

**2011/2012
POLICY STATEMENT**

HONOURABLE MEC
Mcebisi Jonas
23 March 2011



**LEADING THE EASTERN CAPE TO A
GREENER, MORE PROSPEROUS FUTURE**



Province of the
EASTERN CAPE
ECONOMIC DEVELOPMENT AND
ENVIRONMENTAL AFFAIRS

Honourable Speaker
Honourable Premier
Members of the Executive Council
Honourable Members of the Provincial Legislature
Heads of Departments
Distinguished Guests
Ladies and Gentlemen

1. INTRODUCTION

- 1.1 “Overcoming poverty is not a task of charity; it is an act of justice. Like Slavery and Apartheid, poverty is not natural. It is man-made and it can be overcome and eradicated by the actions of human beings. Sometimes it falls on a generation to be great. You can be that great generation. Let your greatness blossom.”
- 1.2 The words of the greatest icon of our generation, freedom fighter and elder statesman, Nelson Rolihlahla Mandela, are the inspiring rallying call with which we greet the third year of the current term of office
- 1.3 Seventeen years ago, we stood in snaking queues in the blistering sun to cast our first free, democratic votes. We believed that our votes would usher in a fundamentally changed social order and end the dehumanising conditions imposed by Apartheid. In the intervening years, much has been achieved, but, as President Zuma acknowledged in his State of the Nation Address last month, we have not yet attained our goals
- 1.4 Mister Speaker, poverty and underdevelopment remain our greatest challenges. It is the task of this Government, this Department, to address these challenges, to overcome poverty through decisive action, and to set our Province on a path towards sustainable economic growth. It is time for our greatness to blossom
- 1.5 We can only claim to be a great generation if we, as a Province, unite and cohere around this common agenda. This will require new forms of engagement and partnership across Political, Business, Traditional and Civil Society stakeholders, and must be accompanied by heightened leadership. As DEDEA, we are ready to take up our part of this challenge, and know that we can rely on our partners to do the same

2. STRATEGIC ASSESSMENT

- 2.1 Mr Speaker, we table this policy statement at a time of enormous change and instability:
- 2.1.1 The destabilising effects of the global economic crisis of 2008-09 are ongoing, particularly in developing economies
- 2.1.2 The economic imbalances brought into focus by the global economic crisis are increasingly translated into popular uprisings, a fact leaders around the world should be taking note of
- 2.1.3 The heightened global awareness of the devastating effects of climate change have spurred economies across the spectrum to re-look their relationship to nature
- 2.2 The relevance of these global trends to our own situation is acute
- 2.2.1 Firstly, failure to construct a clear strategy for entrenching a developmental state that defeats dualism and underdevelopment could result in growing alienation and distance between government and the people. This could pose a serious threat to the state
- 2.2.2 Secondly, South Africa now boasts the worst income disparity in the world - the Gini coefficient increased from 0.64 to 0.69 in first decade of democracy - and awareness of inequality in the distribution and scale of economic opportunities and disparities in the rate of economic participation is growing
- 2.2.3 Thirdly, the Provincial economy is dominated by the export-led automotive-sector manufacturing and by the tertiary sector. This makes our economy especially vulnerable to international market fluctuations
- 2.2.4 Finally, the geography, location and socio-economic status of the Province makes it particularly susceptible to climate change
- 2.3 These challenges, if coherently addressed, present opportunities to develop new labour-absorptive industries in the productive sector, particularly aligned to the Green Economy and the New Growth Path
- 2.4 It is important that our strategies take heed of the changing world economy. In this respect, it is notable that Chinese interest in investing in manufacturing in the Eastern Cape, particularly in the East London Industrial Development Zone (ELIDZ) is increasing
- 2.5 In exploiting these opportunities it is possible for the Province to re-shape its economy

