



Province of the
EASTERN CAPE

ECONOMIC DEVELOPMENT,
ENVIRONMENTAL AFFAIRS & TOURISM

2018/19 – 2020/21

ANNUAL PERFORMANCE PLAN

Foreword

This Annual Performance Plan covers the strategic MTEF cycle of 2018/19 to 2020/21. This is the fourth APP in the five-year strategic cycle which is aligned to the Strategic Plan. The plan situates the operations of the department within the international, national and provincial socio-economic activities. This ensures the outputs and activities are relevant while focusing on the strategic objectives of the department.

This plan comes at a critical point when changes have taken place on the political landscape. In 2019, national elections will take place in the country. This amidst the projected economic growth rate of 1.8% in 2018. The national and provincial budgets are shrinking, making it increasingly difficult to achieve set outcomes. This calls for innovative and prudent financing in order to achieve the same targets and objectives. There is however positive sentiment in the country. Such increased confidence is likely to result in increased investments and economic activities in the country and province. Despite the challenges, the department together with its partners will continue to work harder and smarter for the benefit of our stakeholders and clients.

We continue to pursue our streamlined goal supported by the various policies and strategies. These include Vision 2030, the Provincial Economic Development Strategy, to name a few. The department will continue to focus on high potential sectors such as Agri-Industry, Sustainable Energy, Automotive, Light Manufacturing, Tourism, Oceans Economy, and Biodiversity Management. All our efforts should lead to outcomes such as job creation, innovation, increased manufacturing, SMME growth, transformation, and improved standards of living.

As we come closer to the end of the current five-year cycle, I hereby give my full support to the department and its six public entities in order to achieve the outputs set in this plan. Let's ride on the wave of support we are receiving from both investors and citizens.



The Honourable Sakhumzi Somyo (MPL)
MEC for Economic Development, Environmental Affairs and Tourism

Official Sign-Off

It is hereby certified that this Annual Performance Plan:

- Was developed by the management of the of the Department of Economic Development, Environmental Affairs and Tourism (DEDEAT) under the guidance of the Member of Executive Council, Hon Sakhumzi Somyo;
- Takes into account all the relevant policies, legislation and other mandates for which the DEDEAT is responsible;
- Accurately reflects the strategic goals and objectives which the DEDEAT will endeavour to achieve over the period 2018/19 to 2020/21.


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ACRONYMS AND ABBREVIATIONS

APP	Annual Performance Plan
AQMP	Air Quality Management Plan
ASGISA	Accelerated and Shared Growth Initiative for South Africa
BBBEE	Broad Based Black Economic Empowerment
CDC	Community Development Corporation
COBIT	Control Objectives for Information and Related Technology
COGTA	Cooperative Governance and Traditional Affairs
CPI	Consumer Price Index
DEA	Department of Environmental Affairs
DEDEAT	Department of Economic Development Environmental Affairs and Tourism
DST	Disaster Services Technology
DTI	Department of Trade and Industry
EC	Eastern Cape
ECDC	Eastern Cape Development Corporation
ECGB	Eastern Cape Gambling Board
ECLB	Eastern Cape Liquor Board
ECPTA	Eastern Cape Parks and Tourism Agency
ECSECC	Eastern Cape Socio Economic Consultative Council
EIA	Environmental Impact Assessment
ELIDZ	East London Industrial Development Zone
EPWP	Expanded Public Work Programme
EU	European Union
EXCO	Executive committee
GDP	Gross Domestic Product
GDPR	Gross Domestic Product Regional
GVA	Gross Value Added
HIV	Human Immune Virus
HOD	Head of Department
HR	Human Resource
ICS	Information and Computer Science
ICT	Information and Communication Technology
IDPs	Integrated Development Plans
IDZ	Industrial Development Zone
IGR	Inter-governmental Relations
IMF	International Monetary Fund
INECE	International Environmental Compliance and Enforcement
IPAP	Industry Policy Action Plan
IT	Information Technology
ITIL	Information Technology Infrastructure Library
KPI	Key Performance Indicator
LED	Local Economic Development
LPM	Limited Pay-out Machine
LRED	Local and Regional Economic Development
MDA	Manufacturing Development Act
MEC	Member of Executive Council
MICE	Meeting Incentives Conferencing and Event

MPL	Member of Provincial Legislature
MTEF	Medium Term Expenditure Framework
MM	Merit Manufacturing
NGP	New Growth Path
NPA	National Prosecuting Authority
NTCE	National Tourism Career Expo
PEs	Public Entities
PGDS	Provincial Growth and Development Strategy
PICC	Presidential Infrastructure Coordinating Commission
PIDS	Provincial Industry Development Strategy
PMDS	Performance Management Development System
SDFs	Spatial Development Frameworks
SER	State of the Environment Report
SERO	Socio Economic Review Outlook
SEZ	Special Economic Zone
SIPs	Strategic Infrastructure Projects
SMMEs	Small Medium Micro Enterprises
SMS	Senior Management Services
UNDOC	United Nations Office on Drugs and Crime



PART A: STRATEGIC OVERVIEW

Updated Situational Analysis

The Department's value chain (See *figure 1 below*) is designed to ensure shared economic growth, sustainable development and tourism. A new service delivery model was developed in 2016/17 but the key features of the previous combination of delivery mechanism involving head office, regional offices, public entities and to a limited extent consultants' services remains unchanged. The Department has finalised its organisational structure and is still awaiting approval by the DPSA. The outline of programmes and sub-programmes has not changed while the department has aligned its programmes to the key policy and programmatic imperatives of 2018/19 financial year. This plan should be read in conjunction with the 2018/19 and 2020/21 APPs and Corporate Plans of Public Entities as well as District Operational Plans that outline the comparative advantages of each District and the challenges faced.

FIGURE 1: SERVICE DELIVERY CHAIN



The value proposition remains unchanged for the MTEF period 2018/19 to 2020/21.

TABLE 1: VALUE PROPOSITION

VALUE PROPOSITION		
Customers: Investors, manufacturers, unemployed and community	Services: Economic Development and Environment Management	Positioning: Custodians of legislation and Policy
ALIGN RESOURCE SYSTEM		FINANCIAL MODEL
Services: Economic development and environmental management		Sources of funding: Equitable share, own revenue (+R249 million)
Capabilities: Research, policy analysis, planning and programme implementation		Public Economic Value: Increase tax base and reduce strain on welfare system
Resources: DEDEAT Group ±1800 employees, ±R1.0 billion, office infrastructure and IT system		Growing available funding: Partnership with DFIs and donors
Extent: Globally		
Partners: Public Entities, DFIs, other spheres		
MARKET SPACE OFFERING		
Scope: Research to advisory services		
Customers access: District Offices, Public Entities, 3 rd Party Entities and the Internet		
Organized for accessibility: Devolved to municipal level		

The department's programmes are aligned to six of the 14 outcomes developed by the Department of Performance Monitoring and Evaluation (DPME) in 2010. The strategic plan outlines the links as shown on pages 45, 54 – 55, 60 – 62 and 66 - 67 of the strategic plan. The department has aligned its plans to the National Development Plan, the MTSF, Vision 2030, 9-point plan among others. The Risk Management sections of the strategic plan also provide the risk mitigation measures which are part of the operational plan of the department. The table below highlights the policy prescripts, outcomes, the department's responsibilities and specific outputs.



Policy directive:	Sustainable Development Goals (SDGs)	Provincial MTSF Priorities	DEDEAT's intended contribution / responsibility:	Outputs in the APP & Operational Plan
[Outcome 4] Growth, decent employment through inclusive economic growth & sustainable livelihoods Nine-point plan = 1; 4; 7; 9. NDP Priority: Employment and Economy (promoting employment in labour absorbing industries; promoting exports and competitiveness; strengthen capacity of government for economic policy implementation; demonstrate strategic leadership among stakeholders; Environmental sustainability (transitioning to a low carbon economy); positioning South Africa in the World (increase trade within SADC and Southern Africa).	8. Decent work and economic growth	6.4 Decent employment through inclusive growth	DEDEAT's intended contribution / responsibility: <ul style="list-style-type: none"> Promotion of the Green Economy through extensive collaboration with communities and local municipalities in creating EPWP-led initiatives (erosion combating, re-forestation, aquatic systems management, habitat rehabilitation, waste management, recycling etc.) Investing in research, skills and capacity development, market development and manufacturing of sustainable energy generation and applications. Supporting, through public entities, the creation of Green Jobs in the Tourism and Environmental Management sectors Facilitating the establishment of regional economic nodes, with local clustered supply and demand-side linkages, promoting agro-industry Implement the Provincial Industrial Development Strategy in order to diversify the manufacturing sector, simultaneously attending to the Green Economy and labour absorption capacity Using the SMME and Co-operatives policies to guide and target the development of capacity in respect of Green Jobs and harnessing the socio-economic opportunities of the renewable energy build programme. Regulate and manage legal liquor and gaming activities, and close down illegal operations Using youth and disability policies and strategies to promote participation in the economic growth of the province Implement programmes for job creation through IPAP3; National Development Plan; New Growth Path; National LED Framework; Provincial Growth and Development Plan (Vision 2030); Job Fund Strategy; Provincial Industrial Development Strategy (PIDS); and SIP3. Develop a strategy and programme for the maritime economy 'Operation Phakisa' 	Outputs in the APP & Operational Plan Sustainable initiatives supported: climate change response strategy; recycling projects Report on Sustainable Energy initiatives supported EPWP work opportunities created Implementation of Cluster organizations to support the Non-Automotive Manufacturing, Automotive and Tooling sectors in the province. Revitalisation of old industrial sites; support to small towns Implementation of a support plan to manufacturing industries in distress to retain the industrial base in the Province; develop new provincial economic strategy SMME's supported: Cooperatives supported: SMME's supported in the renewable space Liquor and gaming licences issued; responsible liquor and gambling campaigns Youths supported Value of infrastructure projects; jobs created Report on the implementation of the 'Operation Phakisa': Establishment and coordination of a Boatbuilding and Ship repair working group linked to Maritime Manufacturing in the Province Establishment and coordination of a Provincial Oil and Gas Working Group; Implementing the Coastal and Marine Tourism Strategy; Establishment and coordination of a Provincial Coastal and Marine tourism Working Group Skills developed/people trained
[Outcome 5]	8. Decent work and economic growth	6.5 A skilled and capable workforce to support an inclusive growth	DEDEAT will directly and indirectly, through various capacity and skills development initiatives, contribute to enhancing the skills-base of the Eastern Cape	

¹ Outcomes were developed in May 2010 to enhance effective planning by the national government of the 2010/11 to 2014/14 strategic cycle. A total of 12 outcomes were developed. Two more outcomes were added in 2014/15. In this table, only six outcomes linked to the mandate of the department have been included.

Policy directive:	Sustainable Development Goals (SDGs)	Provincial MTSF Priorities	DEDEAT's intended contribution / responsibility:	Outputs in the APP & Operational Plan
A skilled and capable workforce to support an inclusive growth path Nine-point plan – 8.			<ul style="list-style-type: none"> Leverage human resources within the DEDEAT Group and external partners 	HR Plan: Four (4) quarterly reports on HR assessment action plans
[Outcome 6] Building social and economic infrastructure Nine-point plan = 4, 5, 9. NDP Priority: Economic Infrastructure (renewable energy- MW; value; IPPs); increase port capacity; broadband – availability (coverage; speed); ICT strategy; coal exports – value; shale gas- decision-support; Gas imports; Refineries- oil import (volume, value); N2 highway.	9. Industry, innovation and infrastructure	6.6. An efficient, competitive and responsive economic infrastructure network	<ul style="list-style-type: none"> Support the rehabilitation and construction of infrastructure related to Provincial Parks, including access roads, telecommunications infrastructure, electrification, bulk water supply and adequate sanitation Support and facilitate the development of tourism products including infrastructure Establish partnerships to address infrastructure backlogs in the former homelands Prioritise the establishment of storage and packing facilities linked to highly effective logistics networks Support the establishment of municipal waste management infrastructure Provide project management expertise in the delivery of social infrastructure Provide continued support to the existing IDZ infrastructure and migrate the existing IDZs into SEZs Promote the development of the Wild Coast SEZ Support research on new economic opportunities such as shale gas Support a Provincial Institutional Nuclear Readiness platform, including readiness in regard to municipal and provincial roles and responsibilities, harnessing the value chain and deepening skills and capacity. Greater collaboration with the Department of Rural Development and Agriculture Promotion of agro-industry to support sustainable economic development Influence collaborating departments to improve road networks linking farm and non-farm activities in strategic rural locations Ensure the integration and expansion of Parks with local communities Develop, transform and expand the hunting industry 	<p>METI score Expenditure value Revenue generated from provincial parks</p> <p>A dashboard for priority projects developed and support for resource mobilisation: implement the new tourism plan</p> <p>Partnerships established</p> <p>Logistics parks/ warehouses developed</p> <p>98% waste licenses finalised</p> <p>GIS Mapping of Projects Portfolio: Portfolio dashboard report: Portfolio Management Framework Policy.</p> <p>Status reports on SEZs: Transition the Coega and ELIDZ to SEZs; Investments facilitated in the two SEZs</p> <p>2 Strategic projects supported on WC SEZ.</p> <p>Shale gas research report, oil and gas implementation plan</p> <p>Annual Report on Provincial Institutional Readiness Platform.</p> <p>Report on the Agro-Industry Development Forum</p> <p>Agro-processing initiatives supported</p> <p>Small Towns Revitalization Programme Intervention report.</p> <p>Stakeholders sessions reports: MOUs</p> <p>Quarterly stakeholder's forum reports Permits issued</p>
[Outcome 7] Rural development, land and agrarian reform, food security Nine-point plan – 2. NDP Priority: Integrated and inclusive rural economy (Agro-	15. Life on land	6.7. Vibrant, equitable, sustainable rural communities contributing towards food security for all		

Policy directive:	Sustainable Development Goals (SDGs)	Provincial MTSF Priorities	DEDEAT's intended contribution / responsibility:	Outputs in the APP & Operational Plan
processing (jobs; value; volume; incomes).			<ul style="list-style-type: none"> Promote investment in the agro-industry sector and export of agro-products 	Agro-Industrial Cluster established
[Outcome 10] Sustainable resource management and use Nine-point plan = 1. NDP Priority: Environmental Sustainability – Transforming to low carbon economy (greenhouse gas emissions – (value, reduction); climate change projects- recycling; retrofitting; renewable energy (value, MW generated); energy certification for buildings).	13. Climate action	6.10. Protect and enhance our environment assets and natural resources	<ul style="list-style-type: none"> Develop guidelines for the protection and promotion of bio-cultural diversity for the on-going responsible use of medicinal and traditional herbs and plants Promote use of cleaner technologies to enhance environmental quality Link with the EPWP to use labour-intensive methods Support initiatives to identify and commercialise sustainable energy production and management. Draft guidelines for the development and management of the Eastern Cape coastline in support of, and linked to, existing spatial development and planning frameworks Support and measure greenhouse gas emissions reduction Monitor climate change impacts and improved air/atmospheric quality Support sustainable environmental management and economic development Protect biodiversity Provide environmental education and awareness programmes Support implementation of environmental laws and regulations Combat and reduce all types of environmental crime Streamlining DEDEAT's structures and processes to optimise delivery models Refocus and re-gear public entities to deliver on their mandates Functionally integrate departmental and public entity capacity at a regional level on a project basis 	Biodiversity Plan Climate change responses tools developed EPWP jobs Mega Watt energy produced from renewable sources Construction of a renewable energy minigrid. Gazetted coastal management lines Two (2) provincial Atmospheric Emission Licenses registered Two (2) climate change reports 45 IDPs assessed ECPTA parks managed (METT Score) Awareness sessions and capacity building activities conducted Environmental Management Plan Enforcement actions undertaken Approved and updated organogram Review SLAs and Shareholder compact: Attend to legislations of public entities Joint planning & implementation
	10. Reduced inequality	6.12. An efficient, effective and development-oriented public service		
	[Outcome 12] Improving public service and democratic institutions and			

Policy directive:	Sustainable Development Goals (SDGs)	Provincial MTSF Priorities	DEDEAT's intended contribution / responsibility:	Outputs in the APP & Operational Plan
empowered citizens Nine-point plan = 8.			<ul style="list-style-type: none"> Re-organise DEDEAT to focus on the provision of strategic and policy direction, supported by regulatory, monitoring and evaluation functions Through improved internal risk management and controls, DEDEAT will prevent fraud and corruption amongst its officials Fully utilise the Intergovernmental Relations Framework to promote co-operation and capacity across spheres of government Provide support and redress mechanism to citizens as they access administration related services, economic, environmental and tourism programmes Promote responsible liquor consumption and gaming Promote responsible and compliant business activities Empower consumers; Take proactive steps to mitigate the negative effects of addiction, particularly in already impoverished communities Offer educational opportunities in respect of sustainable harvesting of traditional medicine plants Empower communities and vulnerable groups to enhance equity and ease of access to physical and non-physical assets in the Province 	<p>Strategic planning report: Plans of the Department and Public entities: Quarterly & Annual Reports</p> <p>Four (4) risk management reports: Four (4) compliance reports.</p> <p>Four (4) reports on Munimec resolutions: Status report on key projects: WDP steering committee report</p> <p>Complaints Management System operationalised: quarterly complaints report</p> <p>Education programmes on responsible drinking and betting</p> <p>Integrated Complaints Management System</p> <p>Six (6) Consumer awareness programmes conducted</p> <p>Education programmes on Responsible drinking</p> <p>Education programmes for sustainability of traditional medicine plants: Guidelines on sustainable harvesting of traditional medicine plants: Mainstream Traditional Medicinal plants strategy/report: Opportunities identified</p> <p>Distribution of Departments Service Standards to LMs, and DIMs: Education programmes conducted through various programmes.</p>

Performance environment

5.1 GLOBAL ECONOMIC OUTLOOK

2016 saw global economies grapple with low inflation, low commodity prices, capital flows into emerging markets and the continuation of accommodative monetary policy. Global growth remained below pre-financial crisis levels and persistently underperforms forecasts.

Whilst lower growth in China, as the world's largest importer and exporter, means that even small changes in Chinese demand have major impacts on countries, especially emerging economy, commodity exporters.

Global growth estimates for 2016 were at 3.1% for 2016 and moderately higher at 3.4% for 2017 (IMF, 2016b). Whilst comparing global growth to that of key advanced or developing countries and regions. Global growth has remained persistently below 4% over this period. This being below pre-financial crisis levels when global growth was at 5.6% in 2007 (IMF, 2016b).

Global growth has been falling short of expectations in both advanced and emerging economies. As time passes, since the financial crisis of 2009, the reasons for low growth are becoming increasingly complex. These complex forces include demographic changes, declines in productivity growth, lower commodity prices and regional shocks (IMF, 2016a). Reasons also differ between advanced and the developing and emerging economies.

The impact of US President Trump's policies on South Africa, in late 2016, was still rather uncertain, but fiscal led expansions are likely to strengthen the US dollar. This would lead to higher financial burdens on dollar denominated debt, although it would support commodity exports from South Africa and increase export earnings. An appreciating dollar however would see a realignment of global exchange rates and this would provide conditions for capital flight from emerging markets. Improved US growth would also provide the space for the US Federal Reserve Bank to raise interest rates and there could be a greater normalisation on bond markets. This would in turn impact on capital flows to emerging markets.

Greater trade protectionist policies between the US and its trading partners would limit the potential global trade growth and thwart trade liberalisation efforts. It is however unclear to what extent South Africa will be negatively or positively affected by changing trading relationships and if South Africa would be directly focused on.

Low global growth will continue, into the medium term, due to limited trade growth, low factor productivity and limited private investment. Low global demand will impact on South Africa's ability to export and grow its industries. Commodity prices have been low but are recovering from the shock in

2015 and were expected to pick up in 2017. This should be positive for commodity exporters in South Africa although increasing oil prices will place increased strain on the current account.

National Economic Performance

The year that was 2016 saw an erratic pattern of economic activity for South Africa. Going into 2016, a very low bar for economic performance was set with a dramatically depreciated rand by the end of 2015 and a prolonged drought having a debilitating effect on the economy and spill over effects into the price of food staples. Manufacturing came under pressure in the 3rd quarter, and the year saw weak manufacturing performance. Mining growth improved, as global commodity prices began to rally; whilst households cut back on purchases, especially in durable good purchases and motor vehicles. 2016 was a particularly bad year for the domestic retail motor industry. Consumer confidence was down for the 8th consecutive quarter this resulted in households reducing expenditure and holding off on large purchases. This was good in terms of debt consolidation trend for households but resulted in volatility in trade sector.

Real gross fixed capital formation registered its fourth consecutive quarterly decline in the 3rd quarter of 2016. This was due to a significant drop in the capital investment by the private sector due to low consumer and business confidence levels. Employment creation was subdued in 2016 with the unemployment rate increasing to a record high of 27.1% (SARB, 2016a). Youth unemployment remains one of the most pressing social and economic issues facing the country with 38.2% of all persons aged 15-34 years old out of employment.

The twelve-month rate of consumer inflation was above the upper limit of the target for most of the year, with food price inflation being the main driver. Producer price inflation increased significantly in agriculture and food processing due to the cost of imported grains and drought induced impacts. Consumers felt the pinch in 2016, with sugar costing 28% more than the previous year and milled grain being 15.7% more expensive. Sugar-sweetened-beverages will increase further in 2017, as from April, when a new tax comes into effect.

