

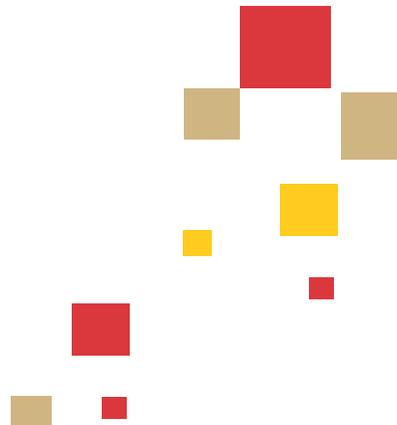


Province of the
EASTERN CAPE

ECONOMIC DEVELOPMENT,
ENVIRONMENTAL AFFAIRS AND TOURISM

DEDEAT POLICY STATEMENT

Honourable MEC Mcebisi Jonas
22 March 2012



Honourable Speaker

Honourable Premier

Members of the Executive Council

Honourable Members of the Provincial Legislature

Heads of Departments

Distinguished guests

Ladies and gentlemen,

The purpose of this address is fourfold, namely to:

- Review our current circumstances, and on the basis of this
- Outline our policy stance,
- Report on the activities and future plans of the Department, and
- Table our departmental budget allocations for 2012-13

By way of introduction, Honourable Speaker, let me state that our provincial policy for the next few years must be to unlock the potential of the Eastern Cape while addressing simultaneous crises in the economy and the environment. It is our belief that the core of this policy must primarily be to facilitate, develop and support local and regional capacity.

In this address we explain the underlying logic of this policy, which is synergistic with the action orientation of the Premier's State of the Province Address, and follows the robust approach to development outlined by the President. We will announce various areas of progress, and will point to areas requiring new methodologies.

THE CONTEXT

1.1 Honourable Speaker, we must acknowledge that the impetus for this policy lies in the existence of the “triple crisis”, a term which describes the global coincidence of the financial or Economic crisis, the climate change or Environmental crisis, and fuel or Energy crisis. Together these three crises conspire to undermine our efforts to eliminate poverty and increase general prosperity, not just now, but for a long time to come. They also pose the most compelling opportunities available to our province since the advent of democracy.

1.2 ECONOMIC CRISIS

1.2.1 The global financial crisis of 2008 precipitated, as you are well aware, a full-blown global economic crisis from which the world economy is struggling to recover. Towards the end of last year, Oliver Blanchard, Chief Economist at the International Monetary Fund (IMF), issued a gloomy outlook statement, noting that economic recovery in advanced economies is at a standstill. He suggested that prospects for 2012 may be even worse than 2008.

1.2.2 The need for developed European economies to be “bailed out” is an indication of the severity of the on-going crisis. While the consensus is that South Africa's sound macro-economic policies shielded us from the brunt of the initial crisis, we are finding it difficult to manage the sustained onslaught of the crisis.

1.2.3 Signs of the growing negative impact of sluggish economic recovery on the country can be seen in growing inequality, deindustrialisation, and mass unemployment. Each of these is amplified at the provincial level.

1.2.4 It is these manifestations of the economic crisis that this policy seeks to address.

1.3 ENVIRONMENTAL CRISIS

1.3.1 The second crisis is precipitated by the effects of human activity resulting in pollution and increased greenhouse gas emissions, generally referred to as climate change. We regard climate change as one of the greatest threats to sustainable development, with the potential to undermine many of the positive advances made in meeting our development goals.

1.3.2 The population of the Eastern Cape, as a microcosm of South Africa, is exceptionally vulnerable to climate change because so many of our citizens already live in poverty, carry a high disease burden and are subjected to inadequate housing infrastructure in climate-vulnerable locations. This is worsened by already low and variable rainfall, which affects agricultural outputs related to food security and local livelihoods.

1.3.3 Over and above climate change, the depletion of plant and animal species due to changes in land use patterns is a growing problem. If we continue to encroach on natural habitats to extract fuel and building materials, or allow illegal trade in protected species to go unchecked, the consequences for future generations will be dire.

1.3.4 It is clear that our policy must be decisive in addressing climate change and in protecting the biodiversity of the Province.

1.4 ENERGY CRISIS

1.4.1 Closely linked to the first two crises is the energy crisis. Continued dependence on energy supplies such as cheap oil, coal and wood, is unsustainable. Not only are resources finite, but their associated emissions contribute directly to climate change.

1.4.2 The dilemma for developing economies is that industrial growth is traditionally powered by fossil fuels. Alternative, more efficient and renewable sources of energy are relatively more expensive as technologies are new and more difficult to access, posing a potential obstacle to economic development.

1.4.3 To meet the demand of a growing economy while reducing greenhouse gas emissions, we must fundamentally transform the way we power our economy. This transformation will require sustained, society-wide, concerted effort.

