

POLICY SPEECH DELIVERED BY HON MEC MR MCEBISI JONAS

23 MARCH 2010 – EASTERN CAPE PROVINCIAL LEGISLATURE – RAYMOND MHLABA CHAMBER

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. Mohandas Gandhi, noted that “*There is a sufficiency in the world for man's need but not for man's greed.*” These wise words highlight the critical challenge of ensuring that all citizens of the Eastern Cape have access to economic resources, while simultaneously protecting those very same resources from exploitation and excess.
- 1.2. Mister Speaker, it is incumbent on this Provincial Government to both grow the economy and protect our natural resources. The key mechanism at the disposal of the Provincial Administration to address these dual challenges is the Department of Economic Development and Environmental Affairs (DEDEA) and her unique array of purpose-built public entities. As a result of her dual economic and environmental mandates, DEDEA has a substantial competitive and comparative advantage. In order to leverage the synergy between these two components, highly innovative strategic economic and environmental thinking, policy-making, implementation, management and regulation are necessary.
- 1.3. Mister Speaker, we intend, in this Policy Statement, to reflect on our achievements during the last six months, and, in accordance with this dual mandate to plot a course towards the achievement of economic growth and environmental sustainability, as directed by the Electoral Mandate of the African National Congress, the January 8th Statement, the State of the Nation Address and the State of the Province Address.

2. Our Challenges

- 2.1 During 2009 South Africa entered its first recession in 17 years. The Eastern Cape was particularly hard hit, losing an estimated 95 000 jobs, most significantly in the automotive and textile manufacturing sectors. This situation was compounded by the additional stress of having to absorb jobless migrants and retrenched workers returning from other provinces. The resulting increase in service delivery demand, combined with the has placed the already stretched resources and service delivery mechanisms of the Provincial Government under excessive strain. Together with capacity and governance constraints, this has further inhibited optimal resource management, ultimately leading to a substantial Provincial Deficit.
- 2.2 Against this backdrop, the demand for primary commodities in our economy declined. The knock-on effect is in an exponential increase in unemployment in all sectors, with a concomitant increase in relative levels of poverty. The reality is that poverty is systemically engrained in the spatial economy of the Province, and is sustained by a complex interplay between historical, spatial and socio-economic factors.
- 2.3 Poverty in the Eastern Cape is primarily located in the rural areas. Here people have limited access to economic opportunities and resources. By extension, economic development is retarded. Limited access to decent work also means that large components of the economically active population remain migrants, stripping large portions of the province of the required human capital to ensure optimal economic development. As a result, economic activity in the rural areas is largely limited to subsistence based agriculture. The retail sector is relatively strong, as it is closely related to the most significant tertiary economic activity - the provision of social grants. The sad and uncomfortable fact is that no substantial industrial or manufacturing base exists in these areas to drive and sustain economic development. The only manufacturing bases of note are those located in the urban areas which have little or no direct linkages and no direct advantage to the millions of our people trapped in the rural poverty zones.
- 2.4 The disparities between urban and rural economic realities are exacerbated by an artificial theoretical separation between urban and rural development in the minds of policy thinkers and academics.

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As a result, policy responses are by and large limited to the development of “rural solutions” that are devoid of leverage and linkages to existing economic systems and mechanisms which create wealth and prosperity in the urban areas.

- 2.5 Having said this, it must be acknowledged that all is not well in the urban areas. Production and manufacturing processes are characterised by relatively low levels of local content. Manufacturing is concentrated in the automotive sector. This limits our ability to both diversify the provincial economic base and to generate the necessary levels of value addition and expansion. Moreover, the geographic location of the Eastern Cape increases the transactional cost of manufacturing and doing business, which is worsened by underdeveloped logistic value chains. This further hinders economic development.
- 2.6 Compounding our economic woes is the declining state of our natural environment. The State of the Environment Report (in preparation) identifies waste management, land degradation and climate change as priority environmental issues. It is apparent that these priorities stem from the effects of human settlement and industrial activity, both of which are necessary and inevitable. Our challenge is to ensure that, moving forward, the negative consequences of development are not, in fact, inevitable.
- 2.7 There are indications that parts of the Eastern Cape are already adversely affected by climate change, as is evidenced by the higher than usual incidence of drought, storm events and damage to coastal zone systems, including increasing sea levels, higher rates of beach erosion and submergence of coastal wetlands.
- 2.8 We should also remember, as the President noted, that South Africa is a signatory to the Copenhagen Accord. This accord recognises “that climate change is one of the greatest challenges of our time and emphasises [the need for] a strong political will to urgently combat climate change”. The boldness of our stand on climate change, and the success of our efforts to combat it, will have ramifications for generations to come. This is not a responsibility to be taken lightly.
- 2.9 We believe, Mister Speaker, that the attainment of the ideal of sustainable human livelihoods can only be achieved if we simultaneously tackle both the economic and environmental challenges.