SARB confirms SA is in the downward phase of the business cycle. The expected moderate growth in GDP in 2017 is aligned to growing momentum in the leading and coincident indicators. The SARB's composite leading business cycle indicator started to rise in May 2016, and it continued to climb through August and September. Movements in this indicator typically lead the general business cycle by between 6 and 12 months. Thus, indications are that moderate growth is to be expected in the short term and that a turning point in the current downward business cycle has been reached (SARB, 2016a; The World Bank, 2017).



Economic Recession & Downgrading

South Africa has entered recession for the first time in eight years, piling pressure on a government facing corruption allegations and credit downgrades. Data from Statistics South Africa showed the first quarter contraction, in 2017 was led by weak manufacturing and trade, suggesting high unemployment and stagnant wages were dragging down South Africa's long-resilient consumer sector, analysts said. Political instability, high unemployment and credit ratings downgrades have dented business and consumer confidence in South Africa and the rand extended its losses against the dollar, while government bonds also weakened.

South Africa's economy contracted by 0.7% in the first three months of 2017 after shrinking by 0.3% in the fourth quarter of 2016, lagging market expectations of a quarter-on-quarter GDP expansion of 0.9%. It was the first time two consecutive quarters showed contraction — a definition of recession — since the second quarter of 2009, although there have been individual quarters of so-called negative growth in more recent years.

It could take South Africa seven years to work its way back up into investment grade from its junk status, according to economists. However, such an eventuality is solely dependent on the lengths policy makers and other key sectors of the economy are willing to go to ensure the country's recovery. Economists also say the recent downgrades of the country's credit status to junk will certainly lead to an interest rate hike, and this could come as early as next month. Economists have warned that it would get even tighter over the coming months if the political situation in the country did not show any improvement. They also forecast a decrease in spending by consumers, less business investment, no job creation opportunities, and in the longer term, the government's inability to meet its revenue targets.

GDP growth forecast will drop to 0.2% from 1.1% previously. We also lower our 2018 GDP forecast to 0.7% from 1.5% previously, and 2019 from 1.7% to 1.0%. Already, the rand has depreciated and this, they say, will lead to a rise in inflation. The government will also have to pay more in interest on money it borrows, leaving it with less money to spend on basic services such as water, electricity, education, welfare and other services. The government will have to pay more in interest on any money it borrows and this means there is less money available for basic infrastructure spend, such as water, electricity, education.

The forecasts GDP growth of 1.2% in 2017 and 2.1% in 2018, but the reshuffle has raised downside risks. Above all else, our country should not be drawn into borrowing even more money that would have



to be repaid at higher rates of interest. The country's junk status review 20 years ago were different to the current untenable situation.

14 - Point Plan

Finance Minister Malusi Gigaba expressed his vision for the South African economy, when he unveiled government's inclusive growth plan to grow the economy. The 14-point action plan aims to lift the economy to a higher growth path through rebuilding business confidence and to staving off the risk of a downgrade on local bonds.

The 14-point action plan contains targets and timelines and each intervention is assigned to a minister and focuses on a range of issues from energy to state-owned enterprises (SOE). It requires that Eskom approach the National Energy Regulator regarding its hardship by the end of the month. Another target is for a case to be developed and be submitted to the Treasury and the Eskom board for the company to receive soft support until a tariff adjustment next year. The plan also focuses the recapitalisation and guarantees of SOEs, which includes the reduction of guarantees to SOEs and the need to continue engagements on framework for the disposal of non-core assets by March next year.

Junk status basically means that the South African government would have less money to spend on social needs that the lower working class depend on, like housing, education and social grants. Effectively the country and the province have less expenditure available to reduce poverty and inequality levels in society. This in turn means that there will be far less budget available to spend on projects and initiatives aimed for and funded in previous financial years. Government is now poorer and individuals who are employed in the public sector will eventually receive lower real wages, assuming government does not try to further debt-finance higher salaries

Eastern Cape

The final outcome of economic growth should be an improvement in the overall quality of life as measured by various socio-economic development indicators, if this growth is to be inclusive. Socio-economic improvements however, can also have positive impacts on growth. Government policies aimed at these improvements thus become agents of economic growth and thereby creating favourable conditions for economic development. The review of socio-economic conditions and developments in the Eastern Cape focuses on population dynamics, income, poverty, education, access to services, labour market conditions and the nature of the economy in terms of GDP-R and trade. These areas provide a perspective of the context in which the Eastern Cape economy operates, including key current and emerging trends.



The provincial economy generally grew at a faster rate than the population between 2010 and 2015. This resulted in an increase in average income as measured by GDP-R per capita in the Eastern Cape during 2015. Although there is a noticeable variation in GDP-R per capita across the province, the figure has risen across all districts including the two metros, albeit only marginally in the Buffalo City Metro.

Levels of poverty in the Eastern Cape, as measured by the South African Multidimensional Poverty Index (SAMPI), are the highest in the country. This, coupled with low household incomes, places considerable pressure on the government to provide basic services that are required to offset some of the more severe effects of poverty. Poverty levels in the Eastern Cape are highest in the former homeland areas due to migration and income patterns, as well the presence of large social backlogs.

The rise in per capita income in the Eastern Cape, combined with small improvements in the poverty headcount, suggests that these indicators are moving in the right direction, albeit at a very slow pace. The extent of these improvements however, vary across the province.

The pace of population growth in the Eastern Cape impacts significantly on the delivery of education in the province. The Eastern Cape Education Department experienced a decrease in overall learner enrolment between 2010 and 2014. A marginal increase in learner numbers however, was registered between 2013 and 2014.



The Eastern Cape has, in the past years, been unable to outperform the national economy's GDP performance. This is despite weak national growth on the back of global economic uncertainty. While this will likely remain true over the forecasted period, due to the constraints to growth, it is still anticipated that the province will be able to achieve moderate growth. Economic growth in the Eastern Cape is expected to be between 1.0% and 1.7% between 2017 and 2019, primarily driven by the tertiary sector. Despite weak economic performance, automotive exports from the Eastern Cape have increased notably on the back of a weaker rand.

Change in the labour market over the past five years has been relatively subdued, both nationally and provincially. In the Eastern Cape, employment growth was lower than the growth in the provincial labour force. Despite this, employment growth in the province was slightly higher than the national rate. The provincial labour force expanded at a more rapid pace than what was observed nationally, partly related to a higher number of job seekers in the province. These trends combined to put upward pressure on the provincial unemployment rate which rose to 41.3% in the third quarter of 2016.

Working-age individuals within the Eastern Cape are less likely to participate in the labour market than are their counterparts nationally, leading to high unemployment rates. This pattern is observed across a wide variety of demographic characteristics, but is particularly strong amongst Black Africans, 15 to 24 year olds, and those with only some secondary school education.

A more inclusive growth path in the South African context requires a focus on growing employment in a way that promotes a more labour intensive production structure and makes more intensive use of less skilled workers. This is particularly true for the Eastern Cape economy. The strengthening of investments in human capital formation (in education and training, and health) remains a key factor in improving the ability of the labour force to compete in a global economy. This is particularly important given the Eastern Cape's poor attainment levels in mathematics.

Oceans Economy



South Africa's ocean economy offers extractive economic opportunities in mining, offshore oil and gas, fishing and aquaculture and non-extractive economic opportunities in other areas such as marine tourism and leisure, marine manufacturing, transportation and other related activities. These are key focus areas towards developing the maritime sector (SAMSA, 2012).

The ocean economy has great potential in the Eastern Cape due to its multi sectoral nature which is based on some existing economic activities and the promise of developing new industries. It is also felt to hold the potential to diversify the provincial economy allowing a move away from over reliance in the automotive industry and a greater spread of economic activities through the province. The Eastern Cape is positioning itself as a national player in Human Resource development in the maritime sector, with Nelson Mandela Metropolitan University (NMMU) to develop the Maritime and Marine Sciences School, which will specifically cater for the needs of the sector.

The Operation Phakisa prioritised projects for the Eastern Cape include the overarching plans for systems improvements and revenue generation models. Specific projects for East London aim to unlock the boat-building industry in the city with the refurbishment of the existing slipway facility to facilitate private sector investment. The required investment for refurbishment and investment in the East London Port by the TNPA is R215 million and from private sector R300 million (Operation Phakisa, 2014). Port Elizabeth project includes refurbishment of the lead in jetty.

To date progress in the Maritime Transport and Manufacturing includes:

- Creation of task team consisting of stakeholders in the boatbuilding building industry,

- Investment (of R320 million) in existing ship repair facilities at 5 ports including Port Elizabeth and East London.
- East London boat building facilities, project analysis to be completed in January 2016.
- Refurbishment of lead-in jetty in Port Elizabeth in execution, 80% completed.

Maritime Transport and Manufacturing Activities



Marine Transport and Manufacturing (MTM) includes activities in the marine transport sector including cargo handling, national registry and flagging; and the manufacturing sector which includes marine vessel building, rig and ship repair and offshore oil and gas services.

Approximately 10.6 million tons of cargo were handled by Eastern Cape ports in 2015. The bulk of this cargo was handled by the Port of Port Elizabeth (8.6 million tons, 80.6%), followed by the East London Port (R2.0 million, 18.7%) and the Port of Ngqura (72 785 tons, 0.7%). A further 891 196 of TEUs¹⁴ were landed or shipped by these ports during 2015 (2014: 1.0 million). The majority (71.4%) of these TEUs were handled by the Port of Ngqura (2014: 68.3%) (Transnet, 2016).

Significant growth is expected in transshipment containers from and to the Port of Ngqura. At present current demand stands at 765 000 TEUs, which is expected to grow to 3 million TEUs by 2043. Volumes of manganese moving through the Port of Ngqura are expected to increase to 13 million tons per annum in 2020 following the relocation of the terminal from the Port Elizabeth harbour.

The Port Elizabeth Port currently handles around 9 million tons of cargo per annum, which is expected to decrease to 4 million tons per annum with the removal of manganese and crude oil to the Port of Ngqura (Transnet, 2014). Container volumes will grow as the container terminal is set to expand and is reconfigured with deeper berths. Container demand is expected to grow to 3 million TEUs by 2043. Automotive export and import volumes are expected to grow from 115 000 to 280 000 units per year by 2043.

Moderate growth is expected in transshipment containers from and to the Port of East London. At present current average demand stands at 50 000 TEUs which is expected to grow to 140 000 TEUs by 2043. Vehicle volumes are forecast to grow from their current levels of 80 000 units per annum to 240 000 units per annum by 2043 (Transnet, 2014).

There is only one major boat building firm in the Eastern Cape, Tag Yachts, a locally-based manufacturer of luxury catamarans destined for the United States market. This business plans to relocate from St Francis Bay to larger premises at the Port of Port Elizabeth in 2016. This will

necessitate an investment of between R60 million and R80 million and increase employment from its currently level of 48 to 200 (DEDEAT, 2016b).

Fisheries and Aquaculture

Aquaculture comprises diverse systems of farming plants and animals in inland, coastal and marine areas, using and producing a wide variety of animal and plant species. Aquaculture can be a very productive use of resources, with the amount of food produced per hectare considerably higher than with arable farming or livestock rearing. Aqua feed resource production is one of the fastest expanding agricultural industries in the world, with growth rates in excess of 30% per year.

Another aspect of the aquaculture industry is the wild capture component which comprises those aquatic based organisms that are caught rather than propagated under controlled conditions. These wild capture fisheries are primarily located in oceans and around coasts and continental shelves, but can also be found in inland lakes and rivers. International trends however, have shown that aquatic organisms reared under controlled conditions are becoming increasingly more common, particularly given the decline in wild capture stocks.

Given the relative infancy of the aquaculture industry, both nationally and provincially, there are only a limited number of aquaculture facilities currently operating in the Eastern Cape. At present, the majority of these are located in the Sarah Baartman District Municipality. In addition to these facilities, the Coega Development Corporation (CDC) has announced plans to develop a R2 billion aqua-farming facility on 300 hectares of land at the Coega IDZ. This development will include dedicating 80 hectares to abalone farming by 2020, and a further 120 hectares to finfish farming. These farms are anticipated to create 2 080 permanent jobs, with all abalone produced exported to the Far East.

TABLE 2: GEOGRAPHIC LOCATION OF MARINE AND FRESHWATER AQUACULTURE PROJECTS IN THE EASTERN CAPE

Area	Marine Aquaculture	Freshwater Aquaculture
Sarah Baartman	2	4
Amathole	2	2
Chris Hani	-	2
Joe Gqabi	-	1
O.R. Tambo	-	2
Alfred Nzo	-	-
Nelson Mandela Bay	1	-
Buffalo City	1	1
Eastern Cape	6	12

Source: DAFF (2014)

Despite the limited number of a marine or freshwater aquaculture projects in the Eastern Cape, the province does have a sizable wildcatch fishing industry. Collectively these two industries generated

R228.1 million in GVA-R for the Eastern Cape in 2015, 47.7% higher than the R154.5 million generated in 2010. This GVA-R was almost exclusively derived from the chokka (squid) and line fish industries based out of the Port Elizabeth and East London harbours.

The Eastern Cape fisheries industry, which only grew by 0.9% in 2014. Despite this low growth rate in 2014, which was below both the national (4.7%), the strong GDP-R growth in the preceding years made it possible for the industry to attain an average year-on-year growth rate of 8.1% between 2010 and 2015, outperforming the national average of 6.0%.

TABLE 3: GVA-R AND EMPLOYMENT CONTRIBUTION OF THE FISHERIES INDUSTRY

South Africa	Value		Annual Growth Rate (2010 – 2015)
	2010	2015	
GVA-R (in R, millions)	R2 766.0	R3 709.8	6.0%
Employment	36 811	52 244	7.3%
Eastern Cape	Value	Value	Annual Growth Rate (2010 – 2015)
	2010	2010	
GVA-R (in R, millions)	R154.5	R228.1	8.1%
Employment	4 009	5 905	8.1%

Source: Urban-Econ calculations based on Quantec (2017)

The strong GDP-R growth rate of the fisheries industry between 2010 and 2015 had a corresponding positive impact on employment. Over the 2010 to 2015 period employment rose by 8.1% year-on-year, with the industry adding 1 896 new jobs. In comparison, employment in the South African fisheries industry grew by only 7.3% year-on-year over the same period.

Sustainable Energy



Million.

In the recent past, the Eastern Cape has been, and remains, strategically vulnerable in regard to energy supply. The linkages between energy supply and economic development are closely correlated. For example a study by the Department of Energy² sets the opportunity cost to the economy of unserved energy at R75,000 per Megawatt Hour. In practical terms, this means that for every hour of stage 2 load-shedding, the cost to the national economy is R 150

Until recently virtually no electricity generation units existed in the Eastern Cape. This has placed the Eastern Cape in a position of electricity supply vulnerability.

² IRP Update 2012

Further to this it should be noted that the Eastern Cape Economy does not only rely on electricity, but also on other sources of energy. The most important of these being liquid fuels (diesel, petroleum and paraffin) and gas (liquid petroleum gas or LPG). All of these items are currently imported to the province from elsewhere, which means that the province is strategically vulnerable to both price and supply disruptions.

Current and future outlook

In contrast to the above, the province has experienced a recent wave of real and potential energy development. Energy is currently an accelerating economic sectors in the province. The province has made significant progress as outlined below:

- The province has secured 1 solar farm and 16 wind farms, of which 13 facilities are currently operational. These 13 facilities have a capacity of 1080 megawatts, and are generating over 200 million units (kWh) of electricity a quarter³. This attests to the status of the Eastern Cape province as having among the best wind resources in the world.
- The DEDISA peaking power plant was commissioned in 2015, with a capacity to generate 342MW of electricity through open-cycle gas turbines (OCGTs). The facility is initially diesel driven, with the ability to be converted to gas-driven power. With gas, the facility can be upgraded to generate more than 500MW
- The province has attracted well over R1 Billion in energy component manufacturing facilities in both IDZs (although unfortunately the DCD facility has suffered a significant setback from the Eskom IPP impasse)
- The Province has gained significant momentum in regard to indigenous gas, with exploration license applications underway along the entire provincial coast for offshore gas, as well as for shale gas in the inland portions of the province.
- The province has reached a level of high technical readiness for imported Liquid Natural Gas, with the possibility of a major infrastructure investment at Coega/Ngqura for Liquid Natural Gas to Power.
- The province has become a significant hub for offshore marine fuel bunkering, with a value chain in the hundreds of millions.
- The province forms part of the corridor-planning for two Renewable Energy Development Zones in the province; for a major electricity transmission line through the hinterland of the province; and for a natural gas pipeline from East to West.

³ REIPPP provincial report, June 2017.

- A pilot rural renewable energy minigrid is at an engineering design phase, with construction due to commence in 2018.
- Small scale embedded generation (rooftop solar) and biogas have emerged to form an important element of the energy sector in recent years.

The above-mentioned represent only the highlights in regard to energy development. There is a ground-swell of smaller or less public initiatives, too numerous to mention in this document.



DEDEAT Activities in the energy sector

Apart from supporting the development of the energy sector, including infrastructure investment, the work of DEDEAT in the energy space focuses on, among others:

- Skills development;
- Supporting transformation in the sector (with a focus on SMMEs and black-and women-owned enterprises; and black industrialists)
- Local content manufacture
- Maximising the linkages between energy investment and socio-economic outcomes, including local and regional economic development
- Supporting municipalities to optimise the possibilities of energy development in their areas.

Provincial Oil and Gas Working Group (Operation Phakisa Oceans Economy)

The provincial Oil and Gas Working Group forms part of the Provincial Operation Phakisa (Oceans Economy) steering structure. The working group considers Gas to Power, Commercial and Industrial Offtake of Gas, Liquid Fuels (including Bunkering) and Rig Repair.

Gas to Power and Commercial and Industrial Offtake

- DEDEAT together with Coega are undertaking ongoing advocacy for the R25 Billion plus Gas to Power infrastructure investment at Coega/Ngqura; however, note that national policy uncertainty in regard to this investment has emerged in the last two quarters.
- A multi-stakeholder Barrier Analysis and Action Plan was completed in 2016, and has provided the basis for further studies in 17/18 and 18/19.
- The following technical studies are complete or underway in 17/18 and 18/19
 - Logistics Study including virtual pipeline for gas delivery inland (complete);
 - Gas Market Quantification and Characterisation study has been drafted;
 - Technical readiness and permitting for Gas Infrastructure ongoing, including advancement of EIA & technical studies;
 - A gas value chain opportunities analysis and support programme for SMME and Black Industrialists has been initiated in Q3 2017/18 and will continue in 18/19.



Offshore ship-to-ship fuel bunkering

- 100,000 vessels pass the Eastern Cape each year; Approximately 100 vessels visit Algoa Bay for bunkering services per month.
- Currently 1 licensee is operational (Aegean Bunkering Services); A second licence has been issued to South African Marine Fuels (Pty) Ltd (black, women ownership). Operations to begin this year.
- Work is underway to ensure that key infrastructure is located in the Eastern Cape.
- The bunkering support service value chain exceeds R100 million plus per year. This is over and above the direct bunkering value chain associated with marine fuel supply to ships at sea.
- A bunkering value chain opportunities analysis and support programme for SMME and Black Industrialists has been initiated in 2017/18 and will continue through 18/19.
- Industrialisation opportunities are being pursued by Coega.

Shale Gas

Shale Gas Decision Support Toolkit

- Shale Gas is likely to place a heavy burden on the various mandates of local government. Hence DEDEAT initiated a process of capacity building with local government in 2016.
- The process will allow local government to make optimal economic, social, infrastructural and environmental decisions in response to potential shale gas exploration and exploitation.
- The toolkit was developed together with local government stakeholders and in partnership with NMMU over the course of 2016/2017. It has been published and will form the basis for further local government capacity building which will:
 - Increase municipalities' ability to make informed decisions regarding shale gas development.
 - Increase levels of active engagement between citizens and municipalities.
 - Increase the capability of local municipalities to engage with district, provincial and national government as well as with local and international corporations – i.e. level the playing field.
 - Reduce the risk of exploitation of the local municipality and its residents by outside parties by empowering these institutions with appropriate decision support mechanisms.

Karoo Shale Gas Baseline Research Programme

- This programme has been funded by DEDEAT together with co-funding from NMU. Funding formed the basis for the purchase of scientific testing equipment.
- The project is ongoing with the current set of 30 academic studies nearing completion.
- Funding has been sourced by NMU for 40 and then 50 postgraduate studies in 18/19, 19/20 respectively.

Support to SMMEs in Energy



- Local rural SMMEs often struggle to participate in the highly technical renewable energy industry. This project works to build the readiness of SMMEs for participation in the value chain of wind and solar farm construction and operation in their local area.
- The initial focus has been on large scale wind farms, but with a recent shift to small energy opportunities to the east and north of the province.
- Assistance with land lease for wind farms in the former homelands is required.
- The programme also focusses on providing support to local municipalities to ensure local participation in the Renewable Energy value chain.
- Phase 4 is currently in a completion phase, in which a District Local Government-Independent Power Producer Forum was piloted, and a local SMME impact analysis was undertaken.
- In phase 5, the following activities will take place: Support to municipalities in regard to energy opportunities in Alfred Nzo and Joe Gqabi Districts. Supplier days for the round 4.5 wind farms in Kouga, Blue Crane Route and Ngqushwa Municipalities. Ongoing support for the IGR-IPP forum.
- Over and above this, DEDEAT endeavours to support Black Industrialist participation in the core of the renewable energy value chain.

