first of its kind technical and institutional model for rural electrification. This project is currently at a permitting and design phase.

With regards to Nuclear Energy, Thyspunt near Jeffrey's bay has been earmarked for future generation options. A nuclear energy coordination structure has been established, with participation from key national, provincial and local institutions. We are part of this structure and we are working towards ensuring the institutional readiness of the province for this development.



Ocean economy

Honourable Members, our province is endowed with a coastline of about 800 kilometres, making it the longest in country. Our oceanic area is greater than our land territory. Therefore, this presents enormous economic potential and job opportunities in the areas of offshore oil and gas exploration, marine transport and manufacturing, aquaculture and other maritime sectors.

In the past year the South African Maritime Safety Authority (SAMSA) and Transnet contributed to the development of Operation Phakisa in our province, by licensing “Aegean Bunkering Marine Services” to supply passing ships with bunker fuel and other products in the Bay of Algoa. Since its inception in 2016, 845 extra vessels have called at Algoa Bay for bunker services, resulting in more than **R70 million** extra income for the government and local companies.

Support for the creation of local skills and local suppliers’ forms an important part of government’s agenda going forward.

Whilst supporting Operation Phakisa, the Department will be strengthening work among the institutions in the boatbuilding and ship repair working group and the finalisation of the skills programme in this sector.

Transnet National Ports Authority (TNPA) has made significant progress towards the upgrading of infrastructure for identified EC ports but more still needs to be done. Two slipways at the Port of Port Elizabeth, with capacities of 1200 tons and 40 tons respectively have been refurbished.



An additional installation of a 90ton hoist to support the fishing industry was also completed. The 1st Phase refurbishment of the graving dock at East London Port has commenced and is planned to be completed at the end of April this year.

The Department will continue to increase local content by attracting investors who form part of the value chains for ship repair and boatbuilding into the IDZ's. We are engaging with the DTI to support start-up investments in these sectors, whilst simultaneously working with Transnet in their investments on Port infrastructure upgrades and refurbishments.

We are proud to announce that a beneficiary of the black industrialist programme has secured a contract from Transnet to manufacture a "plough tug boat" in the Port of Port Elizabeth. An amount of **R20 million** has been approved by ECDC to fund this investment estimated to create 70 job opportunities.

Through support from DEDEAT and DTI's Cluster development unit, the Mandela Bay Composites Cluster (MBCC) has secured **R8.7 million** for the development of the composites sector to enable marine manufacturing. The MBCC will focus on composites innovation, skills development, value chain and supply chain development.

The Eastern Cape is continuing to make headway with efforts to leverage additional economic activity and benefits from the province's maritime resources and potentials. As part of the province's commitment to the long-term development of an aquaculture sub-sector, **R15 million** has been



spent towards localising fin fish farming technology at the East London Industrial Development Zone (ELIDZ), using land-based recirculating aquaculture systems.

Honourable Members, we are exploring the possibility of establishing a marine sector incubation programme at the Science and Technology Park located at the ELIDZ to create skills and promote youth entrepreneurs to take advantage of opportunities in the ocean economy.

Automotive Industry

Honourable Speaker, in 2016, the Department partnered with the automotive component suppliers to establish the Eastern Cape Automotive Industry Forum (ECAIF). This forum will develop a plan which will be finalized this year to support the black industrialists in the Auto sector.

The Department together with the Automotive Industry Development Centre (AIDC) are implementing a Youth Development Programme known as the PRIME (Programme for Industrial and Manufacturing Excellence). The initiative has resulted in the placement of 137 graduates from higher learning institutions in the automotive industry with a guaranteed job for at least 12 months for each graduate. This resulted in 18 of the programme's graduates occupying junior and middle management positions at their current employment.

Honourable Members, despite a very challenging economic climate, the Eastern Cape saw a number of exciting investments in the past year, with



the highlight being the launch of the Beijing Automotive Group (BAIC) plant in the Coega Development Zone. This is the first new car plant to be built in South Africa in the past 40 years. At full capacity, this **R11 billion** joint venture plant will be able to produce 100 000 vehicles a year with more than 2 500 jobs opportunities being created during the construction phase. Approximately 1 000 people will be employed in the plant during Phase 1, with another 10 000 jobs to be created throughout the automotive value chain.