- 2.6 Much has been said about the challenges facing the National and Provincial economies, both in this House and in the press. Those impacting our future plans are mentioned here:
- The carbon intensity of our economy fuels climate changes
 - Decline in the manufacturing base
 - Possible deindustrialisation in some sectors
 - Aging economic infrastructure
 - Slow progress in reversing socio-economic deficits, particularly in respect of employment creation, poverty reduction, and population density
 - Chronic underinvestment in the public sector and economic infrastructure and logistics
 - The global recession and an unfavourable environment for exporters
- 2.7 Over the MTEF period, we are supported in our commitment to addressing these issues by the recent announcement of the dti's R9 billion jobs fund, IDC's allocation of R10 billion to finance investment in areas of high jobs potential, and the renewal of tax incentives for manufacturing investment
- 2.8 Mr Speaker, with our partners in Government and the Private Sector, we intend to systematically address these challenges through a process of focused economic and environmental analysis and the mobilisation of resources

3. PROGRESS IN 2010/11

- 3.1 In our policy speech of March 2010, we committed the DEDEA Group to delivering on a number of priority focal areas. Mister Speaker, we take this opportunity to reflect on some of the progress achieved:

3.2 LEADERSHIP, DIRECTION AND SUPPORT

- 3.2.1 A new Accounting Officer took office on the 1st of April last year, bringing stability to the Department. He is supported by a full complement of executive managers
- 3.2.2 The Department has commissioned the development of an automated monitoring and evaluation system
- 3.2.3 A restructuring process was embarked on during the second quarter of the 2010-11 financial year
- 3.2.4 Attention to the implementation of the Performance Management and Development System has yielded good results, including improved skills development programmes

3.3 SERVICE DELIVERY

- 3.3.1 The White Paper and Bill for the anticipated Eastern Cape Environmental Management Act has been drawn up. Consultations are underway
- 3.3.2 Negotiations with textile investors to establish a textile cluster in Fort Jackson are at an advanced stage. A follow-up meeting will take place in China shortly
- 3.3.3 The Department continues to engage Transnet with respect to the upgrade of the East London Harbour
- 3.3.4 The debate around Decent Work has taken centre stage at a National Level. DEDEA continues to support job creation in the environmental, leisure and manufacturing sectors which are most likely to support the concept
- 3.3.5 Mister Speaker, last year we undertook to scale up apprenticeships at the East London Industrial Development Zone (ELIDZ) and Coega Development Corporation (Coega)
 - 3.3.5.1 To this end, the ELIDZ has appointed twelve interns and provided 92 learnerships. In partnership with Matla Water Heating, ELIDZ has developed a skills development programme for local youths in the installation and maintenance of solar systems
 - 3.3.5.2 During the year under review, Coega appointed 82 interns, supported 53 intern placements with consultants, and trained a total of 6 826 people
- 3.3.6 Discussions with National Treasury and the **dti** on overcoming the cost-disadvantages for industry in the Eastern Cape are ongoing, and promising progress has been achieved. DEDEA is particularly heartened by the move to accelerate the development of a new National Framework for IDZs
- 3.3.7 The recent completion of the Eastern Cape Climate Change Response Strategy paves the way for the Province to explore alternative industrial models supporting a Green Economy and Decent Work. Avenues that hold potential include alternate building materials, reducing emissions, and the establishment of alternate energy generation
- 3.3.8 The planned launch of a Buy Eastern Cape Campaign has been less successful than anticipated, but will receive additional attention in the coming period

3.4 SUSTAINABLE DEVELOPMENT

- 3.4.1 DEDEA contributed to the drafting of evidence-based development plans for towns and small towns in the former homelands through the Presidential KSD Initiative and the Small Towns Support programme, both of which created opportunities for Cooperatives and Small Medium and Micro Enterprises (SMMEs).