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- 2.10 This is especially difficult when our provincial economy is dominated by the tertiary sector, also known as the service industry, which accounts for more than 75% of the total economy.
- 2.11 While more than 60% of the Province is rural, the primary sector, consisting of extraction such as mining, agriculture, forestry and fishing, currently contributes less than 3% to the provincial economy. This suggests that, as a province, we are not leveraging our rural resources optimally. This could be due in part to our classification and understanding of what is termed rural development. Mister Speaker, as the Department we are of the opinion that the antiquated distinction between rural and urban development is inappropriate.
- 2.12 We intend to focus on economic development across the complete value chains of our province. In essence we do not consider rural or urban development but rather sustained economic development throughout the Province.
- 2.13 There are some positive indications that the provincial economy has begun to recover from the declines of 2008 and 2009. It is anticipated that the provincial economy will grow by 1.6% in 2010 as global recovery and consumption levels improve. However, this growth rate is far from adequate when we consider the backlogs that need to be overcome. It is also insufficient to cushion the Province from the effects of a possible second economic dip. We must therefore develop mechanisms to mitigate possible future shocks, and find innovative ways to advance the optimal utilisation of scarce resources to meet our development objectives.
- 2.14 This will require that we develop or strengthen linkages between the various sectors in our provincial economy. The transformation of the primary sector must be linked to and driven by local manufacturing throughout the spatial economy of the Eastern Cape.
- 2.15 Mister Speaker, as you are aware, the fiscal context within which we are to meet these challenges is itself enormously challenging. In the past weeks we have endorsed the proposal from Provincial Treasury to offset the over-expended provincial budget by cutting departmental budgets for the next three years. It should be immediately obvious that our ability to implement the catalytic initiatives necessary to restructure the provincial economy and protect our environment is severely restricted by this fiscal framework.

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2.16 The potential to expand the economy, and thus reduce dependency on grants, remains a challenge, which must be tackled to ensure that we address the structural drivers of poverty as opposed to merely dealing with its symptoms.

3. Progress in 2009/10

3.1 In our policy speech of June 2009, we outlined a number of priority focal areas. Through the combined efforts of our departmental officials and Public Entities, we have made significant strides in each of these areas. I would like to take this opportunity to express my gratitude to the dedicated men and women of the DEDEA family for their support and enthusiasm.

3.2 Streamlining Departmental Operations

We identified six policy dimensions in support of the priority to streamline departmental operations.

3.2.1 In respect of attending to the relationships, roles and responsibilities of the Department and its seven Public Entities,

3.2.1.1 We have embarked on an internally driven turnaround strategy to address the identified shortfalls and to strengthen the strategic role of our human resource management, supply chain management, planning, governance and project management components. Progress has been slow, and efforts will continue into the new financial year.

3.2.1.2 We have begun the process of aligning our organisational and posts establishment structure with our newly defined strategic objectives.

3.2.1.3 DEDEA has established a Project Management Office which has developed a project tracking system to enable DEDEA to locate and quantify the assistance provided to municipalities in respect of local economic development and tourism projects. This baseline will provide the point of comparison when evaluating outcomes in the coming period.

3.2.1.4 The Boards of the Public Entities have been stabilised, and all will shortly undergo training in the principles of corporate governance as captured in the King III report.