Renewable Energy Minigrid in the Raymond Mhlaba LM

- This is a project of the bilateral arrangement between EC Province and Lower Saxony.
- This project aims to establish a 75 kW renewable energy mini-grid, to electrify a small village of approximately 70 households located at Upper Blinkwater in the Raymond Mhlaba LM. There is currently no electricity in the area and this project will play a critical role in alleviating energy poverty that is still a reality in rural communities. The proposed mini-grid will consist of a low voltage solar system, storage batteries and a diesel backup generator with a low voltage overhead connection to each house. Small scale wind energy generation will be included as a second phase. The project represents a multi-stakeholder initiative, involving many government mandates, including those of national, provincial and local government. The host municipality for this project is Raymond Mhlaba Local Municipality (RMLM).
- This project will test a new legislative basis that has never been confirmed before under the current South African Regulatory or Permitting Processes. This represents a first of kind technical and institutional model for rural electrification. However, the project is not only about electrification. It is also about crowding in training, livelihood development and local enterprise development with

contributions from multiple partners both from South Africa and Germany. In other words, it is a holistic village development concept with high quality local energy as the backbone.

- Key partners:
 - DEDEAT, DRDAR (ECRDA), Raymond Mhlaba LM, various German Government agencies, Dept of Energy (SAWEP, INEP) and numerous others.
- Engineering design is complete and construction is due in the 2018 calendar year.

Other Sustainable Energy Activities of DEDEAT

- DEDEAT forms part of the national Project Steering Committees and Project Executive committees for the following National Strategic Environmental Assessments (SEAs):
 - SEA for Shale Gas Development;
 - SEA for Gas Pipeline and Energy Development Corridors;
 - SEA for Renewable Energy Development Zones (phase 2).
- DEDEAT has facilitated the support of USAID in Chris Hani, OR Tambo and Amathole Districts for sustainable energy and green economy development.
- DEDEAT convenes the Provincial Sustainable Energy Forum
- DEDEAT provides ongoing support to Municipalities in respect to managing and harnessing the opportunities of Small Scale Embedded Generation (rooftop solar etc).

Tourism



The tourism industry has been identified as a key mechanism for economic growth and job creation in South Africa in both the National Development Plan (NDP) and the New Growth Path. These documents both recognise that South Africa has a diverse range of product offerings, numerous competitive advantages and several unique selling points that, to date, have not been fully utilised. The geographic spread of these offerings also provides an opportunity for

planners to not only capitalise on them to reach conventional economic targets, but to also use them as a vehicle for the growth and development of rural economies.

It should be noted that tourism is not a distinctive economic sector on its own. The Standard Industrial Classification (SIC) used to classify economic sectors in the South African economy does not recognise tourism as a separate sector. This is because the tourism industry is a consumption-based service industry that does not produce a tangible product. The tourism industry however, utilises the products and services of other classified sectors including trade, transport and business services.

The tourism industry can therefore be defined as related to all the goods and services linked to a person staying and travelling outside of their area of residence. While this is a useful definition, it frequently leads to classification errors as it includes many different sources of goods and services from a diverse set of sectors.

The World Tourism Organisation (UNWTO) provides a more formal definition of tourism as comprising all those activities of a person travelling to and staying in places other than their usual environment for less than one consecutive year for leisure, business and other purposes, excluding employment (WTO, 2000). For travel to be classified as tourism, it must meet the following three criteria:

- Displacement from a traveller's usual environment
- The purpose of the travel must be for a reason other than earning an income
- The duration of the travel must be for less than a year.

Acknowledging these factors, the following section will review the Eastern Cape tourism industry in the South African context.

Eastern Cape Tourism Performance

Domestic Tourism

An estimated 3.4 million domestic trips were undertaken to the Eastern Cape in 2015 – a 2.0% increase from the 3.3 million trips in 2014. This made the Eastern Cape the fourth most attractive province for domestic tourists after KwaZulu-Natal, Limpopo and Gauteng. Domestic trips to the Eastern Cape have fallen somewhat since 2010, when domestic trips peaked at 3.8 million visits. This decline was most marked between 2009 and 2010, when the total number of domestic trips to the province declined by 29.8%.

TABLE 4: DOMESTIC TOURISM REVENUE BY PROVINCE (R, BILLIONS)⁴

Province	2014	2015	Percentage Share
Eastern Cape	R3.0	R4.2	17.0%
Free State	R1.1	R1.0	4.1%
Gauteng	R4.2	R2.4	9.9%
KwaZulu-Natal	R5.1	R5.8	23.6%
Limpopo	R5.7	R5.4	22.1%

⁴ Total Domestic Tourism Revenue is calculated by applying the annual number of domestic trips per province by the Total Spend per Trip for South Africa (2014: R950, 2015: R960). These figures are estimates as the value of Spend per Trip varies based on the nature of the trip i.e. Domestic tourists that travel for business purposes spent 2.2 times more than the 2015 average. SOURCE: Urban-Econ calculations based on South African Tourism (SAT), 2016, 2015 Annual Tourism Report.

Mpumalanga	R2.5	R1.9	7.9%
Northern Cape	R0.5	R0.3	1.1%
North West	R2.0	R1.2	5.0%
Western Cape	R2.8	R2.3	9.3%
Total	R26.8	R24.5	

Source: SAT (2016)

Domestic tourism within the Eastern Cape is largely intra-provincial – it comprises mainly of Eastern Cape residents travelling to other parts of the province. This trend remained little changed in 2015, when the overwhelming majority (81.3%) of domestic trips were intra-provincial compared to 76.2% in 2014. The main reason cited for these trips was to visit friends and relatives (2015: 63.4%; 2014: 74.2%).

The increase in the total number of domestic trips undertaken between 2014 and 2015 coupled with an increase (1.1%) in the average spend per trip had a positive impact on the Eastern Cape's tourism revenue, which, over the period, rose by 36.1%. This means that the Eastern Cape generated R4.2 billion from domestic trips in 2015 compared to R3.0 billion in 2014. This notable increase in revenue from domestic tourism, despite low growth in tourism spend and domestic trips was attributed to the Eastern Cape increasing its share of total domestic trips, from 11.1% in 2014 to 17.0% in 2015.

Provincial Tourism Supply

Most of the attractions in the Eastern Cape are either nature/adventure based (25.7%), or linked to arts and crafts (22.0%) (DEDEAT, 2013). Nature/adventure based attractions include: nature reserves, hiking trails, game drives, horse riding, mountain biking, etc. Some of the more important natural assets in the Eastern Cape are the Wild Coast, Southern Drakensberg and the Great Karoo. The province also possesses a great number of state and privately owned game reserves and several natural parks such as the Great Addo Elephant National Park and the Garden Route National Park.

The province also has rich traditional heritage mostly rooted in Xhosa culture. As well as this rich cultural heritage, the Eastern Cape also benefits from being the birth place of a number of struggle heroes, the most notable being Nelson Mandela. Despite the province having such significant cultural, historical and liberation potential, products related thereto are largely undeveloped.

The majority of tourism product clustering in the Eastern Cape occurs along the coast, particularly in areas such as Port Elizabeth, East London and Port Alfred. Tourism clustering is also concentrated



around areas of economic activity, social infrastructure, medical facilities and transport networks such as Grahamstown and Addo.

In terms of accommodation supply, the DEDEAT (2013) geospatial database identified approximately 1 619 accommodation entities in the Eastern Cape. The majority of these establishments were either guest houses (28.0%) or bed and breakfasts (26.3%). Of these establishments, the Tourism Grading Council of South Africa indicated that in 2013 approximately 732 were graded. The Eastern Cape had the fourth highest number of graded establishments after Western Cape, Gauteng and KwaZulu-Natal (DEDEAT, 2015).

Agri- Industry



Agriculture together with the broader agri-industry have advanced immensely in recent years in order to capture an ever-increasing global consumer market which demands high-quality, well-packaged, and ready-to-eat agri-products. In order to address this trend, rural subsistence-based farming that targets local-markets should be combined with large-scale commercial farming focusing on export-markets. There is also opportunity to connect rural small-holders directly to global markets through partnerships between multi-

nationals and local communities.

A shift in mind-set is needed from agriculture as a low-potential and low-income sector, to agriculture with the potential as a high value-adding and technologically-empowered sector focusing on the full value-chain proposition ultimately penetrating into global markets – the youth in the Eastern Cape foresee agriculture as a dead-end without realising the real potential for high-tech commercial agriculture. Globally, agri-industries play a critical role in manufacturing, contributing 61.0% of total manufacturing value added in agricultural based economies, 42.0% in countries in transition, and 37.0% in urbanised developing countries (World Bank, 2008). In South Africa, the manufacturing sector contributed 14.1% to national GVA in 2015. The agri-industries segment of the greater manufacturing sector in contrast only contributed 3.0% to national GVA. The agri-industry however plays an important role in the manufacturing sector, contributing 21.3% and 19.4% of the manufacturing sector's GVA and total employment respectively.

In 2015, the total real GVA-R for the agri-industry in the Eastern Cape was approximately R6.8 billion. This represented a 7.4% increase from 2010 when the GVA-R was approximately R6.3 billion. As of 2015, the agri-industry accounted for 23.9% of the total manufacturing sector's GVA-R, and 3.3% of the total GVA-R of the Eastern Cape. In addition to accounting for a significant share of total manufacturing

GVA-R, the agri-industry's overall contribution has increased marginally since 2010 when it accounted for 23.4% of total manufacturing GVA-R. This suggests that the agri-industry is becoming increasingly important sub-sector of the Eastern Cape manufacturing sector.

Positively, between 2010 and 2015, the Eastern Cape's agri-industry grew by 1.4% per annum, compared to the 1.0% for the province's total manufacturing sector but lower than the 1.8% for the entire Eastern Cape economy. The Eastern Cape's agri-industry also outperformed the South African agri-industry, growing at a rate of 1.4% per annum compared to 0.3% between 2010 and 2015. This suggests that there are factors that are affecting the overall competitiveness of the local agri-industry.

TABLE 5: GVA-R AND EMPLOYMENT CONTRIBUTION OF THE AGRICULTURE INDUSTRY

South Africa	Value		Annual Growth Rate (2010 – 2015)
	2010	2015	
GVA-R (in R, millions)	R79 363.9	R80 731.1	0.3%
Employment	250 459	266 403	1.2%
Eastern Cape	Value	Value	Annual Growth Rate (2010 – 2015)
	2010	2015	
GVA-R (in R, millions)	R6 396.1	R6 872.1	1.4%
Employment	17 113	18 213	1.3%

Source: Urban-Econ calculations based on Quantec (2017)

Despite this positive GDP-R performance, employment growth within the Eastern Cape agri-industry has grown slower than total provincial employment (2.9%). The Eastern Cape's agri-industry employment growth (1.3%), however grew faster than the national average between 2010 and 2015 (1.2%). The Eastern Cape agri-industry employment growth was also greater than the manufacturing sector as a whole, which over the 2010 to 2015 period contracted by 1.2%. This employment growth has resulted in the creation of 1 100 additional jobs since 2010. The Eastern Cape agri-industry also continues to play an important role in the provincial economy, accounting for 19.9% of manufacturing employment.

Socio-economic Infrastructure

Broadly speaking socio-economic infrastructure comprises investments and related services that raise the productivity of other types of physical capital, e.g. transport, power, water systems, communication (Perkins, 2011). Perkins (2011) further observes that infrastructure is fundamentally important to economic development, as it supports not only a location's productivity and competitiveness, but also its social and environmental wellbeing.

The Organisation of Economic Cooperation and Development (OECD) suggests that investment in infrastructure, particularly in network infrastructure such as transport and communications, generally tends to boost long-term economic output more than other forms of physical investment. This is



because infrastructure investment provides positive benefits to a range of other sectors (OECD, 2009b). For example, high-quality transport systems improve business efficiency, innovation, competition and trade, support agglomerations of economic activity, and facilitate a mobile and flexible labour force. The National Development Plan has also identified inadequate, under maintained infrastructure as a development constraint/inhibitor in South Africa, third only to low levels of employment and the poor quality of education provision (NPC, 2011).

More generally, micro-economic theory suggests that expenditure on infrastructure contributes to economic development if the benefits of the investment outweigh the costs (these benefits and costs include both positive and negative externalities). In this way, infrastructure spending can generate value for the Eastern Cape.

The Eastern Cape Infrastructure Plan (ECIP) identifies three corridors in the Eastern Cape that are a priority for economic infrastructure including:

- Nelson Mandela Metro City region: NMB, Kouga, Sundays River Valley and Ndlambe
- N2-N6 Central region: Buffalo City, Amahlati, Lukhanji, Nkonkobe, Great Kei and Mquma
- Wild Coast Region: KSD linked to new Wild Coast Corridor including Mbashe, Nyandeni, Port St Johns, Mbizana, Ingquza Hill and Matatiele

Key to ensuring that the economic infrastructure supports the objectives of both PDP and PEDS is to align the Eastern Cape's R8.1 billion 2016/17 infrastructure budget with critical infrastructure elements along the corridors identified by ECIP. Equally important is to ensure that the Department of Roads and Public Works continues to receive a significant portion of the Eastern Cape infrastructure spend. Based on the Eastern Cape 2016/2017 Medium Term Budget Policy Statement, the Department currently receives 28.9% of the provincial infrastructure allocation. Ideally this should be increased to 30.0% in line with other provincial allocations in South Africa.

The department will address these challenges and take advantage of opportunities within the context of the Medium Term Strategic Framework (MTSF), the Provincial Strategic Framework (PSF), draft Vision 2030 of the Province, the National Development Plan (NDP) and numerous strategies and frameworks. Importantly, the Department will continue to implement its programmes in line with the following key outcomes:

- Outcome 4:
Decent employment through inclusive economic growth. Under this outcome, the following policies and strategies are used to drive DEDEAT programmes: IPAP3; National Development Plan; New Growth Path; National LED Framework; the provincial PGDS (Vision 2030); Provincial Strategic Framework; Job Fund Strategy; Provincial Industrial Development Strategy (PIDS); and SIP3.
- Outcome 5:
A skilled and capable workforce to support an inclusive growth path. DEDEAT will directly and indirectly, through various capacity and skills development initiatives, contribute to enhancing the skills-base of the Eastern Cape
- Outcome 6:
An efficient, competitive and responsive economic infrastructure network. This will be done through the Special Economic Zones (SEZ) programme as well as the social infrastructure programme.
- Outcome 7:
Rural development, land and agrarian reform, food security. Greater collaboration with the Department of Rural Development and Agriculture. Promotion of agro-industry to support sustainable economic development. Influence collaborating departments to improve road networks linking farm and non-farm activities in strategic rural locations. Enhancing meat and food processing capacity. Ensure the integration and expansion of Parks with local communities. Develop, transform and expand the hunting industry. Promote investment in the agro-industry sector and export of agro-products.
- Outcome 10:
Environmental assets and natural resources that are well protected and continually enhanced. This will be done through various environmental programmes and the work of the Eastern Cape Parks and Tourism Agency (ECPTA).
- Outcome 12:
An efficient, effective and development oriented public service and an empowered, fair and inclusive citizenship. This will be implemented through all three programmes of the department, e.g. the consumer protection services will continue to conduct awareness programmes throughout the Province.



5.1.2 Environmental Management

The work on environmental management will be guided by the National Environmental Management Act (NEMA) and all other applicable pieces of legislation. The following key issues on environment are worth noting:

Climate Change

Issues of environment are critical for development especially within the context of the global environmental processes managed by the United Nations. To date, COP17 and its sub-processes are focused on putting in place rule books and procedures for countries to follow in order to ensure the successful implementation of the Paris Agreement. During the course of the year the Department has been focused on assisting all the District Municipalities in developing Climate Change Response Strategies and mainstreaming Climate Change responses into the Municipal IDP's; incorporating Climate Change into the Eastern Cape Biodiversity Conservation Strategy and Action Plan and into the Provincial Spatial Development Plan.

In an era where the catastrophic impact of climate change is increasingly obvious, economic progress must be tempered by a consciousness of the impact of such progress on the environment. Climate change is a serious threat to biodiversity and ecosystem integrity with potential enormous economic and social consequences as evident by the unusual weather patterns.

The Eastern Cape Climate Change Response Strategy identifies fires and drought as posing a significant risk to communities and agriculture in the province. During the course of the year 3 significant fires were experienced in the Province occurring in the Sarah Baartman/ Nelson Mandela Bay Metro; Amahlathi Local Municipality and Joe Gqabi District Municipality. In total these fires were responsible for destroying close to 200 000 hectares of land. With regards to the drought situation all District; except Alfred Nzo; has been affected. The impacts are exceptionally severe in the Sarah Baartman, Amathole and Chris Hani Region with strict water restrictions being put in place to safeguard this critical resource.



Compliance and Enforcement



The rhino poaching figure for the Eastern Cape was reduced from 19 in 2016 to 12 in 2017. An astonishing 23 arrests were made relating to rhino crimes through collaboration and coordinated efforts between SAPS, DPCI, SANParks, ECPTA and DEDEAT. This shows that the cooperative governance structures, including the Provincial Environmental Crime Working Group which is chaired by DEDEAT, are paying dividends.

It has come to light that extensive unlawful clearing of thicket vegetation, unique to the Eastern Cape, is occurring in the Sarah Baartman District. Investigations in collaboration with the Thicket Forum, NGOs and Tertiary Education institutions have resulted in administrative enforcement action being undertaken.

Illegal hunting cases, particularly by hunters using dogs, are increasing in the province. A notable conviction was that of a hunter who hunted a leopard without a permit in the Grahamstown area.

Environmental Impact Management

There are two different processes that apply to EIA applications, these are specified in the listing notices attached to the EIA Regulations. For activities with lesser environmental impacts a Basic Assessment process is undertaken, which is a shortened, less onerous and cheaper process. For large developmental activities a Scoping and Environmental Impact Reporting process must be followed. The current National EIA Regulations promulgated in 2014, and amended in April 2017, stipulates that a Competent Authority such as DEDEAT should finalize EIA applications within 107 days after receipt of either a Basic Assessment Report or a full Environmental Impact Report as the case may be. In the Annual Performance Plan of the Department the relevant target specifies that 98% of applications should be finalized within these time-frames. In the 2016/17 financial year 96% of applications were finalized within stipulated time-frames and for the first three [3] quarters of 2017/18 performance was at 100%. In addition the average turnaround time has also consistently been significantly shorter than the stipulated 107 days. Adherence to time-frames can therefore not be regarded as a significant area for improvement.

In spite of the performance referred to above there is still a perception that EIA processes hamper development, also with respect to the cost of processes for applicants. Since the EIA Regulations are national regulations the National Department of Environmental Affairs is continuously attempting to as

much as possible stream-line and improve the efficiency of processes. The EIA Regulations specify processes in great detail and DEDEAT is legally bound to follow the legislated processes exactly as they are, with no discretion to deviate from the legislated processes.

In an effort to improve the coordination efficiency of EIA implementation in the Province DEDEAT has taken a number of steps, which are outlined below:

- An external forum has been established which meets quarterly and is attended by stakeholders such as local authorities, environmental assessment practitioners and other organs of state. Although attendance is good there are still many stakeholders that do not make use of this opportunity.
- Participation in Provincial and District Infrastructure Development Forums has been prioritized and has significantly contributed to a better understanding of EIA processes on the part of organs of state and local authorities.
- Participation in quarterly co-operative decision making structures, including the Department of Water and Sanitation's Licensing Authorization Application Committee and Committee on Coordination of Agricultural Water, the Eastern Cape Forestry Sector Forum [DAFF] and the Regional Mining Development Committee [REMDEC] of the Department of Mineral Resources DMR.
- The Regional Offices of DEDEAT participate in District Forums.
- The Environmental Empowerment Services units in DEDEAT Regions undertake regular, targeted capacity building and awareness raising activities.

As mentioned above DEDEAT is bound by the National EIA Regulations and does not have the discretion to deviate from legislated processes, time-frames are already met and co-ordination and awareness and capacity building activities are already undertaken to the extent that capacity allows. The current challenge is therefore essentially one of capacity in terms of both human and financial resources, and it is difficult to see how current performance can be improved without additional resources becoming available. The organisational structure of the EIM Directorate, and in fact of the Environmental Affairs Programme as a whole, is totally inadequate. There is no GIS capacity, no



research capacity and no capacity and resources to undertake major strategic level planning activities, such as Strategic Environmental Assessments. The Head Office component of the EIM Directorate contains only 3 officials, supported by 3 administrative staff and it is impossible for the unit to cope with the existing workload, and even less to expand current activities to further improve service delivery.

Waste and Air Quality Management



The Department is responsible for the licensing and registration of general landfill sites and transfer stations to assist in ensuring an effective waste management by the municipalities and industry. This provides an opportunity for the department to proactively participate in this space as waste management poses a health risk if not properly managed, as much as they have huge economic potential. The Department is also reviewing its Integrated Waste Management Plan which will be later gazetted for implementation as required by the National Environmental Management: Waste Act (59 of 2008) (NEM: WA). Waste management and recycling projects are now emphasised by the department and as a result a new Eastern Cape Provincial Recycling Strategy is being developed.

Also in an effort to reach out to our external stakeholders the department holds an external waste management forum that meets quarterly and also Participation in SALGA Provincial Climate Change, Environment and Waste Management Forum where Municipal Councilors also sit.

Through the network of air monitoring stations, air quality is monitored in both Port Elizabeth and East London. During the course of the year two exceedences of air quality standards were noted in Port Elizabeth. The first exceedence has been attributed to the serious veld fire experienced in the Western part of the province while the second was as a result of fossil fuel burning in the Markman Township.

Two stations in the Port Elizabeth region have been identified to form part of the National Air Quality Indicator network. This indicator provides a National scope on whether air quality in South Africa is improving or deteriorating and we are happy to report that the indicator is reflecting an improving air quality.