Light Manufacturing

Honourable Members, the Department is supporting various initiatives to drive the diversification of the industrial sectors in the Province. One of these is a web-based 'Manufacturing Support Centre', which is an instrument to log calls from distressed companies. This will assist in detecting early warning signs and crafting responsive interventions for these companies. The piloting of this initiative will be implemented from April 2017. In addition, the Job Stimulus Fund has supported 7 companies in distress which resulted in saving 768 jobs.

The competitiveness of all sectors is critical to ensure the sustainability of the industrial base in the Province. We have partnered with chemical & plastics, and metals sectors to establish a Non-Automotive Manufacturing (NAM) Cluster. The areas of focus for this Cluster are skills development, supplier development, energy efficiencies and market development. DEDEAT with support from DTI's Cluster Development Programme have secured **R10 million** for the roll-out of this initiative in the province. An

additional office will be established at the ELIDZ and will roll-out an Energy Manufacturing Hub later this year.

Sustainable Enterprise Development

Honourable Members, at the core of radical economic transformation is the small business sector as it has a potential of growing our economy and creating jobs.

Small Business is big business for the economy and we should focus on creating an enabling environment for this sector to thrive. Small Medium and Micro Enterprises (SMMEs) are the foot soldiers of our economic turnaround programme and it is for this reason that we have placed them high in our priorities.

Since the commencement of this term in 2014, we have given development finance to 748 SMMEs and disbursed **R337 million** in loans to entrepreneurs across the province. In the coming financial year an amount of **R121 Million** is committed for further loan disbursements to SMMEs. This intervention seeks to provide accessible business finance for many of our previously disadvantaged groups as they are continuously declined by commercial banks.

In addition, the provincial government has set aside R120 million over the MTEF to cater for the development of skills and sustainable youth enterprises in line with the radical economic transformation agenda. The Office of the Premier, Provincial Treasury and DEDEAT will further unpack the process of assessing the credible business plans once received with

focus areas on youth enterprises in the Marine Sector and general entrepreneurship support.

In developing and empowering SMMEs and Cooperatives, a targeted Supplier Development and Capacitation intervention will be implemented in collaboration with DEDEAT and SEDA for non-financial support. The Development Finance Institutions have been sensitised of the need to improve turnaround times on the approval of funding for small businesses.

It is important that we assist our entrepreneurs with business planning, marketing, training and mentoring in order for them to create bankable business models and run viable enterprises. We have as such provided 893 SMMEs with non-financial support ever since 2014 and 300 businesses will be supported in the next financial year.

The Department is actively participating in the implementation of the recently finalised Local Economic Development Procurement Framework. We will ensure that SMME's do indeed get 50 % of all government spending on goods and services. We have established a database of capable EC based manufacturers with identified potential to provide goods to government.

The province is actively participating in the black-industrialist programme with two businesses already receiving funding from the DTI, National Empowerment Fund and the Land Bank with a combined value of **R277 million**. These are industries in agro-processing, Chemicals, Pharmaceuticals and Plastics. The department will be playing a

coordinating role in this programme and will assist in the identification of priority sectors and potential businesses.

Honourable Speaker, informal businesses are instrumental in pushing back the frontiers of poverty, unemployment and inequality. This informs our resolve on uplifting the informal sector in our province and ensuring that entrepreneurs in this sector do eventually graduate into the formal realm. We are proud to announce that an amount of **R6.6 million** will be disbursed by the Department of Small Business (DSB) in the province through the Informal and Micro-Enterprise Development Programme (IMEDP) targeting all municipalities in the province.

We have also drafted and circulated bylaws in order to assist our municipality in the regulation of this sector. It is important that this sector is not seen as a threat to city development but an integral part to our urban economy, ecology and aesthetic. It is worth noting that our province will be hosting the National Indaba on the development of the informal sector in June this year.

Developing Sustainable Township and Rural Economies

Honourable members, we are implementing various projects that are aimed at boosting the prospects of our township and rural economies. These are the revitalisation of industrial parks, Makana water and sanitation intervention, revitalization of Mdantsane Mall, and the rehabilitation of a Butterworth factory for the production of filters for Eskom.