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3.2.2 The amalgamation of the Eastern Cape Tourism Board (ECTB) with the Eastern Cape Parks Board (ECPB) to form a single integrated entity is nearing finalisation.

3.2.3 The Eastern Cape Development Corporation (ECDC) has completed an Investment and Trade Promotion Strategy to pave the way towards the establishment of an integrated Trade and Investment Promotion Forum.

3.2.4 The fourth policy area addressed was the implementation of a new liquor licensing system to eliminate backlogs. We are pleased to report that:

3.2.4.1 A new licensing system has been in place at the Eastern Cape Liquor Board (ECLB) since September 2009.

3.2.4.2 All backlogs have been eliminated in respect of complete and correct applications submitted to the Board.

3.2.4.3 A draft Provincial 2010 Liquor Control Policy is in place and a public participation process has been initiated to allow interested parties to make submissions before the policy is finalised at national level.

3.2.4.4 Micro-manufacturing licenses have been granted to two local liquor producers.

3.2.5 The fifth policy area relates to the oversight of public entities. A position of General Manager for Public Entity Oversight has been created, advertised, and will be filled in the new financial year.

3.2.6 The sixth policy decision refers to the conclusion of the EIA turnaround intervention.

3.2.6.1 Backlogs emanating from the Environmental Conservation Act (ECA) legislation have been eliminated.

3.2.6.2 The processing time for EIAs has been reduced from the required 90 days to an average of 45 days, contingent on the provision of all the necessary, correct documentation.

3.3 Rapid Advancement of Rural Development

3.3.1 Much of the progress towards the attainment of this focus area is attributable to Asgisa-EC, which was supported through a transfer of R150 million in the 2009/10 financial year.

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3.3.2 With diversification of its investment mix being one of the key priorities for the East London Industrial Development Zone (ELIDZ) for 2009/10, the ELIDZ set about developing an agro-processing cluster for the zone.

3.3.2.1 The zone's first agro-processing facility, a dairy plant, is under construction and due for finalisation soon.

3.4 Diversifying, Protecting and Expanding the Manufacturing Sector

3.4.1 Mister Speaker, you will recall that in June, the finalisation of the Provincial Industrial Development Strategy (PIDS) was prioritised.

3.4.1.1 I am pleased to report that the PIDS has been reworked. Consultations with labour, business and district municipalities have been completed.

3.4.2 The multi-stakeholder Rapid Response Coordination Committee (RRCC) was established in 2009. The RRCC continues to be a critical mechanism for facilitating shared responsibility for mitigating the effects of the recent economic crisis.

3.4.3 Particular attention has been paid to the diversification of automotive manufacturing in the Eastern Cape and to securing the Province's position as the automotive centre of South Africa. To this end:

3.4.3.1 The ELIDZ launched an innovative multi-OEM model. The model aims to attract and accommodate automotive original equipment manufacturers (OEMs) who do not currently have a manufacturing presence in South Africa and do not have the volumes to justify an independent manufacturing facility.

This project is the first of its kind in South Africa. 39% of the investors currently in the ELIDZ's investment pipeline are OEMs who would like to locate their operations in this facility.

3.4.3.2 The ELIDZ has also made exciting strides towards taking advantage of opportunities emanating from the emergence of renewable energy as a strategic sector. The zone has been identified as the leading contender for the location of the manufacturing of South Africa's first electric vehicle. Negotiations are at an advanced stage.

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3.4.4 The establishment of research and development capability was identified as key to growing the provincial economy.

3.4.4.1 Earlier this year, DEDEA and Provincial Treasury produced an economic outlook publication for the Province. This is intended to become an annual publication through which the Department and other stakeholders will gain understanding of economic trends and patterns for effective planning and decision making.

3.4.4.2 ELIDZ and Walter Sisulu University are in the process of establishing a techno-science park in East London. The science park will be closely linked to the ELIDZ for practical application of science and technology innovations emanating from the centre. The Department invested R3 million in this endeavour during the 2009/10 financial year.

3.5 We also stated that we intend to support key interventions to enhance the performance of the Coega Industrial Development Zone. To this end;

3.5.1.1 The Nelson Mandela Logistics Park (established with R140m assistance from DEDEA) is now operational with five major investors already in the park.