Biodiversity Management

The Eastern Cape is globally recognised for its high biodiversity value and scenic beauty. It has the highest biome diversity of any province. The Province is also unique among provinces in that it overlaps with three centres of biological endemism i.e. the Albany Center, the Drakensberg Center and the Pondoland Centre.

The Department has reviewed the Eastern Cape Biodiversity Conservation Strategy and Action Plan (ECBCSAP) which will address the urgent need to identify and map critical biodiversity areas and priorities for conservation in the Province. It will also provide land use planning guidelines, recommending biodiversity –friendly activities in priority areas. It is intended to be used by technical users and decision-makers in the spheres of planning, development and environment.

In the process of implementing the National Biodiversity Economy Strategy, the Department is co-chairing with Western Cape the Honeybush Community of Practice (CoP) which has been identified by the Biodiversity Lab to address some of the challenges in the Biotrade/Bioprospecting Industry. The CoP is to provide a collaborative strategy amongst all role players of the Honeybush Industry to sustainably grow and also achieve sustainability and promotion of the Industry by protecting the biodiversity and enhancing industry in entirety. Government has to conceptualise and guide the industry on models and /or best practices regarding legislative compliance.

The e-permit system has been developed by SITA and was live from August 2017 to enhance and facilitate the issuing of biodiversity permits in the province.

The Department, with the Eastern Cape Parks and Tourism Agency, will work with local governments, communities, conservation organisations and other landholders to ensure that the protected area estate is expanded. The idea is to expand protected areas at an average rate of 5% per annum. Enhancing land-use planning capacity and co-ordination will facilitate better local management of resources.

Coastal Management

Since the enactment of National Environmental Management: Integrated Coastal Management Act (24 of 2008) (ICM Act), the Department is chairing an operational Eastern Cape Provincial Coastal Committee (EC PCC) for coordination of coastal management activities and projects by various stakeholders. The Department has gazetted the establishment of coastal management lines (formerly called coastal setback lines) in Nelson Mandela Bay Metro (NMBM) area. A strategy for this process will be developed flowing from the NMBM pilot project. New regulations under ICM Act for the control of vehicle use on the coastal zone as well as boat launching sites have been gazetted in June 2014 for

implementation and the department gazetted 48 public boat launch sites for implementation. The department has completed the development of Operational Environmental Management Plans (OEMPs) for 48 Public Boat Launch Sites, one generic OEMP and one template for Memorandum of Agreement for Municipalities that will be managing the Boat Launch Sites in the Province. Marine and aquaculture development are areas that warrant attention as they have the dual benefit of environmental protection and economic development. There has been increased interest in aquaculture farming in the Coega Development Corporation IDZ, East London IDZ and other selected sites along the coast in terms of Operation Phakisa. Market potential is abounding.

Environmental Empowerment



The Department continues to celebrate the international declared environmental days like World Environment Day, World Wetlands Day etc. to create awareness and commitment to protect the environment. Themed capacity building for various stakeholders is held targeting different stakeholders across the Province. All this requires the mobilisation of officials, community stakeholders and scholars throughout the Province. In this regard, the department will continue to mobilise schools to participate in the Provincial Environmental Awards Programme where they compete and showcase projects that promote environmental protection and sustainable development. In addition, projects designed to contribute to land restoration and waste management are being implemented in partnership with various municipalities. Through these projects, EPWP jobs are created thus communities are empowered in the process including improvement in waste management.

Implications for the Department

The department will continue to provide its services under the seven strategic pillars identified in the strategic plan. The response to the above challenges and opportunities is contained in the section with programme indicators below as well as the detailed operational plan of the Department. A detailed SWOT analysis is listed in the strategic plan, Table 7, pages 37 - 40.

PUBLIC ENTITIES REPORTING TO MEMBER OF EXECUTIVE COUNCIL (MEC)

The DEDEAT Group is the implementation backbone of the Eastern Cape Economic Cluster that primarily seeks to develop an integrated provincial perspective on rural development, consolidate support for the non-auto manufacturing and auto cluster initiatives, and strengthen sector analysis, capacity and action research. In implementing these priorities, the Department will work closely with its public entities whose mandates are as follows:

TABLE 6: PUBLIC ENTITIES AND THEIR CORRESPONDING LEGISLATION/MANDATE

Public Entity	Mandate / Legislation	2018/19 DEDEAT Allocation (R'000)
Eastern Cape Development Corporation (ECDC)	The Eastern Cape Development Corporation was established in terms of the Eastern Cape Development Corporation Act 2 of 1997. The mandate as per preamble of the ECDC Act is to plan, finance, co-ordinate, market, promote and implement the development of the Province and all its people in the fields of industry, commerce, agriculture, transport and finance.	181 375
East London Industrial Development Zone	The IDZ Regulations to the Manufacturing Development Act (MDA), Act 187 of 1993 was the basis for the establishment of the ELIDZ to pursue the aims and objectives of the Industrial Development Zone (IDZ) Programme. The main mandate is to secure the attraction of strategic investments for purposes of promoting the export competitiveness of South African manufactured products/services; strengthening, expanding and diversifying the local and regional economy; enabling exploitation (via beneficiation of regional natural resources); securing advanced foreign production and technology methods; and encouraging skills transfer and local intellectual capital development.	112 172
Coega Development Corporation (CDC)	The Coega Development Corporation (Pty) Ltd ("CDC") was established in 1999 from the derivatives of Regulations promulgated in terms of the Manufacturing Development Act 187 of 1993. The main mandate is to secure the attraction of strategic investments for purposes of promoting the export competitiveness of South African manufactured products/services; strengthening, expanding and diversifying the local and regional economy; enabling exploitation (via beneficiation of regional natural resources); securing advanced foreign production and technology methods; and encouraging skills transfer and local intellectual capital development.	30 000 ⁵
Eastern Cape Parks and Tourism Agency (ECPTA)	The Eastern Cape Parks and Tourism Agency is established in terms of the Eastern Cape Parks and Tourism Agency Act, 2 of 2010. The ECPTA's mandate is to develop and manage protected areas and promote and facilitate the development of tourism in the Province. The legislation provides for the establishment of an Eastern Cape Tourism Development Fund to empower and develop previously disadvantaged individuals in the tourism sector; and for an Eastern Cape Biodiversity Conservation and Development Fund to empower and develop previously disadvantaged individuals and to promote biodiversity conservation in Protected Areas.	206 805

⁵ The allocation is made for operational support for transition from IDZ to SEZ. This is an interim allocation and further funding will likely be provided during the adjustment estimate budget. Therefore, no specific allocation has been made to link with specific outputs in relation to jobs, people trained, investments and investment value for the 2018/19 financial year.

Public Entity	Mandate / Legislation	2018/19 DEDEAT Allocation (R'000)
Eastern Cape Gambling Board	The Eastern Cape Gambling Amendment Act, 2015 (Act No. 1 of 2015) amended the Eastern Cape Gambling Act, 1997 (Act No. 5 of 1997) and came into operation on 1 August 2016. On the 19 th February 2018 the Honourable Premier published a Proclamation bringing into operation section 4 and section 5 of the Eastern Cape Gambling Amendment Act, 2015 (Act No. 1 of 2015). These sections provide that the juristic person will be known as the Eastern Cape Gambling Board. The ECGB was mandated to oversee all gambling and betting activities in the Province and establish, develop and maintain the Board as an effective and efficient regulatory agency. The oversight functions extend to casino operations, horse racing, route and site operations based on limited pay-out machines (LPMs), bingo halls and clubs, licensing of gaming equipment manufacturers and suppliers, registration of gambling and betting personnel and curbing illegal gambling operations.	55 761
Eastern Cape Liquor Board (ECLB)	The Eastern Cape Liquor Board was established in terms of the Eastern Cape Liquor Act 10 of 2003 with the following mandate: To regulate the registration of retail sales and micro-manufacturing of liquor in the province; to encourage and support the liquor industry in the management and reduction of the socio-economic and other costs of excessive alcohol consumption by creating a conducive environment in which new entrants into the liquor industry is facilitated; measures are taken against those selling liquor outside of the regulatory framework; those involved in the liquor industry attain and maintain adequate standards of service delivery; ward committees and communities are encouraged to participate in the consideration of applications for registration certificates; and address the challenges facing the liquor industry in the Province.	58 541

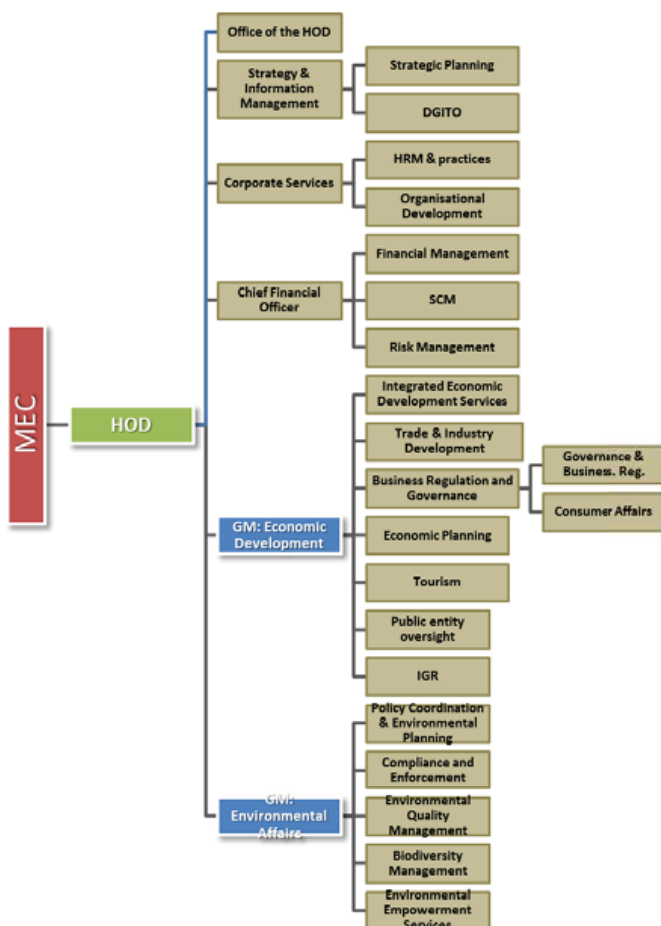


Organisational Environment

COMPETENCIES AND CAPABILITIES

This section deals with the strength and weakness internal to the Department. The leadership of the Department continues to be stable. This leadership is supported by a well-qualified and experienced management team. The following is the current programme structure which is aligned to the budget programme structures of the Economic Development, Tourism and Environmental Affairs Programmes.

FIGURE 2: HIGH LEVEL ORGANOGRAM



Service Delivery Model (SDM):

The Department of Economic Development Environmental Affairs and Tourism has developed a service delivery model based on the legislative and policy mandates. The SDM is premised on the past offerings and forecasts the delivery format in line with assessed internal and external analysis. The model focuses on six elements of situation analysis, mandate, services offered, evaluation of current delivery mechanism, proposed delivery mechanism and risks factors. Services are provided mainly through the economic development and environmental management services through six District offices and six public entities. As at 31 March 2017, the department had 545 employees. The employee numbers exclude those within the six public entities. A new organisational structure was approved by the Minister of Public Service and Administration on 26 February 2018, which is leaner and has a total of 567 posts of which 225 posts will be at head office and 342 posts in regional offices.

Staff turnover has been relatively low over the years. In the 2016/17 financial year, the staff turnover was 8.46%. there were 17 appointments / transfers into the Department while there were 23 terminations / transfers out of the Department. During the same period, the department was not able to fully implement the workplace skills plan due to capacity constraints in the unit, but also budgetary pressures within the department. In the 2016/17 financial year, the department awarded 38 bursaries to employees.

In support of DEDEAT's objectives, the following Public Entities were established to drive economic and sustainable development initiatives and to regulate specific sectors/areas in the Eastern Cape:

1. Eastern Cape Development Corporation (ECDC)
2. Eastern Cape Parks & Tourism Agency (ECPTA)
3. Eastern Cape Gambling Board (ECGB)
4. Eastern Cape Liquor Board (ECLB)
5. East London Industrial Development Zone (ELIDZ)
6. Coega Development Corporation (CDC)

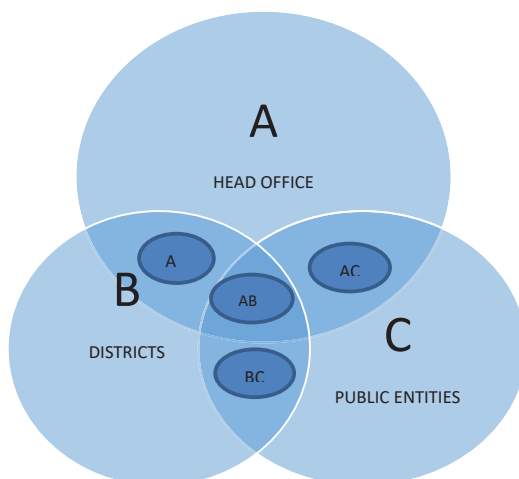
The ECPB and ECTB were merged in 2010 to form the Eastern Cape Parks and Tourism Agency (ECPTA). Fifty-eight percent of the Vote allocation for the Department is transferred to the six public entities of the Department. The majority of these public entities are located in East London. Their presence in Districts shows a varied pattern with the two IDZs (ELIDZ and Coega) located in East London and Port Elizabeth. Public Entities provide services aligned to the legislative and policy mandate of the Department. District Offices were established to enable reach of the Department's

programmes. Most of the functions and budgets are however centralized at Head Office while Districts perform limited Corporate Service functions. The Department had to grapple with the issue of capacity which was not readily available in the District Offices.

The department is making use of transversal systems for both financial and human resources management. These are named BAS and PERSAL respectively. In addition, a workflow system called EVAYA, which was introduced in 2012, is proving to be efficient and effective in the operations of the department. The system allows officials to process their memos, leave applications and approval of documents electronically irrespective of location and time for all officials as long they have access to the network. A new ICT Enterprise architecture has been developed. Over the next few years, different systems will be developed including performance management system to enhance organisational performance.

The budget programme structure of the Department follows a National Treasury gazetted structure for all Provincial Departments of Economic Development, Environmental Affairs and Tourism. Any service offering within the legislative and policy mandate fits within the gazetted budget programme structure. In summary, the delivery model of the department is as follows:

FIGURE 3: SUMMARY OF DEDEAT SERVICE DELIVERY MODEL



This Service Delivery Model (SDM) provides high-level breakdown of services between Head Office (A), Districts (B) and Public Entities (C). Critical to the SDM is not only reflecting what the primary focus areas are for each component, but the process areas that form a critical chain between the

components. For the delivery model to be effective, sufficient resources and capacity need to be provided. This is highly unlikely in the current period due to tightening fiscal position of government. Where the department and its entities cannot deliver directly, the work is outsourced to third parties. The department continues to explore partnerships in order to extend its reach and effectiveness.



Revisions to legislative and other mandates

The government outcomes that were introduced after the publication of the Strategic Plan (2010/11 – 2014/15) remain relevant to the Department even though these were expanded to 14. The outcomes more relevant to the Department are following: Outcomes 4, 5, 6, 7, 10 and 12.

The following table presents a range of policy initiatives which are either underway or planned for continuation in the 2018/19 financial year:

FIGURE 4: KEY POLICY INITIATIVES

Key policy initiatives			
A range of policy initiatives are underway to meet each of the identified Departmental priorities		Realignment and streamlining of the DEDEA and its public entities to increase effectiveness and efficiencies	Enhancement of Public Entity Oversight Enhancement of support for the IDZs Enhanced strategic planning, monitoring and evaluation capacity
		Rapid advancement of rural development to address Apartheid-created spatial distortions and poverty	Establishment of a Special Economic Zone on the Wild Coast Small Towns Revitalization Programme
		Management and protection of the natural environment	Implementation of the Eastern Cape Environmental Act Implementation of the Provincial Climate Change Mitigation and Adaptation Strategy
		Protection, diversification and expansion of manufacturing and services sectors	Implementation of sector plans in support of the Provincial Industrial Development Strategy Framework, the New Growth Path and IPAP2 Roll-out of the Buy Eastern Cape campaign Promote industry dialogue on sector priorities Drive the roll-out of Provincial Strategic Projects that facilitate economic development
		Achieving a sustainable balance between economic growth and responsible use of land and natural resources	Implementation of "Green Economy" Guidelines for the Province Support for economically beneficial environmental projects at a local level
		Creating an enabling regulatory function that ensures legal and regulatory compliance	Enhancement of existing promotion, compliance and enforcement capability for both environmental and economic development Enhancement of partnerships with law enforcement agencies
		Creation of an enabling environment to support enterprise development	Continued SMME and Cooperatives enablement and support
		Support sectors with higher rates of labour absorption	Continued rollout of the comprehensive Job Stimulus Programme (Job Stimulus Fund, Job Creation Strategy and Jobs Monitoring Facility)

Status of the following pieces of legislation should be noted:



- ✓ The Eastern Cape Gambling Amendment Act, 2015 (Act No. 1 of 2015) amended the Eastern Cape Gambling Act, 1997 (Act No. 5 of 1997) and came into operation on 1 August 2016. On the 19th February 2018 the Honourable Premier published a Proclamation bringing into operation section 4 and section 5 of the Eastern Cape Gambling Amendment Act, 2015 (Act No. 1 of 2015). These sections provide that the juristic person will be known as the Eastern Cape Gambling Board. The impact of the Legislation provides for the following: reinforced monitoring to enforce compliance by the industry; an expanded revenue-base and increased economic contribution; a revised regulatory system that caters for new forms of gambling; a quicker decision making process and responsiveness to demands; and enhanced suitability of mechanisms to promote entry into the industry. The Regulations in terms of the Act were published for public comment on the 12th February 2018 and will be processed during the first quarter of 2018/2019.
- ✓ The Eastern Cape Liquor Authority Bill, 2016 was published for public comment on the 24th October 2016. The Honourable MEC extended the period for the public to comment until the 18th May 2017. The comments were considered and the Bill was approved by the Executive Council. The Bill was tabled at the Provincial Legislature during October 2017. Liquor regulations will be drafted and gazetted for public comment once the Bill has been processed through the Legislative procedures. This will only occur once the Bill is finalised.
- ✓ The White Paper on Consumer Protection in the Eastern Cape and the Eastern Cape Consumer Protection Bill, 2016 have been tabled at the Eastern Cape Provincial Legislature. The Bill when proclaimed and in operation will provide the Office of the Consumer Protector with the necessary legislative mandate to ensure a more effective and efficient service to consumers within the Eastern Cape and will be aligned to the Consumer Protection Act and provides for procedures and mechanisms to provide redress to consumers. Provision is made for the establishment of the Eastern Cape Consumer Tribunal for referral of complaints that are not resolved in terms of alternative dispute resolution mechanisms.
- ✓ The Eastern Cape Parks and Tourism Agency Act (No 2 of 2010) was reviewed. The Eastern Cape Parks and Tourism Bill, 2018 was published for public comment on the 12th February 2018. The Bill will promote alignment with the National tourism legislation whilst it will seek to address gaps that have been identified which have a direct impact on implementation.
- ✓ The Department together with the two IDZs will work together to ensure the transition of the existing IDZs into SEZs. Work will continue and ensure full conversion of existing development zones into

fully-fledged SEZs by 2019 in line with the SEZ Act and associated regulations. The Department is currently drafting a White Paper on Eastern Cape Special Economic Zones Management. The aim is to develop a policy to ensure the efficient governance and management of the business affairs of the SEZs; to ensure management of the SEZs in accordance with the Companies Act as well as the Public Finance Management Act; and to inform the development of the Special Economic Zone in alignment with provincial economic goals and objectives. The Policy will ensure that the management of SEZ's will ensure compliance with the Constitution and other legislation, will promote good governance and accountability and provide for mechanisms to ensure that the Department is able to fulfil its Public Entity Oversight function.

- ✓ The Department is currently reviewing the Eastern Cape Development Corporation Act, 1997 (Act no. 2 of 1997). A White Paper and Bill will then be developed to align with the Economic Policy direction of the country and the province.
- ✓ Formal and Informal businesses are currently governed by the Business Act, 1991 (Act No. 71 of 1991) which predates the Constitution of the Republic of South Africa, 1996. The Department is currently working on the policy development of a White Paper on Businesses in the Eastern Cape which will culminate in the publication for comment of the Eastern Cape Businesses Bill. The overall intention of the Bill will be to repeal the Business Act no 71 of 1991, provide for measures to protect consumers in the Province against unhealthy, harmful, and unsafe goods and business practises, provide for the designation of Licensing, Permitting and Registration Authorities, Committees and Officers in the Province and their objects, powers, duties and functions, provide for a conducive environment to ensure graduation and transitioning of small businesses operating in the informal sector into the main stream economy, provide for a developmental agenda that covers transfer of skills, capacity building and business support to the SMME's and to provide for business data collection across the board that will be beneficial to proactive economic planning regime.
- ✓ Various NEMA Act Regulations were amended in 2014 and 2015. These will be factored during implementation of the DEDEAT strategy. Examples include Amendments to CITES Regulations, 2014; Alien and Invasive Species Regulations,; Environmental Impact Assessment Regulations, Regulations for the registration of professional hunters, hunting outfitters and trainers (GN1147 - GG38347) and regulations for admission of guilt fines: National Environmental Management Waste Act, 2008 (Act No.59 of 2008). The C&E sub programme will be severely affected because there is more legislation to monitor compliance with and to enforce.
- ✓ The department is already factoring some of the issues in the national youth policy 2020 (2015) which cover unemployment and joblessness, inadequate skills development, high rates of violence and substance abuse and disability and exclusion. The policy proposals of economic participation and transformation, education and skills, youth absorption into employment and income

opportunities such as EPWP are already factored in the operations of the department. The department has learnership and internship programme for youth. The SMME desk is also supporting youth SMMEs including enterprise education and training, incubation and access to both finance and markets. The ECLB and ECGBB already have programmes to support irresponsible gambling and alcohol abuse.