- 3.4.2 In respect of promoting agro-industry, the construction of the first agro-processing facility for the ELIDZ, a R140 million dairy processing enterprise, is complete, and is the biggest agro-processing plant in the Eastern Cape. This can be leveraged as a catalyst to attract more agro processing investors into the zone
- 3.4.3 The bulk of the R34,9-million allocated to Local Economic Development projects was directed towards the establishment of sustainable industries and settlements in the under-developed rural parts of the province. Unfortunately, due to non-compliance on the part of local municipalities, much of this money has not been disbursed.
- 3.4.4 Grant funding provided by the ECDC saw the creation of over 2 500 jobs in a variety of sectors, with the largest sectoral gains recorded in Agricultural/Agro-processing (with 266 jobs) and Textiles and Crafts (with 263 jobs)
- 3.4.5 Loan funding extended by the ECDC secured a further 1 700 jobs, primarily in the OR Tambo Region. The bulk were in the Services and Manufacturing sectors, with 704 and 385 jobs respectively
- 3.4.6 The pipeline for High Impact Priority Projects at the ECDC is strong, with R113 million worth of projects being piloted, R362 million worth of projects undergoing scoping, and R2.03 billion worth of projects under implementation. Mining exploration accounts for a further R1.5 billion of pipeline projects. The job potential of these projects is estimated to be around 4 500
- 3.4.7 17 mega-projects, drawn in part from the Integrated Development Plans of District Municipalities, and seen as facilitatory of the Provincial Industrial Development Strategy (PIDS), have been adopted by Cabinet as Provincial Strategic Projects. Engagements with Provincial and National stakeholders in support of these projects are advancing well
- 3.4.8 Over 4 000 jobs have been created at Coega, with nine new investors holding the potential to increase this by a further 3 000 jobs over the MTEF period
- 3.4.9 Despite persistent economic uncertainties in 2010, the automotive sector saw Mercedes Benz commit a further investment of R2.4bn, General Motors R1bn, and Volkswagen added R500m to its R4.5bn investment over the past 4 years
- 3.4.9.1 This is interpreted to mean that the Province is indeed globally competitive and that significant investors have confidence in our programmes and potential

3.5 EXPAND THE SERVICE SECTOR

- 3.5.1 The new Eastern Cape Parks and Tourism Agency has vigorously pursued the extension of the existing commercialisation activities of the former Parks Board. A concession agreement for the Mkhambathi Protected Areas has secured investment of R41 million into the area
- 3.5.2 Joint Marketing Agreements, aimed at increasing the flow of international tourists to the Province, have been signed in the United Kingdom, Ireland, Europe and the USA
- 3.5.3 The co-hosting of a number of world class events, including the FIFA World Cup, drew significant investment and tourists to the Province, generating an estimated R 1.6 billion in revenue
- 3.5.4 The Billabong Surfing contest, full and half IronMan competitions, the African Open, Grahamstown Arts Festival and the Isingqisethu Tourism and Heritage Celebration were effectively used as marketing platforms to promote the Eastern Cape as a destination
- 3.5.5 Last year we undertook to support the creation of "green jobs": Labour intensive industries in the ELIDZ, such as agro-processing, which have significant backward linkages to the rural economy, have, as at the end of February 2011 created 12 075 construction job opportunities and 1 593 manufacturing and related jobs since inception
 - 3.5.5.1 The ELIDZ has been confirmed as the preferred location for the manufacturing of South Africa's first electronic vehicle, the Joule. ECDC and the ELIDA have invested R100 million in this project on behalf of the Provincial Government
 - 3.5.5.2 Matla Solar Water Heating manufacturers have established a R40 million state-of-the-art facility in the ELIDZ, and is set to employ between 80 to 110 people, with a production forecast of 30 000 units per annum by September 2011
 - 3.5.5.3 The ELIDZ zoned 32 hectares for the location of aqua-culture investments; 62% of this land has already been taken up by investors and demand is growing
 - 3.5.5.4 There are currently three tenants operating in Coega that process rural produce to make wood pellets, fruit sorbet (ice cream) and tomato paste for the export market
 - 3.5.5.5 Coega currently has 1 BPO tenant with 120 call centre seats servicing the domestic financial services sector. In late 2010, the CDC signed up a second tenant
- 3.5.6 Financial support to SMMEs and Cooperatives are vital mechanisms for promoting enterprise development. To this end, ECDC has made R97 million in loans available to SMMEs, and disbursed R8.2 million to 26 co-operatives