3.6 Expanding the Service Sector

3.6.1 In June we undertook to explore alternatives for expanding the gaming and gambling industry in the Eastern Cape, and to intensify efforts to mitigate the negative social impact of liquor consumption, gambling and gaming on communities.

3.6.1.1 The Eastern Cape Gambling and Betting Board (ECGBB) is investigating the inclusion of traditional horse racing for regulation and licensing.

3.6.1.2 Both the ECLB and ECGBB have intensified their efforts to ensure that licence holders meet their corporate social and environmental responsibility commitments.

3.6.2 We also indicated that emphasis will be placed on ensuring alignment between provincial governments' procurement protocols and Local Economic Development (LED) as a key intervention linked to expanding the service sector.

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3.6.2.1 To this end, Provincial Treasury, Tina Sinako and DEDEA have concluded an analysis of Provincial Government's procurement patterns, and identified areas for potential synergy with LED initiatives.

3.6.2.2 Renewed efforts to register businesses as suppliers of goods and service to DEDEA and other government departments were undertaken, promoting SMMEs, women and youth.

3.6.2.3 Strict adherence to the payment turnaround standard of 30 days is now observed by the Department.

3.6.3 A key service sub-sector in the Province is tourism. We are confident that the establishment of the Eastern Cape Tourism and Parks Agency will go a long way towards realising the full potential of this sector. During 2009, the Department invested R40 million in the ECTB, which undertook a number of activities towards reinforcing the Tourism Sector:

3.6.3.1 ECTB commissioned primary research aimed at quantifying government's return on investment in destination marketing.

3.6.3.2 In an effort to mitigate the anticipated decline in tourism activity precipitated by the global economic crisis, ECTB registered as a member of the Indian Ocean Cruise Association, hoping to capture a share of this market and contributing to growth in tourism arrivals and spend.

3.6.3.3 In partnership with DEDEA 2010 Unit, ECTB developed and launched a tourism destination brand – "Adventure Province" – in preparation for the 2010 FIFA World Cup.

3.6.3.4 The Province improved from 4th to 2nd most popular destination among domestic tourists.

3.6.3.5 In 2009 the ECTB co-hosted and supported a number of high-profile sporting and cultural events and festivals. These created more than 1,900 temporary jobs and 250 permanent jobs, generating an income of R215 million from accommodation and other tourism related expenditure. This is up from R157, 3 million income generated at the previous year's events.

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3.6.3.6 Through innovative partnerships, ECTB leveraged funding and support for various programs and projects which focus on creating tourism jobs in the rural parts of the Province.

3.7 Sustainable Resource and Land-use Management

3.7.1 Our commitment in June was to enhance land-use planning capacity and coordination, as well as marine and aquaculture development.

3.7.1.1.1 Based on a commissioned research study, the ELIDZ is in the process of packaging aquaculture projects with 4 investors in the pipeline.

3.7.1.1.2 Four environmental implementation plans are being developed.

3.7.2 The use of labour intensive methods is prioritised by DEDEA's Environmental Affairs Programme, which has seen just over 520 EPWP jobs created in thicket rehabilitation projects in Matatiele, Emalahleni, Intsika Yethu, Lukanji, Elundini, KSD, Nquma, and Ndlambe local municipalities.

3.8 Regulatory Functions

3.8.1 In 2009/10, the Department has:

3.8.1.1 Established a Special Investigation Unit to concentrate on organized environmental crime, including rhino poaching. This is a major accomplishment. The unit will be fully operational in 2010/11.

3.8.1.2 Completed a number of successful joint operations into sand mining, illegal development in ecologically sensitive areas, poaching, and unauthorised off-road vehicle use in restricted areas.

3.8.1.3 Taken steps to ensure that any backlogs in the processing of EIA applications are eliminated and that new backlogs do not develop.

3.8.1.4 Begun drafting the 2nd generation Environmental Implementation Plan.

3.8.1.5 Initiated the process of developing an Eastern Cape Climate Change Strategy to outline both adaptation and mitigation counters to this risk

3.8.1.6 Begun the process of transforming the hunting industry by expanding the base of participants and improving regulation.