Overview of 2018/19 Budget and MTEF estimates

TABLE 7: DEPARTMENT MTEF BUDGET & EXPENDITURE ESTIMATES

R thousand	Outcome				Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates			% change from 2017/18
	2014/15	2015/16	2016/17	2017/18				2018/19	2019/20	2020/21	
1. Administration	205 775	196 745	220 907	235 239	232 790	231 261	231 261	234 687	253 288	261 685	1.5
2. Economic Development And Tourism	621 564	760 022	522 790	531 339	587 047	593 976	593 976	591 542	544 704	575 364	1.3
3. Environmental Affairs	303 019	285 584	295 827	302 980	298 829	297 044	297 044	319 777	342 588	362 418	7.7
Total payments and estimates	1 134 358	1 246 351	1 039 524	1 069 558	1 118 666	1 112 281	1 112 281	1 146 006	1 140 500	1 199 467	3.0

TABLE 8: BUDGET SUMMARY BY ECONOMIC CLASSIFICATION

R thousand	Outcome				Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates			% change from 2017/18
	2014/15	2015/16	2016/17	2017/18				2018/19	2019/20	2020/21	
Current payments	356 954	393 835	335 171	384 066	390 640	386 717	386 717	415 112	439 855	459 644	7.3
Compensation of employees	214 221	216 292	225 822	252 955	252 249	250 496	250 496	265 851	283 808	308 140	6.1
Goods and services	142 733	177 563	129 349	131 111	138 391	136 221	136 221	148 261	156 047	161 504	9.6
Interest and rent on land	-	-	-	-	-	-	-	-	-	-	-
Transfers and subsidies to:	728 837	756 996	648 388	667 152	676 429	676 102	676 102	684 702	684 906	723 896	1.3
Provinces and municipalities	18 705	76 132	28 501	12 038	13 038	12 653	12 653	13 450	11 062	11 671	6.3
Departmental agencies and accounts	663 996	649 828	590 940	622 782	636 482	636 482	636 482	645 657	647 276	680 940	1.4
Higher education institutions	10 315	3 433	3 042	3 100	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	30 915	23 796	24 237	24 476	24 476	24 476	24 476	22 801	23 566	28 529	(6.8)
Non-profit institutions	2 366	978	1 300	1 783	1 433	1 541	1 541	1 794	1 525	1 609	16.4
Households	2 510	2 829	2 378	2 973	1 000	950	950	1 000	1 087	1 147	5.3
Payments for capital assets	48 467	95 500	33 897	18 340	51 597	49 462	49 462	46 192	15 819	15 927	(6.6)
Buildings and other fixed structures	36 741	71 018	21 357	1 708	34 925	32 562	32 562	34 524	-	-	6.0
Machinery and equipment	11 668	24 482	12 540	16 632	16 672	16 900	16 900	11 668	15 819	15 927	(31.0)
Heritage Assets	-	-	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-	-	-
Software and other intangible assets	658	-	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	2 058	-	-	-	-	-	-	-	-
Total economic classification	1 134 358	1 246 351	1 039 524	1 069 558	1 118 666	1 112 281	1 112 281	1 146 006	1 140 500	1 199 467	3.0

PERFORMANCE AND EXPENDITURE TRENDS

Tables 7 and 8 show the summary of payments and estimates per programme and economic classification. The actual expenditure decreased from R1.134 billion in 2014/15 to a revised estimate of R1.112 billion in 2017/18 due to reduction of allocation to Coega for the provincial social infrastructure programme. The budget further increase to R1.146 billion in 2018/19 due to operational costs in support of the transition of Coega Development Corporation (CDC) from being an IDZ to a fully-fledged SEZ as well as provision for the approval of a revised organisational structure sent to the Department of Public Service and Administration (DPSA).

Compensation of Employees increased from R214.221 million in 2014/15 to a revised estimate of R250.496 million in 2017/18 and further increased to R265.851 million in 2018/19 due to the annual improvement in conditions of services (ICS adjustment) throughout the years. The 2018/19 budget includes funds to create human resource capacity in critical areas in the core programmes.

Expenditure on Goods and Services decreased from R142.733 million to a revised estimate of R136.221 million in 2017/18 as a result of reduction in the allocation to the CDC for social infrastructure projects. In 2018/19, the budget increases to R149.261 million due to computer services related programmes and other programmes for consumer protection and a change of economic classification for the transfers to higher education institutions from transfers and subsidies.

Transfers to public entities are the main cost driver of expenditure. Transfers and Subsidies decreased from R728.937 million in 2014/15 to a revised estimate of R676.102 million in 2017/18. The decrease is due to the change of the economic classification of the social infrastructure programme from Transfers and Subsidies to Goods and Services. In 2018/19, the budget increases to R684.702 million due to operational costs in support of the transition.

Payments for Capital assets increased from R48.467 million in 2014/15 to a revised estimate of R49.462 million in 2017/18 due to the allocation of funds for CDC social infrastructure capital projects and planning funding for economic infrastructure. In 2018/19, the budget decreases to R46.192 million due to completion of Coega Integrated Social Infrastructure Development projects.



PART B: PROGRAMME AND SUB-PROGRAMME PLANS

Hereunder is a comprehensive description of the Department's programmes and sub-programmes, strategic goal and strategic objectives, performance indicators and their targets. The Department is structured as follows:

TABLE 9: PROGRAMMES AND SUB-PROGRAMMES

Programme	Sub-Programmes	Sub-Sub-Programmes
Programme 1: Administration	1.1. Office of the MEC	1.1: Office of the MEC
	1.2. Office of the HOD	1.2.1: Office of the HOD
		1.2.2 Strategic Management
		1.2.3 IT Management
		1.2.4 Monitoring and Evaluation
	1.3. Financial Management	1.3.1 Financial management
		1.3.2 Supply Chain Management
		1.3.3 Compliance and Risk Management
	1.4. Corporate Services	1.4.1: HR Planning and Practices
		1.4.2 Organisational Development
Programme 2: Economic Development	2.1: Integrated Economic Development Services	2.1.1: Enterprise Development
		2.1.2: Regional and Local Economic Development
		2.1.3: Economic Empowerment
	2.2: Trade and Sector Development	2.2.1: Trade and Investment Promotion
		2.2.2: Sector Development
		2.2.3: Strategic initiatives
	2.3. Business Regulation and Governance	2.3.1. Public Entity Oversight, Inter-governmental Relations and Resource Mobilisation
		2.3.2. Regulation Services
		2.2.3. Consumer protection
		2.3.4. Liquor Regulation
		2.3.5. Gambling and Betting
	2.4. Economic Planning	2.4.1. Policy and Planning
		2.4.2. Research and Development
		2.4.3. Knowledge Management
		2.4.4. Monitoring and Evaluation
	2.5. Tourism	2.5.1. Tourism Planning
		2.5.2. Tourism Growth and Development
		2.5.3. Tourism Sector Transformation
Programme 3: Environmental Affairs	3.1 Environmental Policy, Planning and Coordination	3.1.1. Intergovernmental Coordination, Spatial and Development Planning.
		3.1.2. Legislative Development
		3.1.3. Research and Development Support
		3.1.4. Environmental Information Management

Programme	Sub-Programmes	Sub-Sub-Programmes
		3.1.5. Climate Change Management
	3.2 Compliance and Enforcement	3.2.1. Environmental quality management compliance and enforcement
		3.2.2. Biodiversity management, compliance and enforcement
	3.3 Environmental Quality Management	3.3.1. Impact Management
		3.3.2. Air Quality Management
		3.3.3. Pollution and Waste Management
	3.4 Biodiversity Management	3.4.1. Biodiversity and Protected Area Planning and Management
		3.4.2. Conservation Agencies & Services
		3.4.3. Coastal Management
	3.5 Environmental Empowerment Services	3.5.1. Environmental Capacity Development and Support
		3.5.2. Environmental Communication and Awareness Raising



PROGRAMME 1: Administration

Purpose

To provide the Department with strategic leadership and management, as well as overall administrative and performance oversight.

TABLE 10: PROGRAMME 1 OVERVIEW

Sub-Programme	Sub-Programme Purpose
1.1: Office of the MEC	Provide overall political and policy leadership for the Department
1.2: Office of the HOD	Provide effective and efficient strategic leadership to the Department.
1.3: Financial management	Establish and maintain appropriate financial management systems.
1.4: Corporate Services	Ensure adequate provision of institutional capacity through effective human capital management, organisational development interventions.



STRATEGIC OBJECTIVE INDICATORS AND ANNUAL TARGETS FOR 2018/19
TABLE 11: PROGRAMME 1 STRATEGIC OBJECTIVE ANNUAL TARGETS 2018/19

Strategic Objectives:	Strategic Performance Indicator	Audited/Actual performance			Estimated Performance 2017/18	Medium-term targets		
		2014/15	2015/16	2016/17		2018/19	2019/20	2020/21
SO1: High Performance Organisation	Organisational performance index ⁶	Not measured	4.5	-	-	5	-	-
	Financial maturity index ⁷	Not Finalised	3	3	3	3	3	3
	HR efficiency index ⁸	5.5	7.5	7	6	6.5	7	7
	Customer relations index ⁹	Not finalised	4	4.5	3.5	4	4	4

⁶ This index is measured on a scale from 1 (lowest) to 5 (highest) and is based on the organisational performance assessment tool administered by the Strategic Management Unit. After 2015/16, the tool will be administered every 3 years. The next target will be set for 2018/19 since this is more of an evaluation.

⁷ This index is measured on a scale from 1 (lowest) to 3 (highest) and is based on a Treasury composite questionnaire administered by Financial Management.

⁸ This refers to the perceived (by end users of HR services) ability of the HR components to strategically assist in the achievement of service delivery goals of the department. The index is measured on a scale from 1 (lowest) to 10 (highest) and is based on a DPSA composite questionnaire administered by Corporate Services.

⁹ This index is measured on a scale from 1 (lowest) to 5 (highest) and is based on a composite questionnaire administered by Corporate Services.

Note: There are no performance measures in this Annual Performance Plan for Sub-Programme 1.1: Office of the MEC. Activity outputs of the office of the MEC are listed in the operational plan.

TABLE 12: SUB-PROGRAMME 1.2: OFFICE OF THE HOD

National and Provincial priority/outcome	Performance Indicator	Audited/Actual performance			Estimated Performance 2017/18	Medium-term targets		
		2014/15	2015/16	2016/17		2018/19	2019/20	2020/21
Realignment and streamlining of the DEDEAT and its public entities to increase effectiveness and efficiencies ¹⁰	1.1 Average MPAT score	New Indicator	New Indicator	2.1	2.7	3	3.5	3.8
	1.2 % network functionality	New Indicator	New Indicator	95%	100%	100%	100%	100%

TABLE 13: SUB-PROGRAMME 1.3: FINANCIAL MANAGEMENT

Strategic Objectives: SO1: Improved Organisational Performance	Audited/Actual performance			Estimated performance 2017/18	Medium-term targets		
	2014/15	2015/16	2016/17		2018/19	2019/20	2020/21
National and Provincial priority/outcome	Performance Indicator						
Realignment and streamlining of DEDEAT and its public entities to increase	1.3	Average number of days to pay suppliers	New Indicator	New Indicator	30	30	30
	1.4	Annual audit outcome	New Indicator	New Indicator	Unqualified	Unqualified	Clean

¹⁰ The source of this priority is the DEDEAT Strategic Plan 2015-19. This is the first of seven strategic policy initiative pillars of the Department.

Strategic Objectives: SOT: Improved Organisational Performance	Audited/Actual performance			Estimated performance 2017/18	Medium-term targets		
	2014/15	2015/16	2016/17		2018/19	2019/20	2020/21
effectiveness and efficiencies							

TABLE 14: SUB-PROGRAMME 1.4: CORPORATE SERVICES

National and Provincial priority/ outcome	Performance Indicator	Audited/Actual performance			Estimated performance 2017/18	Medium-term targets		
		2014/15	2015/16	2016/17		2018/19	2019/20	2020/21
Realignment and streamlining of the DEDEAT and its public entities to increase effectiveness and efficiencies	1.5 % implementation of the work skills plan	New Indicator	New Indicator	80%	80%	80%	85%	90%
	1.6 % of staff complying with all PMDS processes (contracts and reviews)	New Indicator	New Indicator	90%	92%	95%	95%	95%

TABLE 15: PROGRAMME 1: STRATEGIC OBJECTIVES ANNUAL TARGETS 2018/19

Strategic Objective Indicator	Reporting Period	Annual Target	Quarterly Targets 2018/19			
			1 st	2 nd	3 rd	4 th
Administration						
Organisational performance index ¹¹	Every 3 years	5	-	-	-	5
Financial maturity index ¹²	Annually	3	-	-	-	3
HR efficiency index ¹³	Annually	6.5	-	-	-	6.5
Customer relations index ¹⁴	Annually	4	-	-	-	4

QUARTERLY TARGETS FOR PROGRAMME 1

TABLE 16: PROGRAMME 1 QUARTERLY TARGETS 2018/19

Performance Indicator	Reporting Period	Annual Target	Quarterly Targets 2018/19			
			1 st	2 nd	3 rd	4 th
Sub programme 1.1: Office of the HOD						
1.1 Average MPAT score	Annually	3	-	-	-	3
1.2 % network functionality	Quarterly	100%	100%	100%	100%	100%
Sub programme 1.2: Financial Management						
1.3 Average number of days to pay suppliers	Quarterly	30	30	30	30	30

¹¹ This index is measured on a scale from 1 (lowest) to 5 (highest) and is based on the organisational performance assessment tool administered by the Strategic Management Unit. After 2015/16, the tool will be administered every 3 years. The next target will be set for 2018/19 since this is more of an evaluation.

¹² This index is measured on a scale from 1 (lowest) to 3 (highest) and is based on a Treasury composite questionnaire administered by Financial Management.

¹³ This refers to the perceived (by end users of HR services) ability of the HR components to strategically assist in the achievement of service delivery goals of the department. The index is measured on a scale from 1 (lowest) to 10 (highest) and is based on a DPSA composite questionnaire administered by Corporate Services.

¹⁴ This index is measured on a scale from 1 (lowest) to 5 (highest) and is based on a composite questionnaire administered by Corporate Services.

Performance Indicator		Reporting Period	Annual Target	Quarterly Targets 2018/19			
				1 st	2 nd	3 rd	4 th
1.4	Annual audit status	Annually	Unqualified	-	Unqualified	-	-
Sub programme 1.3: Corporate Services							
1.5	% implementation of the work skills plan	Annually	80%	-	-	-	80%
1.6	% of staff complying with all PMDS processes (contracts and reviews)	Quarterly	95%	-	-	-	95%



TABLE 17: DEPARTMENT MTEF BUDGET & EXPENDITURE ESTIMATES

R thousand	Outcome			Main appropriation	Adjusted appropriation 2017/18	Revised estimate	Medium-term estimates		% change from 2017/18
	2014/15	2015/16	2016/17				2018/19	2020/21	
1. Office Of The Mec	1 197	1 451	2 130	1 918	2 548	2 363	3 029	3 141	28.2
2. Office Of The Hod	56 470	53 169	68 197	70 700	65 800	65 385	66 090	73 291	1.1
3. Financial Management	96 865	96 167	99 471	105 499	106 445	106 198	103 528	111 657	(2.5)
4. Corporate Services	55 243	45 958	51 109	57 122	57 997	57 315	62 040	65 199	8.2
Total payments and estimates	209 775	196 745	220 907	235 239	232 790	231 261	234 687	253 288	1.5

TABLE 18: BUDGET SUMMARY BY ECONOMIC CLASSIFICATION

	Outcome			Main appropriation	Adjusted appropriation 2017/18	Revised estimate	Medium-term estimates			% change from 2017/18
R thousand	2014/15	2015/16	2016/17				2018/19	2019/20	2020/21	
Current payments	195 439	179 299	205 178	217 051	215 158	213 451	224 015	238 490	246 835	4.9
Compensation of employees	106 807	103 037	108 294	127 475	118 105	116 618	123 132	132 454	142 543	5.6
Goods and services	88 632	76 262	96 884	89 576	97 053	96 833	100 883	106 036	104 292	4.2
Interest and rent on land	–	–	–	–	–	–	–	–	–	–
Transfers and subsidies to:	2 610	2 829	2 378	2 973	1 000	950	1 003	1 090	1 150	5.6
Provinces and municipalities	–	–	–	–	–	–	–	–	–	–
Departmental agencies and accounts	–	–	–	–	–	–	3	3	3	–
Higher education institutions	–	–	–	–	–	–	–	–	–	–
Foreign governments and international organisations	–	–	–	–	–	–	–	–	–	–
Public corporations and private enterprises	–	–	–	–	–	–	–	–	–	–
Non-profit institutions	–	–	–	–	–	–	–	–	–	–
Households	2 610	2 829	2 378	2 973	1 000	950	1 000	1 087	1 147	5.3
Payments for capital assets	11 726	14 617	11 293	15 215	16 632	16 860	9 669	13 708	13 700	(42.7)
Buildings and other fixed structures	–	–	–	–	–	–	–	–	–	–
Machinery and equipment	11 068	14 617	11 293	15 215	16 632	16 860	9 669	13 708	13 700	(42.7)
Heritage Assets	–	–	–	–	–	–	–	–	–	–
Specialised military assets	–	–	–	–	–	–	–	–	–	–
Biological assets	–	–	–	–	–	–	–	–	–	–
Land and sub-soil assets	–	–	–	–	–	–	–	–	–	–
Software and other intangible assets	658	–	–	–	–	–	–	–	–	–
Payments for financial assets	–	–	2 038	–	–	–	–	–	–	–
Total economic classification	209 775	196 745	220 907	235 239	232 790	231 261	234 687	253 288	261 685	1.5

PERFORMANCE AND EXPENDITURE TRENDS

Tables 17 and 18 above, shows that actual expenditure increased from R209.775 million in 2014/15 to a revised estimate of R231.261 in 2017/18 due to CPI inflation and estimated payments of PMDS. In 2018/19, the budget increases to R234.687 million due to CPI inflation rate.

Compensation of Employees increased from R106.807 million in 2014/15 to a revised estimate of R116.618 million in 2017/18 due to annual ICS adjustments. In 2018/19, the budget increase to R123.132 million or 5.6 per cent due to reprioritization and ICS inflationary adjustments.

Goods and Services increased from R88.632 million in 2014/15 to a revised estimate of R96.833 million in 2017/18 due to the re-alignment of the available funds towards the support of core programmes fleet services and operating leases. In 2018/19, budget increases to R100.883 million or 4.2 per cent due to the payment of ICT services.

Transfers and Subsidies decreased from R2.610 million in 2014/15 to a revised estimate of R950 thousands in 2017/18 due to decline in the number of natural attrition and the payment of leave gratuities. In 2018/19, the budget increase to R1.003 million due to provision for leave gratuities.

Payments for Capital assets increased from R11.726 million in 2014/15 to a revised estimate of R16.860 million in 2017/18 due to provision made for office furniture in the regional offices, finance leases and the provision of departmental fleet. In 2018/19 budget decreased to R9.669 million or 42.7 per cent due to internal reprioritisation.



PROGRAMME 2: Economic Development and Tourism

Programme Purpose

The Economic Development and Tourism Programme is primarily responsible for promoting and administering sustainable economic development and job creation.

TABLE 19: PROGRAMME 2 OVERVIEW

Sub-Programme	Sub-Programme Purpose
2.1: Integrated Economic Development Services	<ul style="list-style-type: none"> To support and develop business enterprises. To promote economic growth and development of local economies with partnerships with key stakeholders by aligning Local and Regional Economic Development (LRED) initiatives with government programmes. To facilitate the process of empowerment and creation of an enabling business environment for PDIs.
2.2: Trade and Sector Development	<ul style="list-style-type: none"> To facilitate trade promotion, retention and attraction of investment in priority sectors. To facilitate implementation of National and Provincial Priority Programmes. To create an enabling environment for the sustainable economic growth and development in prioritised and emerging sectors in the Eastern Cape. To drive implementation of programmes in these prioritised sectors: agro processing; Automotive; Green Economy; Manufacturing; and Tourism
2.3: Business Regulation and Governance	<ul style="list-style-type: none"> To lobby for provision of a regulatory framework that addresses barriers in the broader business environment To promote good corporate governance principles, stability and efficiency in doing business. To develop, implement and promote measures that ensure the rights and interests of all consumers. To promote and maintain an effective and efficient system for regulation of business, industries and sectors.
2.4: Economic Planning	<ul style="list-style-type: none"> To develop evidence based provincial policies and strategies which inform decision making processes. To ensure accessible scientific information to inform economic policy and planning processes.
2.5: Tourism	<ul style="list-style-type: none"> To create an enabling tourism environment through legislation, policy and strategy development To create demand and supply for tourism To ensure sustainability and tourism sector transformation



STRATEGIC OBJECTIVE INDICATORS AND ANNUAL TARGETS 2018/19

TABLE 20: STRATEGIC OBJECTIVE ANNUAL TARGETS 2018/19

Strategic Objective	Strategic Objective Indicator	Audited/Actual performance			Estimated performance 2017/18	Medium-term targets		
		2014/15	2015/16	2016/17		2018/19	2019/20	2020/21
SO2: Employment created through sustainable and inclusive economic growth and development	Employment creation (growth in employment - %) ¹⁵	1.55	1.3	0.7	1.1	1.9	1.9	2.0
	Eastern Cape Regional Economic Growth Rate (GDPR - %) ¹⁶	1.67	1.1	0.6	0.7	1.2	1.2	1.3
	Industry growth rate	1.14	0.90	0.5	0.59	1.0	1.0	1.1

TABLE 21: PROGRAMME 2: STRATEGIC OBJECTIVE INDICATORS QUARTERLY TARGETS 2018/19

Strategic Objective Indicator	Reporting Period	Annual Target	Quarterly Targets 2018/19			
			1 st	2 nd	3 rd	4 th
Administration						
Employment creation (growth in employment - %)	Annually	1.9	-	-	-	1.9
Eastern Cape Regional Economic Growth Rate (GDPR - %)	Annually	1.2	-	-	-	1.2
Industry growth rate	Annually	1.0	-	-	-	1.0

¹⁵ This is reportable data which is generated from information reported by Statistics South Africa.