3.6 MANAGE AND PROTECT THE ENVIRONMENT

- 3.6.1 DEDEA lobbied vigorously but unsuccessfully for the proper and adequate resourcing of its environmental protection mandate - this funding will now be sought off-budget
- 3.6.2 All environmental compliance officers have received additional training, and have been equipped with additional materials and equipment, such as GPS devices, to better enable them to monitor compliance with environmental legislation
- 3.6.3 The DEDEA Group has focused strongly on the development of the Renewable Energy sector as a cornerstone of the emerging Green Economy:
- 3.6.3.1 Plans for the construction of a pilot 110 MegaWatt Photovoltaic facility within the IDZ have been tabled
- 3.6.3.2 Coega has signed contracts with 3 wind generation companies to erect 60 turbines producing over 150 MW of power. The pilot turbine at Coega supplied power to the local grid, lighting the Nelson Mandela Bay Stadium during the 2010 FIFA World Cup and earning green points for the City of Port Elizabeth
- 3.6.4 2 206 EPWP jobs have been directed to combating environmental degradation and the rehabilitation of endemic vegetation
- 3.6.5 The Provincial Climate Change Strategy was completed towards the end of 2010, and mitigation and management strategies are currently under development
- 3.6.6 DEDEA handed over the Matatiele Nature Reserve Fencing Project in February
- 3.6.7 DEDEA has aggressively pursued partnerships with Municipalities and private stakeholders around Land Management. The guiding principles are:
- Focus on Biodiversity Business (income generation from biodiversity)
 - Address the demand for land for tourism and other developments
 - Develop tools and capacity in support of systematic management of Biodiversity
 - Proactively engage in co-management initiatives by promoting local partnerships for better land management
- 3.6.8 The Eastern Cape Biodiversity Conservation Plan is complete, and is the first such plan to be completed in South Africa
- 3.6.9 The Environmental Management Framework for the coastline from the Kei River to Woody Cape Coast has been completed

4. STRATEGIC PRIORITIES

4.1 The foundation of previous policy statements will be built on, rather than developed afresh. This consistency means that we are able to sharpen our focus in specific areas to meet the current challenges. Rather than change direction, we are therefore changing emphasis

4.2 Consequently, we have adopted “**change**” as our strategic theme for 2011/12; change in how DEDEA conducts its business, change in the character of the provincial economy, and change in the urgency of environmental management

4.3 CHANGED BUSINESS MODEL

4.3.1 DEDEA is committed to putting the right people in the right place to do the right thing to sustain a high quality, professional, enabling service to the core programmes

4.3.2 DEDEA will ensure closer collaboration, integration and alignment of the her two core programmes in pursuit of a *Provincial Green Agenda*

4.4 CHANGED PROVINCIAL ECONOMY

4.4.1 To address the unacceptable disparities defining the Provincial Economy, DEDEA will:

4.4.1.1 Identify and systematically establish a development zone on the Wild Coast

4.4.1.2 Vigorously implement the PIDS, focusing in particular on the auto, green, agro-processing, manufacturing and tourism sectors

4.4.1.3 Develop new policy instruments to support job creation

4.4.1.4 Identify innovative off-budget solutions to the shrinking provincial fiscus

4.4.2 DEDEA acknowledges that re-shaping the economy will require massive infrastructure investment. With our Public Entities, we will drive the Provincial Strategic Projects by securing a range of partnerships between organs of state, between public and private investors, and with community institutions