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3.8.1.7 In fact, the Province has generated an amount of almost R100-million by issuing permits for domestic and international hunting on private farms, creating more than 700 jobs in the process.

3.9 Enterprise Development and Support

3.9.1 Mister Speaker, in June last year, the Department committed to consolidating its SMME development support initiatives into a single comprehensive programme. Progress in this regard includes:

3.9.1.1 An SMME strategy that addresses this imperative has been concluded, and is scheduled for approval.

3.9.1.2 During the first half of the financial year, 50 SMMEs were trained and 81 were supported.

3.9.2 A transfer of R182,899,000 enabled ECDC to support economic development through the funding of businesses, provision of finance and promotion of trade and investment. To this end ECDC reports that:

3.9.2.1 The total value of loans accessed from ECDC was R250 million.

3.9.2.2 1,627 jobs were created.

3.9.2.3 22 new exporters have been established and assisted.

3.9.2.4 R248 million of exports were generated.

3.9.2.5 755 jobs were saved through investment promotion efforts.

3.9.2.6 24 projects with potential to stimulate economic growth and development, especially in rural areas, were identified and screened.

3.9.2.7 Over R2 million was disbursed for pre-feasibility studies, feasibility studies, business plans and crop trials.

3.9.3 The Department undertook to consolidate its work in line with the identified sector formations in the Province.

3.9.3.1 Successful Business Process Outsourcing (BPO) events, a summit and an industry workshop, were held late last year.

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- 3.9.3.2 The completed R173-million, 18,900m² BPO Park in the Coega IDZ has a capacity of 1,500-seats. About 600 construction phase jobs were created.
- 3.9.3.3 A successful automotive week, supported by DEDEA and Department of Transport, was held in October 2009.
- 3.9.3.4 A very successful mohair summit was held in early November with support from DEDEA.
- 3.9.3.5 The ELIDZ has undertaken a study on alternative forms of energy. The Eastern Cape is poised to take advantage of its rural nature to advance the renewable energy industry, catalyse green jobs and build a green economy.

3.9.4 We further committed to the development and support of co-operatives within the framework for co-operative development.

- 3.9.4.1 DEDEA, through ECDC, launched a R50m fund to support and develop Cooperatives within the Province.

3.9.5 The Provincial Local and Regional Economic Development Strategy (LRED) is being concluded.

- 3.9.5.1 Local Economic Development (LED) case conferences have been held in all regions.
- 3.9.5.2 The PMO has assisted DEDEA to assess the development impact of the existing funding of LED. 120 projects are under review.
- 3.9.5.3 LED projects are now being planned, implemented, monitored and evaluated using standardised project management methodologies, guided by service level agreements.

4. Strategic Responses

4.1 A multi-faceted assessment of the Department's progress over the past financial year, our current fiscal, economic and natural environments, the content of the January 8th Statement of the ruling party and the President's State of the Nation Address, leads us to conclude that there are two sets of priorities for the Medium Term Expenditure Framework (MTEF) period. The first set relates to provision of leadership, direction and support.

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The second set defines the scope of delivery. Both reinforce the electoral mandate, confirming the developmental path identified and pursued by our current government.

4.2 Leadership, Direction and Support

4.2.1 As indicated previously, the fiscal base from which the Department is expected to both catalyse a growing economy and protect the natural environment is wholly inadequate.

Over the MTEF period, the indicative allocation to the Department has been reduced by a cumulative 9.8%. While this appears to contradict the recent emphasis on actively involving government in economic recovery and growth, and, as the President said, ensuring that “our environmental assets and natural resources are well protected, and are continually enhanced”, it must be understood that these responsibilities are collectively shouldered by all departments. A decline in DEDEA’s budget does not, in this instance, constitute a reduction in the provision for economic development and environmental management for the province as a whole.

4.2.2 As DEDEA, we have, however, been forced to rethink the funding mechanisms for our interventions, including the structuring of partnerships between state agencies and the private sector through which to leverage resources in support of our mandate.