¹⁶ This is reportable data which is generated from information reported by Statistics South Africa.

PERFORMANCE INDICATORS AND ANNUAL TARGETS 2018/19

TABLE 22: SUB-PROGRAMME 2.1: INTEGRATED ECONOMIC DEVELOPMENT SERVICES

National and Provincial priority/outcome	Performance Indicators	Audited/Actual performance				Estimated performance 2017/18	Medium-term targets		
		2014/15	2015/16	2016/17			2018/19	2019/20	2020/21
Enterprise development									
Creating an enabling environment to support enterprise development, in reference with outcome 4: Decent employment through inclusive economic growth ¹⁷	2.1 Number of cooperatives provided with non-financial support ¹⁸	221	250 ¹⁹	88		65	98	108	118
	Regional and Local Economic Development								
	2.2 Number of economic development projects funded at local and regional levels ²⁰	12	8	9		8	8	8	8

¹⁷ The sources of this priority are DEDEAT Strategic Plan 2015 – 2019 policy initiative number seven and National Outcome number 4: Decent employment through inclusive economic growth which was facilitated and developed by the Presidency in May 2010.

¹⁸ Among others, cooperatives are provided with a range of support which may include assistance with co-operative governance and business management trainings; business plan development; source funding from various funding institutions; access to markets; mentorship; development of high level feasibility studies and monitoring and evaluation. Activities are dependent on the availability of funding.

¹⁹ Funding to Chris Hani District Cooperative Centre ended in 2015/16. Although the Cooperative Centre is not an entity of the department, it receives funding from other sources and continues to provide non-financial support services. Non-financial support services to cooperatives are now being provided by the Department's regional offices.

²⁰ Projects are directly funded by the DEDEAT through the LRED grant. The LRED grant fund has been reduced in the 2017/18 financial year. The department participates in LED forums in a number of Districts where COGTA and Municipalities participate to review strategic projects and sector strategies. In addition, District Support Teams (DST) convene quarterly to select projects to be funded under the LRED fund. The DST is used as a platform for identification, generation and packaging of projects. Upon approval, they also use this structure to strengthen monitoring and evaluation of these projects on monthly basis. The challenge though is that there is no LED-Provincial Working Group, and this needs to be resuscitated.

TABLE 23: SUB-PROGRAMME 2.2: TRADE AND SECTOR DEVELOPMENT

National and Provincial priority/outcome	Performance Indicator	Audited/Actual performance			Estimated performance 2017/18	Medium-term targets		
		2014/15	2015/16	2016/17		2018/19	2019/20	2020/21
Protection, diversification and expansion of manufacturing and services sectors: and Creating an enabling environment to support enterprise development.	2.3	8	5	5	6	6	6	6
	Outcome 10: Protection and enhancement of environmental assets and natural resources.							
Protection, diversification and expansion of manufacturing and services sectors	2.4	New Indicator	3	8	7	6	6	6
	2.5	New Indicator	New Indicator	2	3	4	5	5

TABLE 24: SUB-PROGRAMME 2.3: BUSINESS REGULATION AND GOVERNANCE

National and Provincial priority/outcome	Performance Indicator	Audited/Actual performance			Estimated performance 2017/18	Medium-term targets			
		2014/15	2015/16	2016/17		2018/19	2019/20	2020/21	
		Governance							
Creating an enabling regulatory function that ensures legal and regulatory compliance ²¹	2.6	Public Entities Accountability Index ²²	6.7	9	8.4	9	10	10	10
	Business regulation								
	2.7	Number of policy frameworks developed to enable the ease of doing business	New indicator	New indicator	New indicator	4	3	3	3
	Consumer protection								
	2.8	Number of consumer education programmes implemented ²³	6	6	6	6	6	6	6
	2.9	Number of participants reached ²⁴	New target	4 830	6089	5500	8600	9050	10000

²¹ The source of this priority is the DEDEAT Strategic Plan 2015 – 2019. Strategic policy initiative number six is linked to initiatives of this priority/outcome.

²² This is measured on a scale of 1 to 10. A score of 10 is the highest possible score which represent 100% (of the 34 index checklist measures). The assessment is made based on the degree to which both the department and the entities implement the provisions of the SLAs.

²³ Consumer education programmes are varied depending on the topical issues affecting Eastern Cape consumers. The following awareness programmes have been targeted for 2017/18: 1. The Role of The Office of The Consumer Protector. 2. Financial literacy. 3. Consumer Rights. 4. Right to Fair Value, Good Quality & Safety. 5. Spend Wisely Campaign. 6. Growing the Economy Through Tourism

²⁴ In future, participants reached would be expanded to include people reached through electronic media such as radio.

TABLE 25: SUB-PROGRAMME 2.4: ECONOMIC PLANNING

National and Provincial priority/outcome	Performance Indicator	Audited/Actual performance				Estimated performance 2017/18	Medium-term targets		
		2014/15	2015/16	2016/17	2018/19		2019/20	2020/21	
Policy and Planning									
Knowledge Management									
Protection, diversification and expansion of manufacturing and services sectors; and achieving a sustainable balance between economic growth and responsible use of land and natural resources ²⁵	2.10 Number of provincial economic intelligence reports produced ²⁶	3	3	3	4	4	4	4	

²⁵ The original source of this priority is the Eastern Cape PGDP 2004 – 2014. Pillar number 4 – manufacturing diversification and tourism are aligned to this priority area. Also the DEDEAT Strategic Plan 2010 – 15, policy initiative number 5 was linked to this key performance area.

²⁶ The department produces the following intelligence reports: 1. Socio-Economic Review & Outlook (SERO) 2. Eastern Cape Trade Tracker 3. Investment Monitor 4. Eastern Cape Economic Review.

TABLE 26: SUB-PROGRAMME 2.5: TOURISM

National and Provincial priority/outcome	Performance Indicator	Audited/Actual performance			Estimated performance 2017/18	Medium-term targets		
		2014/15	2015/16	2016/17		2018/19	2019/20	2020/21
Tourism Planning								
Legislation /policy	2.11	Status report on implementation of sector policies / strategies ²⁷	New indicator	0	2	2	2	2

²⁷ The department will track the implementation of the EC Tourism Master Plan and Action Plan 2020 and produce 2 half yearly (bi-annual) reports.

QUARTERLY TARGETS FOR PROGRAMME 2

TABLE 27: PROGRAMME 2 QUARTERLY TARGETS 2018/19

Performance Indicator		Reporting period	Annual target	Quarterly Targets 2018 / 19			
				1 st	2 nd	3 rd	4 th
Sub programme 2.1: Integrated Economic Development Services Enterprise Development							
2.1	Number of cooperatives provided with non-financial support	Quarterly	98	26	26	23	23
Regional and Local Economic Development							
2.2	Number of economic development projects funded at local and regional levels	Quarterly	8	-	-	-	8
Sub programme 2.2: Trade and Sector Development							
2.3	Number of sustainable energy initiatives facilitated	Annually	6	-	-	-	6
2.4	Number of manufacturing initiatives facilitated	Annually	7	-	-	-	7
2.5	Number of agro-processing initiatives facilitated	Annually	4	-	-	-	4

Sub programme 2.3: Business Regulation and Governance						
4.1. Governance						
2.6	Public Entities Accountability Index	Annually	10	-	-	10
Business Regulation						
2.7	Number of policy frameworks developed to enable the ease of doing business ²	Annually	3	-	-	3
Consumer Protection						
2.8	Number of consumer education programmes implemented	Quarterly	6	1	2	1
2.9	Number of participants reached	Quarterly	8600	1940	2640	690
Sub programme 2.4: Economic Planning						
Knowledge Management						
2.10	Number of provincial economic intelligence reports produced	Quarterly	4	1	1	1
Sub programme 2.5: Tourism						
Tourism Planning						
2.11	Status report on implementation of sector policies / strategies	Bi-annually	2	-	1	1

TABLE 28: DEPARTMENT MTEF BUDGET & EXPENDITURE ESTIMATES

R thousand	Outcome			Main appropriation	Adjusted appropriation 2017/18	Revised estimate	Medium-term estimates			% change from 2017/18
	2014/15	2015/16	2016/17				2018/19	2019/20	2020/21	
1. Integrated Economic Development Services	136 081	145 339	160 197	168 534	170 741	170 644	180 827	185 439	196 016	6.0
2. Trade And Sector Development	365 246	492 933	232 373	215 757	267 395	264 496	252 525	195 453	203 962	(4.5)
3. Business Regulation & Governance	107 677	111 916	120 019	130 667	133 857	133 841	141 615	149 301	159 037	5.8
4. Economic Planning	4 606	5 510	6 057	6 982	5 655	5 604	7 525	7 517	7 893	34.3
5. Tourism	7 954	4 324	4 144	9 399	9 399	9 391	9 050	6 994	8 456	(3.6)
Total payments and estimates	621 564	760 022	522 790	531 339	587 047	583 976	591 542	544 704	575 364	1.3

TABLE 29: BUDGET SUMMARY BY ECONOMIC CLASSIFICATION

R thousand	2014/15	Outcome 2015/16	2016/17	Main appropriation	Adjusted appropriation 2017/18	Revised estimate	2018/19	2019/20	2020/21	% change from 2017/18
Current payments	82 029	129 863	63 304	69 486	81 117	80 409	88 881	85 668	88 665	10.5
Compensation of employees	39 605	41 370	43 010	46 532	57 170	57 139	59 930	57 406	62 436	4.9
Goods and services	42 424	88 493	20 294	22 954	23 947	23 270	28 951	28 262	26 229	24.4
Interest and rent on land	–	–	–	–	–	–	–	–	–	–
Transfers and subsidies to:	502 794	549 276	437 514	459 405	471 005	471 005	467 354	458 209	485 827	(0.8)
Provinces and municipalities	4 350	65 300	15 500	–	1 000	1 000	770	–	–	(23.0)
Departmental agencies and accounts	456 114	456 747	394 735	431 829	445 529	445 529	443 783	434 253	457 298	(0.4)
Higher education institutions	10 315	3 433	3 042	3 100	–	–	–	–	–	–
Foreign governments and international organisations	–	–	–	–	–	–	–	–	–	–
Public corporations and private enterprises	30 915	23 796	24 237	24 476	24 476	24 476	22 801	23 956	28 529	(6.8)
Non-profit institutions	1 100	–	–	–	–	–	–	–	–	–
Households	–	–	–	–	–	–	–	–	–	–
Payments for capital assets	36 741	80 883	21 972	2 448	34 925	32 562	35 307	827	872	8.4
Buildings and other fixed structures	36 741	71 018	21 357	1 708	34 925	32 562	34 524	–	–	6.0
Machinery and equipment	–	9 865	615	740	–	–	783	827	872	–
Heritage Assets	–	–	–	–	–	–	–	–	–	–
Specialised military assets	–	–	–	–	–	–	–	–	–	–
Biological assets	–	–	–	–	–	–	–	–	–	–
Land and sub-soil assets	–	–	–	–	–	–	–	–	–	–
Software and other intangible assets	–	–	–	–	–	–	–	–	–	–
Payments for financial assets	–	–	–	–	–	–	–	–	–	–
Total economic classification	621 564	760 022	522 790	551 339	587 047	583 976	591 542	544 704	575 364	1.3

PERFORMANCE AND EXPENDITURE TRENDS

Tables 28 and 29 above show expenditure and the budget allocation for Programme 2. The transfers to the entities include the ECDC, CDC, ELIDZ, ECLB and ECGBB and account for 55.2 per cent of the department's budget. The expenditure decline from R621.564 million in 2014/15 to a revised estimate of R583.976 million in 2017/18 due to the reduction in the social infrastructure programme implemented by Coega. In 2018/19 budget increases to R591.542 million due to operational costs in support of the transition of the CDC from being an IDZ to a fully-fledged SEZ

Compensation of Employees increased from R39.605 million in 2014/15 to a revised estimate of R57.139 million in 2017/18 due to the filling of vacant posts to strengthen the functional programme performance and ICS inflationary adjustments. The budget increases to R59.930 or 4.9 per cent in 2018/19 due to the ICS inflationary adjustments and provision for critical posts.

Goods and Services decreased from R42.424 million in 2014/15 to a revised estimate of R23.270 million in 2017/18 as result of reduction on the implementation of social infrastructure projects. In 2018/19, the budget increases to R28.951 million due to a change in classification of the higher education institutions.

Transfers and Subsidies decreased from R502.794 million in 2014/15 to a revised estimate of R471.005 million in 2017/18 due to the reduction of funding for infrastructure. In 2018/19, the budget further decreases by 0.8 per cent to R467.354 million due to reclassification of higher education institutions.

Payment for Capital Assets expenditure decreased from R36.741 million in 2014/15 to a revised estimate of R32.562 million in 2017/18 due to completion of Coega Social Infrastructure projects. In 2018/19, budget increases to R35.307 million or 8.4 per cent due to completion of Coega Social infrastructure projects.



PROGRAMME 3: Environmental Affairs

Purpose

The programme administers environmental policies that are cascaded from national level in line with the mandate of the Department. Importantly, it regulates environmental management through instruments such as the environmental impact assessments, compliance and enforcement, air quality, waste and biodiversity management tools.

Programme Overview

The Programme is responsible for monitoring and evaluating the work of the Eastern Cape Parks and Tourism Agency (ECPTA), the public entity tasked with implementing biodiversity management systems in Protected Areas and promoting private sector investment in Provincial Parks as well as Tourism development and transformation. The Programme delivers on its mandate through the following sub-programmes:

TABLE 30: PROGRAMME 3 STRUCTURE AND PURPOSE

Sub-Programme	Sub-Programme Purpose
3.1: Environmental Policy, Planning and Coordination	<ul style="list-style-type: none">To establish legislation, policies, programmes, procedures and systems that will effectively empower and support the core functional programmes.
3.2: Compliance and Enforcement	<ul style="list-style-type: none">To ensure that environmental legislation is effectively used to protect the environment and its resources from unlawful and unsustainable exploitation and negative impact.
3.3: Environmental Quality Management	<ul style="list-style-type: none">To strive towards a safe and healthy environment through effective environmental impact assessment, air quality management, waste and pollution management for the people of the Eastern Cape.
3.4: Biodiversity Management	<ul style="list-style-type: none">To conserve the diversity of landscapes, ecosystems, habitats, biological communities, populations, species & genes and promote conservation and sustainable use of natural resources in the Eastern Cape.
3.5: Environmental Empowerment Services	<ul style="list-style-type: none">To empower and capacitate the external stakeholders of the Department to meaningfully participate in and contribute to effective environmental management.

Programme 3 has the following strategic Objectives:

Short Statement: Strategic Objective 3.1	Climate change resilient and lower carbon footprint province
Objective Statement	Climate change resilient and lower carbon footprint province
Strategic Objective 3.2	Maintenance and sustainable use of provincial ecological resources
Objective Statement	Maintenance and sustainable use of provincial ecological resources

The following Strategic Objective Indicators have been removed and new ones will be crafted during the course of the 2018/19 financial year. The two indicators have been removed due to the fact that final values could not be computed accurately owing to unreliable and inconsistent data from multiple sources.

1. CO2 Emission
2. Status of Ecosystems and Species



TABLE 31: STRATEGIC OBJECTIVE ANNUAL TARGETS 2018/19

Strategic objectives:	Strategic Objective Indicator	Audited/Actual performance				Medium-term targets		
		2014/15	2015/16	2016/17	Estimated performance 2017/18	2018/19	2019/20	2020/21
SO3: Climate change resilient and lower carbon footprint province	Air Quality Management systems, processes and measures implemented.	New indicator	New indicator	New indicator	New indicator	Stakeholder consultation on options for a provincial climate change response strategy conducted	Provincial Climate Change Response Strategy Gazetted for Public Comments and Implementation Plan developed	3 provincial climate change response initiatives implemented
SO4: Maintenance and sustainable use of provincial ecological resources	Status of specified species ²⁸	-	-	-	Critically endangered	Critically endangered	Endangered	Endangered

²⁸ The indicator compares the status of identified species in the province compared to the previous year. Current species selected are the Cape Vulture and Cape Parrot since they are endangered / threatened. Categories as either threatened, vulnerable, endangered and critically endangered.

TABLE 32: PROGRAMME 3: STRATEGIC OBJECTIVE INDICATORS QUARTERLY TARGETS 2018/19

Strategic Objective Indicator	Reporting Period	Annual Target	Quarterly Targets 2018/19			
			1 st	2 nd	3 rd	4 th
Administration						
Air Quality Management systems, processes and measures implemented.	Annually	Stakeholder consultation on options for a provincial climate change response strategy conducted	-	-	-	Stakeholder consultation on options for a provincial climate change response strategy conducted
Status of specified species	Annually	Critically endangered	-	-	-	Critically endangered

PERFORMANCE INDICATORS AND ANNUAL TARGETS FOR 2018/19

TABLE 33 SUB-PROGRAMME 3.1: ENVIRONMENTAL POLICY, PLANNING AND COORDINATION

National and Provincial priority/outcome	Performance Indicator	Audited/Actual performance				Estimated performance		Medium-term targets		
		2014/15	2015/16	2016/17	2017/18	2017/18	2018/19	2019/20	2020/21	2020/21
Sector Specific	Intergovernmental Coordination, Spatial and Development Planning.									
	Management and protection of the natural environment:									
	and									
	Creating an enabling regulatory function that ensures legal and regulatory compliance ²⁹									
	3.1 Number of inter-governmental sector tools reviewed	45	45	0 ³⁰	39	39 ³¹	39	39	39	39
	Legislative Development									
	3.2 Number of legislated tools developed	-	-	4	- ³²	1 ³³	1	1	1	1
	Research and Development Support									
	3.3 Number of environmental research projects completed ³⁴	0	-	-	- ³⁵	-	-	-	-	-
	Environmental Information Management									
	3.4 Number of functional environmental information management systems maintained	3	5	3	3 ³⁶	1 ³⁷	1	1	1	1
	Climate Change Management									
	3.5 Number of climate change response interventions implemented ³⁸	2	-	-	- ³⁹	- ⁴⁰	-	-	-	-

²⁹ The source of this priority is the DEDEAT Strategic Plan 2015 – 19, strategic policy initiative number 3 and 6. This is also linked to National Outcome 10 (The Presidency, May 2010).

³⁰ The Provincial inter-departmental Municipal IDPs Review Analysis was not held as COGTA did not organise the Provincial session as the lead department.

³¹ The target was reduced from 45 to 39 due to amalgamation of municipalities in the Province. The following are the exact numbers for each municipality resulting from the reduction: Amathole 9 - 8; Chris Hani 9 - 7; Joe Gqabi 5 - 4; and Sarah Baartman 11 - 9.

³² Operationalisation of this indicator is dependent on the availability of resources. Currently, the programme does not have resources for legislated tools.

³³ Hunting proclamation

³⁴ The indicator was reworded number of research projects completed in 2016/17.

³⁵ Operationalisation of this indicator is dependent on the availability of resources. Currently, the programme does not have resources for conducting research.

³⁶ The target was reduced from 5 to 3 because only electronic systems - NEAS; SAWIS; SAEELIP are counted. These are national systems. Starting in 2018/19, the department will report on Provincial systems only.

³⁷ Biodiversity E-permit

TABLE 34: SUB-PROGRAMME 3.2: COMPLIANCE AND ENFORCEMENT

National and Provincial priority/outcome	Performance Indicator	Audited/Actual performance			Estimated performance 2017/18	Medium-term targets			
		2014/15	2015/16	2016/17		2018/19	2019/20	2020/21	
Sector Specific	Compliance and enforcement								
	3.6	Number of administrative enforcement notices issued for non-compliance with environmental management legislation ⁴¹	70	115	202	66	68	70	80
	3.7	Number of completed criminal investigations handed to the NPA for prosecution ⁴²	New Indicator	New indicator	New indicator	68	50	65	70
	3.8	Number of compliance inspections conducted	107	145	83	98	88	90	100
	Biodiversity management, compliance and enforcement								
3.9	Number of s24G applications finalised ⁴³	-	-	-	8	6	6	6	

³⁸ No budget is available to develop climate change response tools in the current financial year. This indicator changes in 2017/18 from number of climate change response tools developed to 'number of climate change response interventions implemented.'

³⁹ Operationalisation of this indicator is dependent on the availability of resources. Currently, the programme does not have resources for climate change response interventions.