4.5 CHANGED ENVIRONMENTAL MANAGEMENT

4.5.1 The Department intends to move rapidly towards popularising the notion of sustainable, green economic activity, with an emphasis on supporting research and development of green technologies for commercial and domestic application

4.5.2 This creates the need for the Department to improve its regulatory and compliance regime and to augment this by urgently implementing strategies to mitigate Climate Change

4.6 I would now like to move our attention to detailing some of the areas of sharpened focus:

4.7 REALIGNMENT AND STREAMLINING OF DEDEA AND ITS PUBLIC ENTITIES TO INCREASE EFFECTIVENESS AND EFFICIENCIES

4.7.1 Public Entity Oversight

- 4.7.1.1 The public entities do not exist to pursue their own well-being and profit. They exist to execute the developmental mandate of government
- 4.7.1.2 Alignment with the state agenda and the maintenance of good governance are non-negotiable. These will be monitored by DEDEA's public entities' oversight unit
- 4.7.1.3 All our public entities have been tasked with adjusting their strategies and targets to reflect the new approach of leveraging government's share of the economy to enhance employment and growth in the context of sustainable resource utilisation

4.7.2 Industrial Development Zones (IDZs)

- 4.7.2.1 A number of challenges continue to hamper the IDZs' achievement of their key targets:
 - 4.7.2.1.1 The increased cost of utilities, especially electricity, continues to impact on the pace of growth of current investors and the IDZs' ability to attract new investors
 - 4.7.2.1.2 The continued lack of clarity on a framework for the IDZ programme could impact on the future funding model, especially in the absence of meaningful incentives
- 4.7.2.2 While the debate about the policy pertaining to the institutional framework for IDZs continues at national level, this Provincial Government should find creative ways of resourcing our two IDZs

4.7.3 Strategic planning, monitoring and evaluation

- 4.7.3.1 The DEDEA Group recently started a "Planning Monitoring Evaluation & Reporting" forum to co-ordinate processes, streamline plans, and jointly develop best practices
- 4.7.3.2 The ECPTA successfully uses technology to enhance management of its project cycle. DEDEA undertakes to replicate this approach where appropriate throughout the Group

4.8 RAPID ADVANCEMENT OF RURAL DEVELOPMENT TO ADDRESS APARTHEID-CREATED SPATIAL DISTORTIONS AND POVERTY

4.8.1 Development Zone on the Wild Coast

- 4.8.1.1 Without fear of contradiction, the Wild Coast can be described as a region of extremes. Here we find more people, more poverty, more ill health, more illiteracy, more service delivery backlogs, more unemployment, more hunger, more grant dependency, more infant deaths and more orphans than in almost any other region in South Africa
- 4.8.1.2 Ironically, it is a region that has produced a disproportionate number of liberation leaders and intellectuals, and offers unparalleled opportunities in agriculture, forestry and leisure industries
- 4.8.1.3 Despite the obvious need for attention to the development of the region, we have largely failed to bring decades-long analysis and planning to fruition. The development of the Wild Coast is incomplete, sadly still a work in progress
- 4.8.1.4 In the coming year, DEDEA will champion the new Integrated Wild Coast Development Initiative to address the myriad challenges and unlock the abundant possibilities in this neglected region

4.8.2 Small Town Support programme

- 4.8.2.1 Small towns are often found in areas of greatest need, as demonstrated by the location of the sporadic 'service delivery' protests of recent times.
- 4.8.2.2 Citizens living in these small towns are increasingly concerned with high unemployment rates, pointing to the importance of promoting socio-economic development, creating jobs, and facilitating economic growth in small towns
- 4.8.2.3 DEDEA will lobby for the re-direction of Provincial resources towards small town development, including enhanced project management at local municipality level to ensure that resources for economic development projects are used productively
- 4.8.2.4 DEDEA further aims to facilitate the establishment and utilisation of linkages to infrastructure and markets beyond small town boundaries, as this is considered a vital component of sustaining small town development