4.2.3 Mister Speaker, a new Accounting Officer takes office on the 1st of April. This will be the first time in 15 months that the Department has a permanent appointee in this position. The new HOD will be confronted by a department in transition. Since the middle of last year, we have worked tirelessly to reach a clear understanding of the nature and extent of constraints at DEDEA. The HOD will inherit this analysis, together with progress already achieved in key areas, and a team of officials committed to driving the identified changes.

4.2.4 In response to the President’s commitment to “... building a performance-oriented state, by improving planning as well as performance monitoring and evaluation”, DEDEA will augment and enhance its human and technological capacity in the areas of planning, implementation management, monitoring, evaluation and reporting. This additional capacity must ensure that the Department can credibly plan, manage and track its own performance as well as that of its Public Entities, particularly in respect of the achievement of outcomes.

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4.2.5 The structure of the establishment will be scrutinised, and resources deployed in a manner conducive to maximising productivity and minimising waste throughout the DEDEA family.

4.2.6 The implementation of the Performance Management and Development System will continue to be prioritised.

This will include the roll-out of clearly constructed, strategy-driven skills development programmes, delivered through the use of accredited agents. Importantly, these should be embedded components of a coherent HR Development Strategy, rather than stand-alone, once-off initiatives.

4.2.7 Establishing and enforcing a strong regulatory and policy backbone remains the central purpose of the Department. Priorities in this area include:

4.2.7.1 Rolling-out the Provincial Industrial Development Strategy

4.2.7.2 The establishment of the Office of the Consumer Protector

4.2.7.3 Lobbying for VAT exemption for entities on transfers from the Department

4.2.7.4 Executing the Environmental Implementation Plan

4.2.7.5 Continued regulation and enforcement of Environmental Impact

4.2.7.6 Developing a Climate Change Mitigation strategy, inclusive of a regulatory framework for setting emission reduction targets and incentivising impact mitigation activities

4.2.7.7 Accessing and augmenting incentive packages in support of investment

4.2.7.8 Developing a framework for the promotion of Green Jobs within existing industry sectors as well as in emerging Green Industries

4.2.7.9 Promoting the establishment of credible research and development capacity in the Province

4.2.7.10 Continued regulation and enforcement of the Liquor and Gaming and Betting Industries, including a comprehensive assessment of the socio-economic impact of these industries.

4.3 Service Delivery

4.3.1 Protect and Expand Manufacturing

It is incumbent on the Department to mitigate, as far as possible, the impact of the global recession on the workers and industries of the Province. A number of interventions have been identified.

In 2010/11, DEDEA intends to:

- 4.3.1.1 Submit the White Paper and Bill for the anticipated Eastern Cape Environmental Management Act. The new Act will replace the Transkei Environmental Conservation Decree No. 9 of 1992 and the Ciskei Nature Conservation Act No 10 of 1987, and align provincial and national legislation.
- 4.3.1.2 Ensure that the funds meant to assist companies in distress flow to deserving enterprises. To this end, DEDEA will work with ECSECC in support of the multi-stakeholder Rapid Response Coordinating Committee which was established last year. DEDEA's contribution will be to guide the development of industrial action plans in response to identified economic stressors.
- 4.3.1.3 Conclude current negotiations with textile investors to establish a textile plan in Fort Jackson by the September 2010. It is projected that this investment will yield 1,200 permanent jobs in the first year of operations, with a projected 1,000 additional jobs every year for the next 5 years.
- 4.3.1.4 Discussions with Transnet pertaining to the upgrading of East London Port are progressing and will continue in support of enhancing our export capability.
- 4.3.1.5 It is important to note that due to regulatory constraints, the Department cannot "bail-out" companies. However we have been leveraging off our regulatory and legislative mandates to create enabling environments conducive to attracting investors to the Province. This has been done to off-set job losses in a number of companies which have been liquidated or closed.
- 4.3.1.6 Establish a common understanding and operational definition of Decent Work, and prioritise the promotion of job creation in sectors which are most likely to

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support the concept, such as Tourism and Manufacturing. This will include the marketing of ECDC's financial services products to targeted sectors.