The Komani Industrial Park was launched during the past year and it is encouraging to note that during the first phase at least 7 SMMEs were appointed as sub-contractors and 71 local labourers were employed, with 63 percent of these being youth. Vulindlela Heights Industrial Park has also received security upgrades with 75 percent of the first phase already completed.

In addition to this DTI programme, the department is making resources available to undertake security upgrades at the Dimbaza and Fort Jackson industrial parks. A master plan has been developed for the Dimbaza industrial park and is in the process of being reviewed by the Executive Council of the Province. The department will also provide funds for the Uitenhage multi-sector business incubation centre, the upgrade of roads to the Rance Timbers Sawmill in Sutterheim and the Dimbaza Industrial Park. Although significant focus is placed on the infrastructure upgrades for each park, the Department through its entities are working on strategies to secure new investments in these parks.

Tourism development

Honourable Speaker, Tourism is one of the key economic pillars that can contribute significantly to GDP growth and job creation efforts of the province if we use it optimally. Although sector growth and development are important, transformation in the sector remains a concern for us. This is one of the critical areas we should be seized with over the MTEF to open up the sector to black entrepreneurs in particular those who live closer to our products such as our pristine coastline and nature reserves.



The Eastern Cape Parks and Tourism Agency continues to embark on innovative strategies within different facets of the tourism sector that are primarily concerned with creating and maintaining a flourishing economy for the province. Firstly, the ECPTA is rolling out development initiatives like the Game Transformation Strategy that seeks to enhance and create new and inclusive opportunities for economic growth through biodiversity based initiatives of the Game (wildlife) farming spectrum. This coming Friday we will be launching this programme in Walter Sisulu Municipality where we will be handing over animals to black farmers. This is what we mean when we say we are going to radically transform our economy.

Secondly the agency has rolled out infrastructure development initiatives that seek to ensure that ECPTA meets its obligations in terms of establishing commercially viable concessions on provincial nature reserves. For instance, ECPTA is to launch the Cape Morgan Conference centre which is conceptualised around upmarket accommodation, spa and a gym facility, and associated activities to enhance visitor experience. The construction of the conference centre is complete and is due to be officially launched later this month.

Lastly and most importantly, the agency continues to work towards the protection of the endangered Rhino species available within state owned reserves.

Honourable Members, all of these strategies are aligned to agency's 2020 strategic objective of being ranked as the top 3 most visited province in the domestic market. Currently the Eastern Cape is ranked number 4 in overall domestic trips as reported in the South African Tourism 2015 annual report,



a 4.5 % increase, compared to 2014. For 2015, the Eastern Cape is leading on length of stay, at an average of 5.3 days and tourists spend in the Eastern Cape has also increased year-on-year at **R2.4 billion**, **R3 billion** and **R4.1 billion** respectively between 2013 and 2015. This supports and confirms that the province's investment efforts on tourism development and promotion are starting to yield desirable results.

Honourable Members, Local procurement (Buy-EC) and small business development go hand-in-hand, but policy dictates that government procure only graded accommodation. Therefore, in an effort to ensure that small tourism enterprises are able to benefit from the local procurement drive, our grading and development campaign is being massified, working in collaboration with the EC Consumer Protector and SA Tourism.

The Department will support and facilitate the development of tourism products and lobby for investment in tourism-related infrastructure. We will also monitor the implementation of the Blue Flag beach programme which is being championed by the National Department of Tourism.

Linked to the ocean economy, we will continue to lobby for funding from the private and the public sectors for investment in coastal and marine tourism. The Department will encourage municipalities to include coastal and marine tourism projects in their IDP's in developing and upgrading public amenities such as ablutions, lighting, water reticulation, aesthetics and access roads leading to the coast.