⁴⁰ There is no budget for this indicator.

⁴¹ The indicators 3.6 and 3.7 were previously merged for the 2015/16 and 2016/17 financial years by the Environmental Sector. However, the sector resolved that Provinces split the indicator into two. Therefore, when one looks at the target for 2017/18 in comparison to the previous financial year, it may appear as though the target is 66% below the 2016/17 target.

⁴² The indicator is new in the environmental sector (2017/18 financial year).

⁴³ In the previous years, this indicator was expressed in two indicators of s24Gs received and s24Gs paid respectively. In the 2017/18 financial year, the indicators are merged to 'Number of s24G applications finalised.' Finalised is when a decision has been issued (whether positive/negative) whereas previously it was based on payment of the fine.

TABLE 35: SUB-PROGRAMME 3.3: ENVIRONMENTAL QUALITY MANAGEMENT

National and Provincial priority/outcome	Performance Indicator	Audited/Actual performance			Estimated performance 2017/18	Medium-term targets		
		2014/15	2015/16	2016/17		2018/19	2019/20	2020/21
Sector Specific								
	Environmental Quality Management							
	Impact Management							
Management and protection of the natural environment ⁴⁴	3.10 Percentage of complete EIA applications finalized within legislated time-frames ⁴⁵	127	98%	97.3%	98%	98%	98%	98%
	Air Quality Management							
	3.11 Percentage of Atmospheric Emission Licenses issued within legislated timeframes	New Indicator	98%	100%	100%	100%	100%	100%
	Pollution and Waste Management							
	3.12 Percentage of waste licence applications finalised within legislated time-frames ⁴⁶	16	98%	75%	98%	98%	98%	98%

TABLE 36: SUB-PROGRAMME 3.4: BIODIVERSITY MANAGEMENT

⁴⁴ The source of this priority is the National Outcome 10 as well as the DEDEAT Strategic Plan 2015 – 19, strategic policy initiative 3.

⁴⁵ The indicator used to be number of EIA applications finalized within legislated time-frames. However, this was changed in 2015 to percentage of EIA applications finalized within legislated time-frames. The target of 98% was set as a directive from the Presidency.

⁴⁶ The target for 2013/14 was drastically reduced due to the fact that in the previous year, DWAF handed a backlog of cases to DEDEAT for processing with no accompanying resources. The department does not anticipate DWAF to do the same in the next MTEF period. In the 2015/16 APP, the percentage replaced the number. The target is set by the national environmental sector.

National and Provincial priority/outcome	Performance Indicator	Audited/Actual performance			Estimated performance 2017/18	Medium-term targets		
		2014/15	2015/16	2016/17		2018/19	2019/20	2020/21
Sector Specific								
Management and protection of the natural environment ⁴⁷	3.13 Number of permits issued within legislated time-frames ⁴⁸	9000	9500	9519	1600 ⁴⁹	1600	1700	1700

TABLE 37: SUB-PROGRAMME 3.5: ENVIRONMENTAL EMPOWERMENT SERVICES

National and Provincial priority/outcome	Performance Indicator	Audited/Actual performance			Estimated performance 2017/18	Medium-term targets		
		2014/15	2015/16	2016/17		2018/19	2019/20	2020/21
Sector Specific								
Achieving a sustainable balance between economic growth and responsible use of land and natural	Environmental Capacity Development and Support							
	3.14 Number of work opportunities created through environmental programmes ⁵¹	1555	600	954	794	350 ⁵²	600	700
	3.15 Number of environmental capacity building activities conducted	30	29	29	25	25	25	25
	Environmental Communication and Awareness Raising							

⁴⁷ The source of this priority is the National Outcome10 as well as the DEDEAT Strategic Plan 2015 – 19, strategic policy initiative 3.

⁴⁸ The target for the performance indicator is demand driven.

⁴⁹ Previously all permits (such as CAE: Convention on International Trade in Endangered Species (CITES), etc) were counted but only Threatened or Protected Species (TOPS) has the regulated timeframes. All the other permits are included in the operational plan. The number is constant due to the fact that there is a constant number of people in the Province who apply for the same permit every year. The Hunting Proclamation has to be done every year and the same number of outfitters in the Province apply for permits.

⁵¹ These are job opportunities created through programmes and projects such as working for water, clearing of invasive alien plants, and waste management. The targets are split between the ECPTA and DEDEAT.

⁵² The target in the previous years had contributions from both the DEDEAT and ECPTA. In 2018/19, the target is just for DEDEAT.

National and Provincial priority/outcome ⁵⁰	Performance Indicator	Audited/Actual performance			Estimated performance 2017/18	Medium-term targets		
		2014/15	2015/16	2016/17		2018/19	2019/20	2020/21
3.16	Number of environmental awareness activities conducted	25	25	33	29	28	28	28

Indicators for which Public Entities are accountable but the DEDEAT is Responsible

TABLE 38: SUB-PROGRAMME 3.4: BIODIVERSITY MANAGEMENT

Public Entity	National and Provincial priority/outcome	Performance Indicator		Audited/Actual performance			Estimated performance 2017/18	Medium-term targets		
				2014/15	2015/16	2016/17		2018/19	2019/20	2020/21
ECPTA	Management and protection of the natural environment ⁵³	Biodiversity and Protected Area Planning and Management		580 135	606 135 (added 25 900)	0 ⁵⁵	Add 8 000ha	18 050 ⁵⁶	18 050	8 000
		3.17	Number of hectares in the conservation estate ⁵⁴							
ECPTA		Conservation Agencies and Services		100%(15)	20%(3)	93%(14)	67%(10)	67%(10)	80%(12)	80%(12)
		3.18	Percentage of area of state managed protected areas assessed with a METT-SA score above 67%							
		3.19	Number of Biodiversity Economy initiatives implemented ⁵⁷	New Indicator	New Indicator	New Indicator	1	1	1	1

⁵⁰ The source of this priority is the DEDEAT Strategic Plan 2015 – 19, strategic policy initiative 5 and National Outcome 4 and 10 (The Presidency, May 2010).

⁵³ The source of this priority is the National Outcome 10 as well as the DEDEAT Strategic Plan 2015 – 19, strategic policy initiative 3.

⁵⁴ ECPTA, a public entity of the department, is the driver of this indicator. The stewardship programme has been utilised to increase the protected area estate by 31 335 ha in 2014/15, 25 900 ha in 2015/16. A minimum of 14 000 ha is projected to be added in 2016/17. The Provincial National Protected Area Expansion Strategy (NPAES 1.2 in ECPTA) targets must increase and maintain the conservation estate. The indicator therefore measures the increase in the size of the Province's land coverage which has been declared/proclaimed to be under formal protection.

⁵⁵ As per instruction of DEA (communicated via resolution of WG1 in July 2016) target becomes non-cumulative.

⁵⁶

⁵⁷ This is designed to collect data on approved biodiversity economy initiatives/ project proposals and progress on implementation thereof for the purposes of promoting social well-being while maintaining the ecological resource base.

QUARTERLY TARGETS FOR PROGRAMME 3

TABLE 38: PROGRAMME 3 QUARTERLY TARGETS 2018/19

Performance Indicator	Reporting period	Annual target	Quarterly Targets 2018 /19			
			1 st	2 nd	3 rd	4 th
Sub programme 3.1: Environmental Policy, Planning and Coordination						
Intergovernmental Coordination, Spatial and Development Planning.						
3.1	Number of inter-governmental sector tools reviewed	Annually	39	-	39	-
Legislative Development						
3.2	Number of legislated tools developed	Annually	-	-	-	1
Research and Development Support						
3.3	Number of environmental research projects completed	Annually	-	-	-	-
Environmental Information Management						
3.4	Number of functional environmental information management systems maintained	Annually	1	-	-	1
Climate Change Management						
3.5	Number of climate change response interventions implemented	Annually	-	-	-	-
Sub programme 3.2: Compliance and Enforcement						
Environmental quality management compliance and enforcement						
3.6	Number of administrative enforcement notices issued for non-compliance with environmental management legislation	Quarterly	68	18	20	12
3.7	Number of completed criminal investigations handed to the NPA for prosecution	Quarterly	50	13	11	12
3.8	Number of compliance inspections conducted	Quarterly	88	20	24	20
Biodiversity management, compliance and enforcement						

Performance Indicator	Reporting period	Annual target	Quarterly Targets 2018 /19			
			1 st	2 nd	3 rd	4 th
3.9 Number of s24G applications finalised	Quarterly	6	1	2	2	1

Sub programme 3.3: Environmental Quality Management						
Impact Management						
3.10 Percentage of complete EIAs finalised within legislated time frames	Quarterly	98%	98%	98%	98%	98%
Air Quality Management						
3.11 Percentage of Atmospheric Emission Licenses issued within legislated time-frames	Quarterly	100%	100%	100%	100%	100%
Pollution and Waste Management						
3.12 Percentage of waste licence applications finalised within legislated time-frames	Quarterly	98%	98%	98%	98%	98%
Sub programme 3.4: Biodiversity Management						
Biodiversity and Protected Area Planning and Management						
Conservation Agencies & Services						
3.13 Number of permits issued within legislated time-frames	Quarterly	1600	500	600	200	300
Sub programme 3.5: Environmental Empowerment Services						
Environmental Capacity Development and Support						
3.14 Number of work opportunities created through environmental programmes	Quarterly	350	-	-	350	-
3.15 Number of environmental capacity building activities conducted	Quarterly	25	6	7	7	5
Environmental Communication and Awareness Raising						
3.16 Number of environmental awareness activities conducted	Quarterly	28	5	10	8	5
Performance Indicator						
			Reporting	Annual	Quarterly Targets 2018 /19	

Sub programme 3.4: Biodiversity Management							
Biodiversity and Protected Area Planning and Management							
3.17	Number of hectares in the conservation estate	period	target	1 st	2 nd	3 ^d	4 th
		Annually	18 050 ha	-	-	-	18 050 ha
Conservation Agencies & Services							
3.18	Percentage of area of state managed protected areas assessed with a METT-SA score above 67%	Annually	67%(10)	-	-	-	67%(10)
3.19	Number of Biodiversity Economy initiatives implemented	Annually	1	-	-	-	1

TABLE 40: RECONCILING PERFORMANCE TARGETS WITH THE BUDGET AND MTEF ESTIMATES

R thousand	Outcome		Main appropriation	Adjusted appropriation 2017/18	Revised estimate	Medium-term estimates		% change from 2017/18
	2014/15	2015/16				2018/19	2020/21	
1. Environmental Policy, Planning And Coordination	25 171	20 261	24 528	23 501	23 060	26 310	24 962	26 203
2. Compliance And Enforcement	43 118	43 957	42 940	42 440	42 109	45 735	57 051	62 314
3. Environmental Quality Management	14 130	17 836	21 132	21 482	21 031	23 339	24 521	25 739
4. Biodiversity Management	211 755	198 385	202 423	199 523	199 341	211 234	222 228	233 648
5. Environmental Empowerment Services	8 845	9 145	11 957	11 883	11 503	13 159	13 826	14 514
Total payments and estimates	303 019	288 584	302 980	298 829	287 044	319 777	342 588	362 418
								7.7

TABLE 41: SUMMARY BUDGET BY ECONOMIC CLASSIFICATION

R thousand	Outcome		Main appropriation 2017/18	Adjusted appropriation 2017/18	Revised estimate	Medium-term estimates			% change from 2017/18
	2014/15	2015/16				2018/19	2019/20	2020/21	
Current payments	79 486	84 693	86 689	97 529	94 365	92 857	115 697	124 144	10.1
Compensation of employees	67 809	71 885	74 518	78 948	76 974	76 739	93 948	103 161	7.9
Goods and services	11 677	12 808	12 171	18 581	17 391	16 118	21 749	20 983	20.5
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies to:	223 533	204 891	208 506	204 774	204 424	204 147	225 607	235 919	6.0
Provinces and municipalities	14 355	10 832	11 001	12 038	12 038	11 653	12 680	11 062	8.8
Departmental agencies and accounts	207 882	193 081	196 205	190 953	190 953	190 953	201 871	213 020	5.7
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	1 296	978	1 300	1 783	1 433	1 541	1 794	1 525	16.4
Houshold	-	-	-	-	-	-	-	-	-
Payments for capital assets	-	-	632	677	40	40	1 216	1 284	2940.0
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	-	-	632	677	40	40	1 216	1 284	2940.0
Heritage Assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	-	-	-	-	-	-	-
Total economic classification	303 019	289 584	295 827	302 980	298 829	297 044	319 777	342 588	7.7

PERFORMANCE AND EXPENDITURE TRENDS

Tables 40 and 41 above reflect a stable expenditure decrease from R303.019 million in 2014/15 to a revised estimate of R297.044 million in 2017/18 due decline of attrition rate in the lower levels and staff reaching retirement age and the posts not being filled in 2017/18. In 2018/19, budget increased to R319.777 million due to ICS adjustment.

Compensation of Employees increased from R67.809 million in 2014/15 to a revised estimate of R76.739 million in 2017/18 due to the filling of posts for environmental and law enforcement officers. In 2018/19, the budget increases by 7.9 per cent to R82.789 million to fill the post of the environmental officers and provision for ICS adjustment.

Goods and Services increased from R11.677 million in 2014/15 to a revised estimate of R16.118 million in 2017/18 due to ICS inflationary adjustment. In 2018/19, the budget further increases by 20.5 per cent to R19.427 million due to funding of Biodiversity day, Wetlands programmes and Environmental implementation of the Biodiversity Conservation Strategy Action Plan, the development of a Species Management Plan, implementation of the provincial Integrated Waste Management Programmes (IWMs) research and provincial recycling strategy.

Transfers and Subsidies decreased from R223.533 million in 2014/15 to a revised estimate of R204.147 million in 2017/18 due to funding for environmental awareness and job creation through (EPWP) programme. The budget to increases by 6 per cent to R216.345 million in 2018/19 due to ICS inflationary adjustment.

Payment for Capital assets expenditure decrease from R632 thousands in 2016/17 to R40 thousands in the 2017/18 revised estimates. In 2018/19 the budget increased to R1.216 million due to purchase of equipment for environmental managementfunction.



PART C: LINKS TO OTHER PLANS

LINKS TO THE LONG-TERM INFRASTRUCTURE AND OTHER CAPITAL PLANS



The Department is in the process of implementing components of the plans outlined below:

- The IDZ infrastructure program (existing IDZs will be converted into SEZs)
- Social Infrastructure Programme⁵⁸ has been converted into the Socio-Economic Infrastructure Programme. The lead agencies are ECDC and Coega.

A significant amount of work around infrastructure provision is not the responsibility of the department. However, the department has interest since this is key in the realisation of the department's mandate.

The Department had been provided the responsibility of being custodian for a number of social Infrastructure project throughout the province with the ECDC and Coega IDZ playing the role of Implementing Agent. The social infrastructure programme will be gradually phased out with the key project that is still to be concluded being the NMBM Housing Infrastructure project that has been allocated a sum of R 34 524 million and being implemented by the Coega IDZ.

With the advent of the pronouncement by the Provincial EXCO that the department plays a more assertive role in the provision of Economic Infrastructure the DEDEAT initiated the Economic Infrastructure Programme. The programme which is implemented by the ECDC will be completing its first full year in existence. This period will be marked by the successful completion of its first project (Fort Jackson security upgrades). During the year a number of feasibility studies were successfully conducted under the Economic Infrastructure Programme, these projects are ready for implementation.

Recent budget cuts to the provincial allocation have impacted on the allocation for the Department for this year and will see a number of projects that are ready for implementation delayed. Notwithstanding this the following projects will be rolled out:

- Rehabilitation of the Butterworth Factory project from the 2017-18 allocation

Allocations for the 2018-2019 include the following projects

- Dimbaza Industrial Park Security Upgrades R 12 600 000
- Revitalizations of Mdantsane Mall R 7 000 000

⁵⁸ ECDC was allocated R300 million to implement social infrastructure projects in the Province. COEGA was allocated R220 million for social infrastructure projects in the Province in the 2014/15 financial year.

- Queendustria Electrification R 7 000 000
- Finalization of the building of Houses (Coega) at R34 524 million

The Department is in the process of implementing components of the plans outlined below:

- The IDZ infrastructure program (existing IDZs will be converted into SEZs)
- Social Infrastructure Programme⁵⁹ has been converted into the Socio-Economic Infrastructure Programme. The lead agency is ECDC.

A significant amount of work around infrastructure provision is not the responsibility of the department. However, the department has interest since this is key in the realisation of the department's mandate. Continuing projects are as follows:

The Provincial Industrial Development Strategy⁶⁰ (This plan is being replaced by the Provincial Economic Development Strategy (PEDS). The PEDS framework is as follows:

In partnership with the dti, the Department, through the ECDC will support the Industrial Parks Revitalisation programme in Mthatha and Queenstown. There is a reduction in the allocation for infrastructure this year as the focus has shifted towards planning rather than implementation.

On energy, through the coordination work of the department, various sustainable infrastructure projects are being implemented. The province has secured 1 solar farm and 16 wind farms, of which 13 facilities are currently operational. These 13 facilities have a capacity of 1080 megawatts, and are generating over 200 million units (kWh) of electricity a quarter⁶¹. This attests to the status of the Eastern Cape province as having among the best wind resources in the world.

The DEDISA peaking power plant was commissioned in 2015, with a capacity to generate 342MW of electricity through open-cycle gas turbines (OCGTs). The facility is initially diesel driven, with the ability to be converted to gas-driven power. With gas, the facility can be upgraded to generate more than 500MW. The province has attracted well over R1 Billion in energy component manufacturing facilities in both IDZs (although unfortunately the DCD facility has suffered a significant setback from the Eskom IPP impasse)

⁵⁹ ECDC was allocated R300 million to implement social infrastructure projects in the Province. COEGA was allocated R220 million for social infrastructure projects in the Province in the 2014/15 financial year.

⁶⁰ Elements of the PIDS may include infrastructure development through third parties.

⁶¹ REIPPP provincial report, June 2017.



The province has reached a level of high technical readiness for imported Liquid Natural Gas, with the possibility of a major infrastructure investment at Coega/Nggura for Liquid Natural Gas to Power. Furthermore, the province has become a significant hub for offshore marine fuel bunkering, with a value chain in the hundreds of millions.

The province forms part of the corridor-planning for two Renewable Energy Development Zones in the province; for a major electricity transmission line through the hinterland of the province; and for a natural gas pipeline from East to West.

A pilot rural renewable energy minigrig is at an engineering design phase, with construction due to commence in 2018.

On Operation Phakisa, the following can be noted:

- **Aqua-culture:**

Coega IDZ has commenced with the development of an Aquaculture Development Zone. Marine Fish Feasibility suggests an estimated investment value of R2 billion with 5600 jobs. The entity has received an Environmental Authorisation for the development during this current financial year and this will make it easy for investors in the zone as the environment is ready for development. During the 2017/2018 financial year, DEDEAT has sponsored the study for the detailed feasibility study for Freshwater fish to support investment promotion and attraction of the entity in the sector. ELIDZ have earmarked 30ha for the development of an Aquaculture Development Zone with the potential to unlock about 2000 direct jobs. The zone has secured an investor amounting to R520 million during the current financial and expected to be operational during the 2018/2019 financial year. Ground work towards the development of the Marine Incubator in the zone is under way and expected to gain traction into the new financial year pending cooperation from potential industry partners.

- **Maritime Manufacturing (MM)**

- In terms of the development of the Maritime Manufacturing sectors in the province, constant improvements is being made to EC port infrastructure. Sections of the 1st phase refurbishment of the graving dock at East London Port have been completed and others have commenced. All infrastructure projects for Port of Port Elizabeth under the Operation Phakisa mandate, have been completed ahead of time. These are the refurbishment of a 1200ton– and 40ton slipway respectively and the additional installation of a 90ton hoist to support the fishing industry in this Port. This contributed the creation of 82 new job opportunities. With regards to maritime skills development, TNPA have commenced with the implementation of a National training college for the introduction of specialist maritime skill courses to service the broader TNPA requirements. The Mandela Bay Composites Cluster situated in Port Elizabeth have introduced a new introductory “composites training course” that have been rolled out in the province. Nelson Mandela



University have launched the Ocean's Sciences Campus in Port Elizabeth in 2017. The university have developed a 3-year marine Engineering Degree endorsed by the Engineering council of South Africa to support the upskilling of youth planning to pursue a career in the marine sector. With regards to industry development, Tide Marine Pty. Ltd have secured a contract from Transnet to build a "plough" tug boat in the Port of Port Elizabeth. For the new financial year, the Department intends to develop a programme to deepen localisation in this sector.

- *Agri-Industry:*
- Agro-industry Manufacturing Cluster: took off with the establishment of the AIM Board made mainly of the industry players with the focus sectors being the food (meat, fruit and vegetable processors) and natural fibres (wool and mohair) and has 51 members spanning across the processors, support organisations, input suppliers and the farmers from the province. The focus is to build local production capacity by creating linkages with the primary producers from the province while facilitating for the establishment of industry support facilities such as port cooling facilities, laboratory facilities for food and microbiology testing and market development for processors.
- Agro-industry Development Forum:
- Following the approval of the Forum by the Provincial EXCO for the Integration of industry stakeholders (government and industry). The development of a Provincial Agro Industry Development Plan is underway and expected to be finalised and approved before end of the 2017/2018 financial year. The key activities identified include increased investment in the following Eastern Cape Agro-industry sectors: Red Meat Industry, Grain Industry, Horticulture (Fruit & Vegetables) Industry, Forestry Industry and Aquaculture Industry.
- In support of the Agro Industry development, the department has started the process of developing a Provincial Agro Industry Market Intelligence Portal. This portal will serve as platform for DEMAND and SUPPLY meeting to service the industry to ensure the development of local economy through market information and linkages for informed production by the provincial farmers thus contributing towards the reduction of agricultural products imports into the province. The Department has signed a Service Level Agreement with the State Information Technology Agency (SITA) for the development and roll-out of the portal into the next financial year.