4.9 MANAGEMENT AND PROTECTION OF THE NATURAL ENVIRONMENT

- 4.9.1 Management of our protected areas, and the fauna and flora within, will receive heightened attention in 2011
- 4.9.2 Faced with increasing species and habitats under threat, efforts are to be increased to combat environmental crimes

- 4.9.3 We also need to address Climate Change. To this end, the President encouraged us, in his State of the Nation Address, to save and use energy and resources efficiently
- 4.9.4 However, this is not enough. We believe that environmental protection will remain “someone else’s problem” until ordinary people derive value from it
- 4.9.5 We therefore need to create new growth engines, new job opportunities, and new green technologies which will make the achievement of a sustainable balance between economic activity and protecting the natural environment a reality
- 4.9.6 We concur with the Ministers of Economic Development and Environmental Affairs, who believe that the renewable energy industry could boost Government’s plans to halve unemployment by 2014. Minister Patel estimates that up to 300 000 jobs can be created in the green economy over ten years. He projects that the benefits, which include health and pollution management, waste collection, disposal and storage activities, could generate between R22 billion and R36 billion within the environment sector
- 4.9.7 As the Finance MEC announced last Friday, DEDEA is set to launch a Provincial Industrial Jobs Stimulus programme
- 4.9.7.1 Our efforts to establish a low carbon economy will be boosted by the introduction of the programme, as it will give fiscal and programmatic content to the PIDS, and gives concrete expression to Government’s New Growth Path and responds directly to the President’s call to make jobs the number one priority for 2011
- 4.9.7.2 The programme includes a Fund to be administered in partnership with organised Business and Labour. R50m is allocated to the Fund for year 1, creating an expected 5 000 jobs in IPAP2 and PIDS-aligned sectors like green, renewable, non-automotive and agro-processing
- 4.9.8 DEDEA is working with the National Department of Environmental Affairs to establish a Green Jobs programme for the Province, with an emphasis on rural regions. 5 000 jobs are expected to be created annually over the MTEF period
- 4.9.9. Green Jobs already planned include:
- 4.9.9.1 Production of the Joule at the ELIDZ will bring new technology and skills to the automotive sector, projected to create 1 900 direct and 9 000 indirect jobs
- 4.9.9.2 The Sunningdale Dairy in the ELIDZ has already created 385 direct jobs, and will create 100 more in the medium term
- 4.9.9.3 The investment value of the pilot 110 MegaWatt Photovoltaic facility at the IDZ is R2.8 billion with a job creation potential of 350 direct jobs and 1 300 construction jobs

- 4.9.9.4 The second BPO Company at Coega will be operational in March 2011, servicing the UK market. From an initial 350 seats, it will ramp up to around 700 seats by late 2011
- 4.9.9.5 The total project value of the Phytoenergy plant to be located at Coega is €270 million. Job estimates indicate around 2 000 jobs during plant construction, 300 permanent plant jobs, and an estimated 25 000 direct jobs in the agrarian sector. Feedstock will be grown locally and in the Free State. The first crops will be ready for processing in 2013
- 4.9.10 The Province's efforts towards establishing a low carbon economy will be further supported by the introduction of two strategic frameworks:

4.9.11 Provincial Climate Change Response Strategy

- 4.9.11.1 Climate change, resulting from human activity that increases concentrations of atmospheric greenhouse gases, threatens to undermine our socio-economic gains
- 4.9.11.2 Such impacts are evident in the devastation caused by the recent drought in the Province, and floods elsewhere. Similar environmental catastrophes are likely to become commonplace
- 4.9.11.3 In response, DEDEA will:
- Lead efforts to develop climate change mitigation and adaptation technologies
 - Explore and develop alternative energy sources
 - Guide and foster behavioural change
 - Promote sustainable production and consumption processes
 - Support the reduction of our high per capita carbon emissions