Attracting Investment into our Special Economic Zones

Honourable Members, our two industrial development zones, the ELIDZ and Coega and the Eastern Cape Development Corporation continue to lead our re-industrialisation, economic development and job creation efforts. More than 18 000 work opportunities have been created in these key institutions of our economy and these have been made possible by the attraction of an estimated investment value of **R37 billion**. A major policy and regulatory issue facing the department is the implementation of the Special Economic Zone (SEZ) Act and its associated Regulations. To this end the two IDZs are in the process of finalizing their transitional plans towards SEZ compliance. The department will continue to support the timely conversion of the IDZs into SEZs, and is, to this effect, in the process of finalising a provincial SEZ Bill that will be presented to this House.

Honourable Members, the department is committed to the establishment of a special economic zone for the Wild Coast Region and we have set aside funds for the construction of security features for this development including fencing. Notwithstanding this, Honourable Members would remember that the designation of the SEZ has been met with challenges of securing a location for the project due to land claim and ownership disputes.

The progress that has been made by the Land Claims Commission in resolving the Ncise Claim has been met with further challenges that relate to previous ownership under the quitrent land management system. The Department is in discussions with the Surveyor-General and the Land

Claims Commission to fast track this process as well as to seek alternative options for developing an agro industrial complex in Mthatha.

Regulation

Honourable Members, it is very crucial that the gambling industry is properly regulated so that we limit any form of abuse. The Eastern Cape Gambling and Betting Board (ECGGB) will be increasing the number of compliance inspections and it will also be conducting sweeps across the province in order to detect, investigate and prevent illegal gambling operations.

As the largest contributor to our own revenue generation, the ECGGB is estimating an amount of **R180 Million** worth of gambling taxes to be collected in the 2017/18 financial year. It is also planned that the Zone 4 Casino in Mthatha will be operational in 2017/18, further enhancing the tax revenue over the MTEF.

As part of enhancing the regulation of the industry, the Eastern Cape Gambling Act of 1997 was amended and the new act came into operation in August 2016. Regulations in terms of the Act are being finalised and are going to be published in the first Quarter of 2017/2018 for public comment.

Honourable members, the Eastern Cape Liquor Board will be implementing 118 awareness interventions and 4 social responsibility programmes aimed at reaching 22 000 people in highlighting the impact of excessive consumption of alcohol and its impact on socio economic conditions.

With regards to regulating the sector, the Eastern Cape Liquor Authority Bill has been published for public comment until June 2017. In support of this process, the Department hosted a provincial Liquor Industry Summit earlier this month to solicit inputs from industry stakeholders. Deliberation and engagements on the liquor regulatory environment were undertaken and as such recommendations were made.

Environmental Management

Honourable Speaker, in an era where the catastrophic impact of climate change is increasingly obvious, economic progress must be accompanied by a consciousness of the impact of such development on the environment. Climate change is a serious threat to biodiversity and ecosystem integrity with potential economic and social consequences as evidenced by the unusual weather patterns. This is the reason why the department is in the process of monitoring air quality and measuring greenhouse emissions. Part of our response is to work together with other stakeholders to develop the renewable energy sector for sustainability.

We will be extending the provincial conservation estate by 36 000 hectares over the MTEF. Already, feasibility studies are being undertaken on 3 reserves and the Department is engaging DRDAR on issues of land use. Alongside this, increased focus will also be placed on the commercialisation of products on provincial reserves.

Honourable Members, in the 2017/18 financial year we allocating **R11 million** to implement Environmental Expanded Public Works Programme projects that are focused on waste management and alien



species eradication in partnership with Intsika Yethu LM, Dr Beyers Naude LM and Nyandeni LM. This initiative will assist with job creation on the one hand but will also develop a cadre of environmental enthusiasts in particular amongst the youth.

Compliance and enforcement

Honourable Speaker, the Eastern Cape has experienced 10 poaching incidents where a total of 19 rhinos were killed. It is therefore critical that proactive measures be undertaken such as environmental audits, roadblocks, night patrols and other anti-poaching counter measures. Already the long arm of the law has caught up with six cycad poachers who have been sentenced to 10 years imprisonment for their deeds. We have also carried out two Operation Phakisa joint enforcement activities along the Eastern Cape Coastline leading to the arrest of nine persons for illegal fishing with gill nets near Hamburg. These successes are a direct result of co-operative governance and intergovernmental strategies that were implemented jointly by state agencies including the SAPS, NPA, SANParks and our own ECPTA.