CONDITIONAL GRANTS

R2 204 million is allocated for the 2018/19 for environmental related projects (Waste management and biodiversity management). The objectives of the projects are to alleviate poverty and create jobs through EPWP initiatives.



PUBLIC ENTITIES

As explained in part A of this document, the Department implements part of its mandate through six Public Entities, viz ECPTA, ECLB, ECGBB, ECDC with subsidiaries ELIDZ and COEGA. The APP of the Department should be read in conjunction with APPs of Public Entities. This APP contains a sample list of indicators and targets for the six Public Entities. Approximately 53% of the Department's 2018/19 budget is transferred from the Department to the six Public Entities compared to about 58% in the 2017/18 financial year. The budgets for public entities are allocated as follows:



TABLE 42: PUBLIC ENTITIES BUDGET ALLOCATION

R thousand	Outcome			Main appropriation	Adjusted appropriation 2017/18	Revised estimate	Medium-term estimates			% change from 2017/18
	2014/15	2015/16	2016/17				2018/19	2019/20	2020/21	
East London Industrial Development Zone Corporation	113 792	94 932	100 866	106 767	106 767	106 767	112 172	118 104	122 744	5,1
Eastern Cape Development Corporation	155 535	221 180	153 023	171 822	184 022	184 022	181 375	160 237	167 833	(1,4)
EC Gambling and Betting Board	42 745	43 843	49 454	53 072	53 072	53 072	55 761	58 710	61 634	5,1
EC Liquor Board	42 739	43 792	48 392	55 168	56 668	56 668	59 541	62 483	67 413	5,1
EC Parks and Tourism Agency	207 882	193 081	196 205	195 953	195 953	195 953	206 805	216 119	227 986	5,5
Coega Development Corporation	101 303	53 000	43 000	40 000	40 000	40 000	30 000	31 620	33 327	(25,0)
Total departmental transfers	663 996	649 828	590 940	622 782	636 482	636 482	645 654	647 273	680 937	1,4

Table 49 show the summary of transfers to public entities. The relationship between the department and its entities is formalised through shareholder compacts and SLAs. The transfers to public entities are 55.2 per cent of the departmental budget for 2018/19.

Expenditure by public entities decreased from R663.996 million in 2014/15 to a revised estimate of R636.482 million in the 2017/18 due decrease in the-allocation of economic infrastructure projects and the completion of Coega Integrated Social Infrastructure projects. In 2018/19, budget increases to R645.654 million or 1.4 per cent due to operational costs in support of the transition of CDC from being an IDZ to a fully-fledged SEZ.

PUBLIC-PRIVATE PARTNERSHIPS

Currently the Department does not have Public-Private Partnership projects (as defined by the National Treasury) registered with either the Provincial or National Treasury.

Appendix A: (Included in the Strategic Plan)

Vision

Sustainable development underpinned by economic growth and sound environmental management.

Mission

To lead economic development and environmental management in the Eastern Cape.

Values [LIFT]

LEADERSHIP: We influence the thinking and development of the Eastern Cape; develop team skills at every level and lead in research, planning, performance management and financial results.

INTEGRITY: We remain honest and loyal while maintaining high professional standards.


FLEXIBILITY: Within the framework of the law, our operations are amenable to adjustments in line with changes in the operating environment.

TEAMWORK: We design, implement and review our work through strong relationships, respect and sharing across boundaries to achieve our objectives.

TABLE 43: STRATEGIC OBJECTIVES & STRATEGIC OBJECTIVE INDICATORS OF THE DEPARTMENT

Strategic Objective indicators of the department have changed to read as follows:

PROGRAMME 1: ADMINISTRATION

Strategic objectives:	Strategic Performance Indicator	Audited/Actual performance			Estimated Performance 2017/18	Medium-term targets		
		2014/15	2015/16	2016/17		2018/19	2019/20	2020/21
SO1: High Performance Organisation	Organisational performance index ⁶²	Not measured	4.5	-	-	5	-	-
New Strategic Objective Indicators 	Financial maturity index ⁶³	Not Finalised	3	3	3	3	3	3
	HR efficiency index ⁶⁴	5.5	7.5	7	6	6.5	7	7
	Customer relations index ⁶⁵	Not finalised	4	4.5	3.5	4	4	4


PROGRAMME 2: ECONOMIC DEVELOPMENT & TOURISM


⁶² This index is measured on a scale from 1 (lowest) to 5 (highest) and is based on the organisational performance assessment tool administered by the Strategic Management Unit. After 2015/16, the tool will be administered every 3 years. The next target will be set for 2018/19 since this is more of an evaluation.

⁶³ This index is measured on a scale from 1 (lowest) to 3 (highest) and is based on a Treasury composite questionnaire administered by Financial Management.

⁶⁴ This refers to the perceived (by end users of HR services) ability of the HR components to strategically assist in the achievement of service delivery goals of the department. The index is measured on a scale from 1 (lowest) to 10 (highest) and is based on a DPSA composite questionnaire administered by Corporate Services.

⁶⁵ This index is measured on a scale from 1 (lowest) to 5 (highest) and is based on a composite questionnaire administered by Corporate Services.

Strategic Objective (OLD)	Strategic Objective Indicator	Audited/Actual performance			Estimated performance 2017/18	Medium-term targets		
		2014/15	2015/16	2016/17		2018/19	2019/20	2020/21
SO2: Sustainable enterprises and infrastructure development that benefits local communities are supported and promoted. SO3: Sustainable energy solutions promoted and carbon footprint reduced. Old Strategic Objectives 	Employment creation (growth in employment - %) ⁶⁶	1.55	1.3	0.8	1.1	1.9	1.9	1.9
	Eastern Cape Regional Economic Growth Rate (GDPR - %) ⁶⁷	1.67	1.1	0.5	0.7	1.2	1.2	1.2
	Industry growth rate ⁶⁸	1.14	0.90	0.4	0.59	1.02	1.02	1.02

Strategic Objective (NEW)	Strategic Objective Indicator	Audited/Actual performance			Estimated performance 2017/18	Medium-term targets		
		2014/15	2015/16	2016/17		2018/19	2019/20	2020/21
SO2: Employment created through sustainable and inclusive economic growth and development New Strategic Objective 	Employment creation (growth in employment - %) ⁶⁹	1.55	1.3	0.7	1.1	1.9	1.9	2.0
	Eastern Cape Regional Economic Growth Rate (GDPR - %) ⁷⁰	1.67	1.1	0.6	0.7	1.2	1.2	1.3
	Industry growth rate	1.14	0.90	0.5	0.59	1.0	1.0	1.1

⁶⁶ This is reportable data which is generated from information reported by Statistics South Africa.


⁶⁷ This is reportable data which is generated from information reported by Statistics South Africa.

⁶⁸ This includes the rate of productivity growth in an industry given investment.

⁶⁹ This is reportable data which is generated from information reported by Statistics South Africa.

⁷⁰ This is reportable data which is generated from information reported by Statistics South Africa.

PROGRAMME 3: ENVIRONMENTAL AFFAIRS



Strategic objectives: (OLD)	Indicator	Strategic Plan target	Audited/Actual performance			Estimated performance 2016/17	Medium-term targets		
			2013/14	2014/15	2015/16		2017/18	2018/19	2019/20
SO3: Sustainable energy solutions promoted and carbon footprint reduced	CO ₂ emission ⁷¹	38 700	38 354	44 804	38 700	38 700	38 700	38 700	38 700
SO4: Environmental management systems established and maintained to enhance sustainable development	Status of Ecosystems and Species ⁷²	8	0	0	-	-	-	-	8
Old Strategic Objective Indicators 									

The following Strategic Objectives have been removed from the plans of the Department based on discussions and outcome of the 2016/17 audit cycle:

- Co2 emission
- Status of Ecosystems and Species

⁷¹ Total CO₂ emissions per annum (Gg/CO₂ eqv).

⁷² This is measured on a scale of 1 to 10 with 10 being the highest possible score. Since this is a composite indicator which measures the state of the environment of the Eastern Cape, it will be measured every five years in line with the National SOER. It is the sum total of all environmental work and the outcome thereof.

Strategic objectives: (NEW)	Strategic Objective Indicator	Audited/Actual performance			Estimated performance 2017/18	Medium-term targets		
		2014/15	2015/16	2016/17		2018/19	2019/20	2020/21
SO3: Climate change resilient and lower carbon footprint province New Strategic Objective 	Air Quality Management systems, processes and measures implemented.	New indicator	New indicator	New indicator	New indicator	Stakeholder consultation on options for a provincial climate change response strategy conducted	Provincial Climate Change Response Strategy Gazetted for Public Comments and Implementation Plan developed	3 provincial climate change response initiatives implemented
SO4: Maintenance and sustainable use of provincial ecological resources New Strategic Objective 	Status of specified species ⁷³	-	-	-	Critically endangered	Critically endangered	Endangered	Endangered

The above two indicators for Programme 3 replace strategic objective indicators listed prior to the 2018/19 financial year, whether in the Strategic Plan of 2015/16 – 2019/20 or the APP of 2017/18.

⁷³ The indicator compares the status of identified species in the province compared to the previous year. Current species selected are the Cape Vulture and Cape Parrot since they are endangered / threatened. Categories as either threatened, vulnerable, endangered and critically endangered.

Appendix B: Selected Indicators of Public Entities

Listed below are some of the key indicators and corresponding targets contained in the APPs and Corporate Plans of Entities that fall under the department for the 2018/19 financial year. Full lists of indicators and targets of the respective public entities are contained in the APPs / Corporate Plans of the public entities concerned. While the department is responsible for plans and performance of public entities, they are accountable for performance hence auditing of performance will take place in the public entities. They are also responsible for reporting on a quarterly and annual basis. In the 2018/19 period, the department transfers approximately 52% of its budget to six public entities for work aligned to the mandate and objectives of the department. The department performs oversight work on the performance of the six indicators whose results are calculated in the 'Public Entities Accountability Index' performance indicator under Programme 2.

East London Industrial Development Zone (ELIDZ)

Public Entity	Performance Indicators		Audited/Actual performance			Estimated performance 2017/18	Medium-term targets		
			2014/15	2015/16	2016/17		2018/19	2019/20	2020/21
Enterprise development									
ELIDZ	1	Number of jobs created	3 217	2713	2 439	5376	6162	6948	7235
ELIDZ	2	Number of investments realised ⁷⁴	6	5	4	5	5	5	5
ELIDZ	3	Value of investments realised ⁷⁵	R267.5 m	R840.2 m	R1.060m	R320m	R320m	R320m	R320m
ELIDZ	4	Number of people trained (sector development and strategic initiative)	52	43	44	78	120	160	160
ELIDZ	5	Number of incubation programmes supported ⁷⁶	89	2	3	3	3	3	3

Coega Development Corporation

Public Entity	Performance Indicators		Audited/Actual performance			Estimated performance 2017/18	Medium-term targets		
			2014/15	2015/16	2016/17		2018/19 ⁷⁷	2019/20	2020/21
Enterprise development									
COEGA	1	Number of jobs created	14 765	11 775	16 869	17 934	0	20 826	22 075
COEGA	2	Number of investments realised	19	17	16	8	0	10	12
COEGA	3	Value of investments realised	R1.889 bil	R26.99bn	R11.685bn	R2bn	R0	R2.1bn	R2.5bn
COEGA	4	Number of people trained (sector development and strategic initiative)	8 147	6 347	6 697	5 590	0	6 282	6 659

⁷⁴ Investments realised: ELIDZ = 5; the ELIDZ will also report on its investment pipeline and the different sectors represented as part of the quarterly reporting process.

⁷⁵ Investment value: ELIDZ = R320 million. Investment value realised refers to investment value pledged and is linked to investments realised.

⁷⁶ This indicator changes in 2017/18 from 'Number of entrepreneurs in the incubation programmes (in targeted sectors)' to align with the dti plan to establish 250 incubation programmes throughout the country. Although number of incubation programmes supported is measured annually, the throughput of the incubators will be measured on a quarterly basis in terms of progress in relation to SMMEs/ Cooperatives supported, youth, women and people with disability who benefited and turnover generated by entrepreneurs in the incubation programme. Incubators are provided with funding so that they support entrepreneurs with rental subsidies, market the incubation facilities together with their incubated companies as part of the offering, advertising promotion and exhibitions, conduct media campaigns, promote networking opportunities through STP network, provide linkages to mentors and advisors who help the incubated companies to get their products to commercialisation stage among others. Furthermore, partnerships with other players are explored to enhance the growth and sustainability of the incubators.

⁷⁷ An allocation of R30 million was made for operational support for transition from an IDZ to an SEZ. This is an interim allocation and further funding will likely be provided during the adjustment estimate budget. Therefore, no specific allocation has been made to link with specific outputs in relation to jobs, people trained, investments and investment value for the 2018/19 financial year.

Eastern Cape Development Corporation (ECDC)

Public Entity	Performance Indicators		Audited/Actual performance			Estimated performance 2017/18	Medium-term targets		
			2014/15	2015/16	2016/17		2018/19	2019/20	2020/21
Enterprise development									
ECDC	1	Number of SMMEs assisted with non-financial support ⁷⁸	337	280	290	300	150	150	150
ECDC	2	Number of SMMEs received development finance	New	200	245	300 ⁷⁹	200	200	200
ECDC	3	Number of youth jobs facilitated ⁸⁰	New	144	160	900	645	645	645
ECDC	4	Number of cooperatives supported with finance ⁸¹	221	250	20	20	20	20	20
ECDC	5	Number of jobs created/ facilitated ⁸²	3 711	3 728	4 209	2950	2985	3155	3155
ECDC	6	Number of socio-economic infrastructure projects supported ⁸³	New indicator	New indicator	3	4	4	4	4
ECDC	7	Value of investments realised ⁸⁴	New indicator	R2.2bn	R633.186 m	482m	350mil	370mil	350mil
ECDC	8	Number of development projects facilitated ⁸⁵	18	7	7	10	10	12	12
ECDC	9	Number of SMMEs/Local entrepreneurs provided with integrated export support	207	50	80	65	70	75	75
ECDC	10	Number of people trained (sector development and strategic initiative)	326	464	559	150	200	200	100
ECDC	11	Number of incubation programmes supported ⁸⁶	78	32	70	4	3	3	3

⁷⁸ Non-financial support includes but is not limited to the following: business planning, quality management including certification support, accreditation, trademark registration, intellectual property registration, environmental planning support, marketing, branding, web designs, market access, financial management support and mentoring.

⁷⁹ The ECDC is targeting to disburse loans to the value of R121 million during the 2017/18 financial year.

⁸⁰ This is aligned to the Eastern Cape Youth Development Strategy (2015) which focuses on the creation of an enabling environment, placement of youth for vocational training, education and skills development, township and rural hubs and enterprise/ entrepreneurship development. The indicator changes in 2017/18 from 'Number of youths supported' to 'Number of youth jobs facilitated.'

⁸¹ This indicator changes in 2017/18 from 'Number of cooperatives funded' to 'Number of cooperatives supported with finance' in line with the wording in ECDC's Corporate Plan. Funding is done through the Imvaba Fund whereupon being successful, disbursement schedules (Promun) and relevant supporting documentation for payments are provided.

⁸² The department does not create jobs per se. The job occupants are not employed directly by the department or the public entity. The words created and facilitated are used interchangeably. The department creates a platform through its various projects where jobs are created/ facilitated.

⁸³ In the 2014/15 financial year, this indicator was called 'Number of social infrastructure projects supported.' The projects are implemented by the ECDC in 2017/18 through the ISIDP programme which was established to assist in the establishment of socio-economic infrastructure for development. These projects will assist in creating, saving and retaining of jobs as well as deliver on social outcomes.

⁸⁴ Investment value: ECDC = R350 million. Investment value realised is derived from the Rand value of investments facilitated.

⁸⁵ This indicator has changed in 2017/18 from number of investments facilitated to number of development projects facilitated. ECDC = 10.

⁸⁶ This indicator changes in 2017/18 from 'Number of entrepreneurs in the incubation programmes (in targeted sectors)' to align with the dti plan to establish 250 incubation programmes throughout the country. Although number of incubation programmes supported is measured annually, the throughput of the incubators will be measured on a quarterly basis in terms of progress in relation to SMMEs/ Cooperatives supported, youth, women and people with disability who benefited and turnover generated by entrepreneurs in the incubation programme. Incubators are provided with funding so that they support entrepreneurs with rental subsidies, market the incubation facilities together with their incubated companies as part of the offering, advertising promotion and exhibitions, conduct media campaigns, promote networking opportunities through STP network, provide linkages to mentors and advisors who help the incubated companies to get their products to commercialisation stage among others. Furthermore, partnerships with other players are explored to enhance the growth and sustainability of the incubators. ECDC =3.

Eastern Cape Gambling Board (ECGB)

Public Entity	Performance Indicator		Audited/Actual performance			Estimated performance 2017/18	Medium-term targets		
			2014/15	2015/16	2016/17		2018/19	2019/20	2020/21
ECGB	1	Number of licenses issued ⁸⁷	18	7	2	8	1	1	1
ECGB	2	Number of awareness programmes conducted	10	10	5	11	12	14	16
ECGB	3	Revenue collected	R126m	R158.1m	R170.8m	R177m	R183m	R200m	R205m
ECGB	4	Number of Inspections Conducted	99	110	120	125	130	135	140
ECGB	5	Number of People Reached Through Responsible Gambling Campaigns	3.6 m	1.89 m	2.3 m	1.5 m	1.7 m	1.9 m	2.1 m

Eastern Cape Liquor Board (ECLB)

Public Entity	Performance Indicator		Audited/Actual performance			Estimated performance 2017/18	Medium-term targets		
			2014/15	2015/16	2016/17		2018/19	2019/20	2020/21
ECLB	1	Percentage of fully compliant liquor license applications processed within 60 working days ⁸⁸	8311	8000	8300	100%	100%	100%	100%
ECLB	2	Number of social responsibility programmes conducted	5	7	3	4	7	8	9
ECLB	3	Number of compliance monitoring inspections conducted	5 658	3010	6855	5000	5 000	5 000	5 000
ECLB	4	Percentage of complaints attended to within 30 days	88%	63%	87%	75%	75%	75%	75%
ECLB	5	Number of awareness interventions conducted	4	4	120	118	150	160	170

⁸⁷ New key licenses that are earmarked for issuing in 2017/18 (2 LPM type B; 6 ISO) and in 2018/19 (1 LPM type B) and in 2019/20 (1 LPM Type B).

⁸⁸ This indicator is new starting in 2016/17 financial year. Previously the ECLB had a measure called “Number of liquor licenses issued (new and renewed licenses)”.

Eastern Cape Parks and Tourism Agency (ECPTA)

Public Entity	Performance Indicator		Audited/Actual performance			Estimated performance 2017/18	Medium-term targets		
			2014/15	2015/16	2016/17		2018/19	2019/20	2020/21
Tourism Planning									
ECPTA	1	Brand Awareness Index ⁸⁹	N/A	3	2.7	2.7	2.7	2.7	2.7
ECPTA	2	Hospitality Revenue ⁹⁰	R5.300 million	R4.600 million	R4.900 million	R5.194 million	R6.95 million	R7.33 million	R7.73 million
ECPTA	3	Provincial Tourism Development Index ⁹¹	N/A	N/A	1	2.7	2.7	2.7	2.7
ECPTA	4	Number of hectares in the conservation estate ⁹²	580 135	606 135 (added 25 900)	0	Add 8 000ha	18 050	18 050	8 000
ECPTA	5	Percentage of area of state managed protected areas assessed with a METT-SA score above 67%	100%(15)	20%(3)	60%(9)	67%(10)	67%(10)	80%(12)	80%(12)
ECPTA	6	Number of Biodiversity Economy initiatives implemented	New Indicator	New Indicator	New Indicator	1	1	1	1

⁸⁹ The indicator is designed to support the Province's domestic tourism ranking by increasing awareness of the destination brand "Adventure Province". Components of the index include domestic promotion, events partnerships established, reserve promotions conducted, meetings incentives conferencing and events (MICE) volume, e-marketing implemented, and brand management and advertising.

⁹⁰ Hospitality revenue services on reserves range from the supply of formal accommodation, camping, conservation fees, activities (hiking / fishing / mountain biking, etc). In addition to tracking the income from hospitality, it is important to compare this to the investment required to generate this income. In future when systems are developed, it would be desirable to measure hospitality revenue for the entire Province.

⁹¹ The tourism industry remains dominated by white-owned businesses and established national and multi-national conglomerates. Tourists and government are desirous to contract with products with at least a 3-star grading. The indicator will assist to gauge the success of the incubator approach to supporting tourism products implemented by the ECPTA.

⁹² ECPTA, a public entity of the department, is the driver of this indicator. The stewardship programme has been utilised to increase the protected area estate by 31 335 ha in 2014/15, 25 900 ha in 2015/16. A minimum of 14 000 ha is projected to be added in 2016/17. The Provincial National Protected Area Expansion Strategy (NPAES 1.2 in ECPTA) targets must increase and maintain the conservation estate. The indicator therefore measures the increase in the size of the Province's land coverage which has been declared/proclaimed to be under formal protection.

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