- 4.3.1.7 Develop and implement a plan to manage excess capacity in the Manufacturing sector, including by scaling up apprenticeship programmes at the ELIDZ and CDC.
- 4.3.1.8 Collaborate with sister departments in their efforts to establish agricultural high schools and colleges aimed at professionalising agricultural work and improving the Province's agricultural output.
- 4.3.1.9 Research and propose mechanisms that can be implemented at a provincial level to improve our attractiveness as an investment destination and facilitate a positive trade profile. A collaborative Provincial Trade and Investment forum will be established to co-ordinate these efforts for maximal effectiveness. The issue of overcoming the cost-disadvantages for industry in the Eastern Cape will be raised with National Treasury and the DTI for establishing off-budget mechanisms to off-set these costs.
- 4.3.1.10 Explore alternative industrial models in support of a Green Economy and Decent Work. To this end, DEDEA will investigate possibilities for incentivising direct green economic activity such as the use of alternate building materials, environmentally responsible behaviour like reducing emissions, and the establishment of green industries such as alternate energy generation. DEDEA will explore the creation of policy mechanisms to simulate the creation of new markets related to renewable energy and associated aspects of the Green Economy. We have learned from international experience that governments are able to create demands for green and renewable products, thereby facilitating the creation of new industries. In this regard we will sharpen our focus on identifying ways of utilising the system of carbon trading to attract and earn additional project funding in the Province.
- 4.3.1.11 Launch a Buy Eastern Cape Campaign. This campaign will have five components: (1) Promoting primary production of inputs for manufacturing; (2) Promoting increased local content in production; (3) Popularising the campaign through the use of champions, concerted marketing and influencing

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Government procurement strategies; (4) Measuring, validating, accrediting and rewarding participation in the Campaign; and (5) preference to products emanating from the Green Economy.

4.3.2 Sustainable Development

The fact that 60% of the Province is rural is potentially an enormous competitive advantage. To realise this advantage, it is necessary for us to realign our resources towards exploiting possibilities for primary production in agriculture, fishing and forestry on one hand, and for establishing linkages between the sectors of the Provincial Economy on the other. Through implementing the SMME and Cooperatives Strategies, and proactively engaging all spheres of government, DEDEA will:

- 4.3.2.1 Contribute to the drafting of evidence-based development plans for the former homelands, geared towards delivering measurable impacts in an efficient manner.
- 4.3.2.2 Promote agro-industry. There will be three points of focus in this regard: subsistence farming, small scale crop and livestock farming and commercial farming. As far as possible, DEDEA will support the establishment of cooperatives of small scale farmers as a mechanism to successfully commercialise their operations and expand existing value chains.
- 4.3.2.3 Utilise the Cooperatives and SMME strategies in support of Small Town Regeneration, particularly in the east of the Province.
- 4.3.2.4 Re-focus budgeting towards sustainable economic development in the rural parts of the province. This means that the bulk of the R50-million Imvaba Eastern Cape Provincial Cooperative Development Fund and the R34,9-million allocated to Local Economic Development (LED) projects will be directed towards the establishment of sustainable industries and settlements in the under-developed rural parts of the Province. To this end, the Department will work closely with the Department of Agriculture and Rural Development.
- 4.3.2.5 Support municipalities with LED planning and environmental management. Models for vigorously engaging with municipalities, particularly in the most poverty-stricken areas of the Province, are to be explored. Inter-sphere cooperation will be underpinned by outcomes-based Service Level

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Agreements, which will ensure that beneficiaries receive the planned benefits in accordance with governance and legislative requirements.

- 4.3.2.6 Utilise a project-orientated approach to support the implementation of mega-projects, identified in the Integrated Development Plans of District Municipalities, which are aligned to the departmental priorities expressed in the Provincial Industrial Development Strategy

4.3.3 Expand the Service Sector

The tertiary sector is the main driver of economic growth, both in the Eastern Cape and South Africa. While the tertiary sector is dominant in the Province, its composition is skewed towards finance, insurance, real estate and business services. These are services predominantly accessed by the wealthy. The majority of our people are poor. They require more general government, wholesale and retail services. It is thus important that, as government, we facilitate an increased reach of the services required by the majority of our citizens while ensuring the continued ability of the sector to drive economic growth. We will facilitate increased investment through:

- 4.3.3.1 The commercialisation of state-owned tourism products such as reserves and resorts, and / or packages of nature-based leisure activities at these sites. This endeavour will be undertaken by the new Eastern Cape Parks and Tourism Agency by the extension of the existing commercialisation activities of the ECPB.
- 4.3.3.2 The implementation of the Tourism Master Plan in 2010/11. The successful implementation of the plan will see a widening of the range of participants in the tourism sector, and by extension, an expansion of the beneficiary base. This would include leveraging off our SMME and Cooperative strategies and related funding mechanisms.
- 4.3.3.3 Support for the creation of green jobs. A wide variety of interventions would be contemplated here. For example, this may involve the creation of new enterprises to research and develop alternative energy generation capacity, or to monitor and regulate emissions. Collaboration with tertiary education institutions, national state owned enterprises, ECDC, ELIDZ and CDC will be critical to success in this area.

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4.3.3.4 Paying particular attention to the notions of “decent work” and “sustainable livelihoods”.

4.3.4 **Manage and Protect the Environment**

The Provincial biodiversity map is currently dotted with pockets of protected areas. Many unprotected areas are increasingly under threat from a combination of human settlement encroachment and climate change, with potentially devastating consequences such as floods and fires. The Department has a clear mandate to manage and protect the environment, and will do so by:

- 4.3.4.1 Lobbying vigorously for the proper and adequate resourcing of its environmental protection mandate.
- 4.3.4.2 Enhancing the Department’s capability to monitor and enforce compliance with environmental legislation.
- 4.3.4.3 Defining a research agenda for the Green Economy and link this to localised production, manufacturing and trade, including through mechanisms like the EPWP
- 4.3.4.4 Addressing climate change in the context of developmental priorities of food security, poverty eradication, energy security and promoting development through implementing the provincial Climate Change Strategy as soon as this is completed.
- 4.3.4.5 Developing guidelines for the protection and promotion of bio-cultural diversity for the ongoing responsible use of medicinal and traditional herbs and plants
- 4.3.4.6 Linking with the EPWP to use labour-intensive methods to combat environmental degradation and rehabilitation of endemic vegetation.
- 4.3.4.7 Supporting, with the ECDC and ELIDZ, initiatives to identify and commercialise alternate energy production through the establishment of sustainable Research and Development capabilities in the province.
- 4.3.4.8 Drafting guidelines for the development and management of the Eastern Cape coastline in support of, and linked to, existing spatial development and planning frameworks.

5. Financial Considerations

5.1 The final budget for the Department and her entities is R839,711,000:

			Total
Programme 1	Administration	138,433	138,433
Programme 2	Economic Dev	74,596	495,315
	EC Tourism Board	42,553	
	EC Gambling & Betting Board	23,338	
	EL IDZ	135,257	
	EC Development Corp	193,473	
	EC Liquor Board	26,098	
Programme 3	Environmental Affairs	97,313	205,963
	EC Parks Board	108,650	
GRAND TOTAL			839,711

6. Conclusion

6.1 This policy speech, Mister Speaker, demonstrates our commitment to the Departmental values captured in the acronym “**LIFT**”

6.1.1 We intend to provide **LEADERSHIP**, by breaking new ground in respect of defining and pursuing a Green Economic Agenda;

6.1.2 We will conduct ourselves with **INTEGRITY**, as shown by our commitment to clean governance, integrated planning, accurate and truthful reporting;

6.1.3 We will exercise **FLEXIBILITY** in our quest to achieve the objectives outlined here with fewer resources, greater innovation and rigorous research; and

6.1.4 We expect to maximise our efforts through **TEAMWORK**.



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6.2 Mister Speaker, I truly hope that in adopting this policy statement, the House will deliberately join hands with DEDEA in our effort to create a better future, one that doesn't involve excess, yet provides adequately for all the citizens of the province, as Ghandi suggested is possible.

6.3 Also find tabled with this Policy Statement the Strategic Plan for 2010/15, the Annual Performance Plan and the Service Delivery Improvement Plan for DEDEA.

I thank you

Honourable MEC Mcebisi Jonas