Whilst the province has been at the forefront of arresting criminals involved in removing these endangered plants from their natural habitat, this crime is, unfortunately still increasing due to the value of the plants and organised syndicates.

Honourable Members, the sites where several unlawful structures were demolished on the Wild Coast have been rehabilitated and an unlawful



“Backpacker Operation” has been successfully relocated into the community to promote ecotourism without the loss of associated community benefit.

The department will continue to work within the Eastern Cape Crime Working Group to undertake informed compliance monitoring exercises and participate in joint operations such as Operation Phakisa to conserve the coastal environment for present and future generations and resolve transgressions through appropriate enforcement action.

Environmental Impact Management

Honourable Speaker, it has long been punted that long drawn Environmental Impact Assessments (EIA) delay investment. Although this is not always the case, it is encouraging to note that the NEMA EIA Regulations of 2014 are being amended. The amended regulations will stipulate time-frames for every step in the process and will establish a maximum timeframe which may not be exceeded by any EIA process.

In addition, there is a shift towards a more strategic approach to environmental impact management, mainly by undertaking Strategic Environmental Assessments (SEA). This will identify areas where the environment is not sensitive to a particular activity, with the intension to reduce and streamlining EIA requirements in these non-sensitive areas.



Governance and Administration

Honourable Members, the Department has done well to maintain an unqualified audit opinion for the past five years, however the desired outcome is a clean audit. The Department is, in pursuance of this, working closely with their Audit Committee and the Auditor General in the implementation of the Department's audit improvement plan.

The Department operates together with six public entities in the implementation of its mandate. In order to ensure effective coordination in planning, reporting and performance management, the Department is exploring mechanisms and systems to streamline group project and performance management. This is done in conjunction with our existing efforts in improving oversight in public entities.

In support of our 2015-2020 strategic plan the Department undertook a review of its organisational structure. The last approved organisational structure (2006) had 847 posts, although not all of these were filled due to budgetary constraints and a change in strategic priorities. A new structure, awaiting approval by the DPSA, is leaner and has a total of 567 posts of which 225 posts will be at head office and 342 posts in regional offices. This auger well for service delivery and contributes towards the drive to reduce provincial spend on compensation of employees.

Honourable Speaker, the breakdown of the **R1.069 billion** we have been allocated for the 2017/18 financial year is as follows:

- Administration: R 235 239 000
- Economic Development and Tourism: R 531 339 000
- Environmental Affairs: R 302 980 000

R622 782 000 of the departmental budget is allocated to its public entities:

- ELIDZ: R 106 767 000
- ECDC: R 171 822 000
- ECGBB: R 53 072 000
- ECLB: R 55 168 000
- ECPTA: R 195 953 000
- CDC: R 40 000 000

I would like to thank the Head of Department for the Department of Economic Development, Environmental Affairs and Tourism and his management team and the entire workforce of the department for their dedication and support over the past financial year. I am confident that they would use these allocated resources efficiently and prudently to effect positive change in the lives of our people. We also thank the Chairperson and the entire Portfolio Committee of DEDEAT for their oversight role on the work of the department.

Conclusion

Honourable Speaker, radical economic transformation is the vehicle through which we intend to address the high levels of inequalities that still beset our country and province. The recently released Stats SA report on Living Conditions in South Africa highlights the enormity of the task that lies ahead, where odds are still stark against the black population in so far as economic transformation is concerned. The new chapter of radical economic transformation we are embarking upon is meant to change this scenario and usher in a new Eastern Cape where there will be no more talk of high levels of poverty, unemployment and inequalities. Government alone will not achieve this desired outcome hence we reiterate the need to embrace the clarion theme of **“Unity in Action”** and deepening of partnerships across all sectors of our society for radical economic transformation. There is a role to play for business, there is a role to play for workers, and there is a role to play for ordinary men and women of this great province in our pursuit of building a viable and inclusive economy.

Like our forebears who never gave up on the ideal of a free and democratic South Africa, we too shall not give up on the ideal of total freedom where our people will enjoy the benefits of political and economic freedom.

I thank you.



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