4.10 PROTECTION, DIVERSIFICATION, EXPANSION OF MANUFACTURING AND SERVICES

4.10.1 Industrial Development

- 4.10.1.1 The province has capability and competitive advantages in many of the sectors identified in the New Growth Path, IPAP2 and PIDS, and is therefore well-positioned to benefit from renewed commitment to industrial policy and job creation
- 4.10.1.2 Prioritised sector strategies for the Automotive, the Green economy, Agro-Processing and Petrochemicals Sectors will soon be implemented
- 4.10.1.3 DEDEA will continue to engage the dti to improve provisions in the new Automotive Production and Development Programme to support local component manufacturing

- 4.10.1.4 DEDEA will establish a representative, multisectoral Renewable Energy Working Group to refine the renewable energy agenda and projects for the Province
- 4.10.1.5 We will promote the establishment of the Science and Technology Park in East London IDZ as a provincial research and development hub to support green industries
- 4.10.1.6 Partnerships with the Department of Science and Technology (DST) and the CSIR will be strengthened to support bio-composites for the auto industry in the Eastern Cape
- 4.10.1.7 Kalagadi Resources plan to establish a Manganese Smelter at Coega. The project holds the potential to create 500 operational, 1 000 construction and 882 indirect jobs

4.10.2 Buy Eastern Cape campaign

- 4.10.2.1 DEDEA will partner with Provincial Treasury, ECDC, the DST, and organised Labour and Business to design and implement a comprehensive benchmarking and supplier development programme
- 4.10.2.2 The partners will also appoint a dedicated project manager, who will be located in DEDEA, for the Campaign

4.10.3 Promote industry dialogue on sector priorities

- 4.10.3.1 Che Guevara once asked “How can it be ‘mutually beneficial’ to sell at world market prices the raw materials that cost the underdeveloped countries immeasurable sweat and suffering, and to buy at world market prices the machinery produced in today’s big automated factories?”
- 4.10.3.2 This comment highlights two important priorities for the Eastern Cape economy: firstly the need to add value to raw materials by increasing our manufacturing capacity; and secondly to ensure that we develop the industrial technology to produce, rather than import, the components used in downstream manufacture
- 4.10.3.3 This approach, across as many sectors as is appropriate, will diminish the province’s dependence on imports and create much-needed jobs
- 4.10.3.4 In support of this objective, industry players will be engaged to facilitate the revitalisation of the industrial parks at Butterworth, Fort Jackson and Dimbaza, and the progressive development of the Science and Technology Park

4.10.4 Drive the roll-out of Provincial Strategic Projects

- 4.10.4.1 Gauteng is the minerals and industrial hub of the country, while the coastal provinces are the natural export gateways, the Eastern Cape lags behind KwaZulu-Natal and the Western Cape with respect to export-supportive infrastructure

- 4.10.4.2 To leverage locational advantage, the Eastern Cape must urgently improve its logistics network, secure its telecommunications and energy infrastructure, invest in primary production, and connect primary production to export hubs through logistics networks
- 4.10.4.3 An undertaking of such magnitude involves international, national and provincial role players from the state and private sectors
- 4.10.4.4 DEDEA will lead the Provincial Government's efforts to coordinate such efforts, and support initiatives of the private sector where they intersect with the Provincial priorities
- 4.10.4.4.1 A mega-project driven by the private sector with Provincial Government support is Elitheni Coal at Indwe. Elitheni Coal intends to open the mine in May 2011. Mine development work worth some R500 million will commence in July. Elitheni Coal has secured the first one million tonne export deal through East London Harbour. It is projected that 1 400 jobs will be created through this contract by June 2012
- 4.10.4.4.2 Plans to locate PetroSA's Project Mtombo refinery at Coega are well advanced. We will focus attention on meeting this investment with requisite, appropriate sectoral skills and capabilities

4.11 ACHIEVING A SUSTAINABLE BALANCE BETWEEN ECONOMIC GROWTH AND RESPONSIBLE USE OF LAND AND NATURAL RESOURCES

4.11.1 Development and popularisation of "Green Economy" Guidelines for the Province

- 4.11.1.1 The Provincial Administration has identified the Green Economy as holding enormous potential for creating new jobs and directing the Province towards a sustainable future
- 4.11.1.2 DEDEA will develop a Green Economy action plan to guide green building, clean transport, energy efficient industrial processes, and waste and water management

4.12 CREATING AN ENABLING REGULATORY FUNCTION

4.12.1 Enhancement of existing promotion, compliance and enforcement capability for both environmental and economic development

- 4.12.1.1 Office of the Consumer Protector will be functional from the 1st of April
- 4.12.1.2 DEDEA will establish a Special Investigations Unit to combat organised environmental crime such as poaching

4.13 SUPPORT FOR ENTERPRISE DEVELOPMENT

4.13.1 Consolidation of SMME and Cooperatives enablement and support

4.13.1.1 We believe that the low Imvaba Fund uptake can be addressed through structured capacity building for applicants. 30% of the fund will be set aside to facilitate this

4.13.1.2 DEDEA will work with the Cooperatives Institute to establish support centres for cooperatives in all regions to ensure that services are easily accessible

4.13.1.3 Local Economic Development funding will be channelled to projects aligned to and supportive of the Provincial Industrial Development Strategy

4.13.2 Embedding the Development Finance role of the ECDC

4.13.2.1 We have determined the need to establish a dedicated equity development fund for high-impact catalytic industrial, commercial and infrastructure projects

4.13.2.2 The Investment Fund will be hosted and anchor-funded by ECDC, initially capitalised by pipeline projects, private and public partnerships, to the tune of R2 billion, and will offset ECDC's dependence on the provincial fiscus

5 FINANCIAL CONSIDERATIONS

The final budget for the Department and her entities is R884 226 000:

			Total ('000)
Programme 1	Administration		R 160 627
Programme 2	Economic Development	53 601	R 513 896
	EC Development Corporation	255 169	
	EC Gambling & Betting Board	31 187	
	EC Liquor Board	32 325	
	East London Industrial Development Zone	141 614	
Programme 3	Environmental Affairs	66 109	R 209 703
	EC Parks and Tourism Agency	141 557	
	Transfers to Municipalities	2 037	
Department of Economic Development and Environmental Affairs			R 884 226

6 CONCLUSION

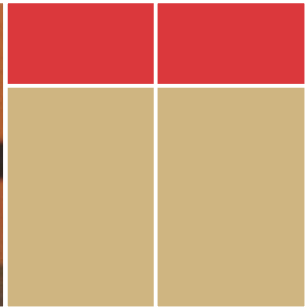
- 6.1 This policy statement presents a set of concrete interventions to be undertaken in the coming year. We will, through these interventions, continue the sustained effort to meet the challenges of economic development in the context of environmental sustainability
- 6.2 It is imperative that our sister departments, the citizens of this province, industry leaders, small business people, public servants and public entities rally behind these objectives, as it is only through our combined efforts that we will successfully tackle our challenges
- 6.3 In conclusion, Mr Speaker, we wish to thank all those who have supported the department in delivering on the promises we made last year
- 6.3.1 In particular, we are grateful to the Chairperson of the Portfolio Committee and the members of the committee for their very robust engagement and oversight of DEDEA and her entities
- 6.3.2 We acknowledge the efforts of the HOD and the CEOs of the public entities, and their respective organisations, towards delivering on the mandate of DEDEA and for making a tangible difference to the economic and environmental landscape of the Province
- 6.4 We now table this Policy Statement, the Annual Performance Plan and the Service Delivery Improvement Plan for DEDEA.

I thank you



The Honourable Mcebisi Jonas

MEC for Economic Development and Environmental Affairs



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