1.4.3 Our policy will lay the foundation for such efforts.

2 POLICY / PROGRAMMATIC IMPLICATIONS

2.1 In 1987, the World Commission on Environment and Development defined sustainable development as “development that meets the needs of the present without compromising the ability of future generations to meet their own needs”.

2.2 In less than three months, the world will focus its attention on Sustainable Development, as the international community meets in Rio to mark the 20th anniversary of the Rio Earth Summit. Honourable Speaker, in exploring the implications of the “triple crisis” for our province, we must keep in mind that, ultimately, we are charged with leading the Eastern Cape along a path to Sustainable Development. This province needs to join the rest of the world in strengthening global efforts towards the attainment of the goals of the Rio Declaration on Environment and Development. To do so, the province must deal decisively with both the challenges and opportunities identified here.

2.3 ECONOMIC

2.3.1 From an economic perspective, the Provincial Government's role must be enhanced and carefully tempered to ensure both progress and sustainability.

2.3.2 Our first focus area will be to continue to direct public infrastructure investment which creates substantial short-term construction jobs, provides a basis for the retention of existing industrial jobs, and attracts new investment which creates new sustainable jobs in the future. This increased public sector investment, particularly in the creation of new logistics platforms, is fundamental to driving economic resurgence and job creation. We believe that our focus on economic infrastructure will reverse the current disadvantages to productive enterprise posed by outdated, inefficient and inadequate transport, logistics, energy supply, and communications networks.

It will further allow the Province to seize advantage from our coastal location, particularly in respect of the national industrial strategy of value addition to our mineral wealth before export.

2.3.3 The second focus area of our policy is continued conscious support to both successful industries and those in distress. There are three distinct components to our industry support:

2.3.3.1 Attention to the health of our auto sector, our leading manufacturing industry, remains critical, and will be guided by the deliberations of the Automotive Development Cluster to be launched shortly. There are opportunities to broaden and deepen automotive component manufacturing in our Province under dti's Automotive Production Development Programme.

2.3.3.2 We intend to accelerate companies' access to the dti's Manufacturing Competitiveness Enhancement Programme (which has R5.8 billion available to support distressed manufacturing enterprises in 2012-13), to extend the provincial industrial jobs stimulus fund into the new financial year, and support additional proposals to the Development Bank of South Africa (DBSA) Jobs Fund. In the coming weeks we will launch a "Provincial Jobs Strategy and Implementation Plan". In addition to the focus on upgrading our economic infrastructure, the plan also aims to improve our ability to support the retention of existing industrial jobs, stimulate new jobs in priority sectors, build our social economy and radically improve our skills development processes.

2.3.3.3 Both the East London and Coega Industrial Development Zones (IDZs) implement the National Skills Fund (NSF) Project on behalf of the Office of the Premier (OTP) for its Eastern Cape Strategic Skills

Development Project. The project is responsible for delivering learnership and apprenticeship training to 600 unemployed learners leading to their certification as artisans.

- 2.3.4 Additionally, the Coega Development Corporation (CDC) Internship programme will continue to positively contribute to skills development and employment creation. The focus on unemployed talented graduates in the Eastern Cape, improves their chances of attaining employment in the highly competitive labour market.
- 2.3.5 Thirdly, we will enhance industry competitiveness by exploiting the opportunities created by the recently gazetted Special Economic Zones Policy and Bill by dti. This legislation promises to put our two Industrial Development Zones (IDZs) on a much more solid footing, especially when combined with incentive measures and financial instruments under consideration by dti, National Treasury and DBSA.
- 2.3.6 Our fourth area of focus will be to link locally anchored jobs to government's preferential and targeted procurement strategies. The promotion of regional and local procurement practices, particularly by government departments and municipalities, will go a long way to stimulating local economic activity and to reducing our carbon footprint through shortening delivery routes. Key strategies underpinning this policy imperative will be further support to the growing co-operatives network through the Imvaba Fund, continued provision of incubation services to small business, and accelerated roll out of the revised Local Economic Development (LED) Fund.

2.3.7 Our fifth focus area will contribute to the National endeavour to structurally transform South Africa's economy from energy-intensive to climate-friendly. In concert with the New Growth Path and the National Development Plan, we will further explore the concept of “green jobs” as part of a pro-growth, pro-development and pro-jobs strategy. In addition to the traditional green jobs related to environmental management, we are targeting green job creation in the tourism and agro-processing sectors.

2.3.8 The final, sixth economic focus area sees the Department take responsibility for the regulation of commerce, including protecting consumers. We believe that compliant businesses will promote economic development in the Province, improve sustainability of business, and improve the business and credit environment.

2.4 ENVIRONMENTAL

2.4.1 In the process of administering the environmental legislation of which the Department is the custodian, our focus is on three priorities:

2.4.2 The first priority is to protect and manage biodiversity for current and future generations. Enhancing and expanding the protected area network is seen as an effective strategy for reducing threats to biodiversity and assisting with the adaptation of the Province's endemic biodiversity to climate change.

2.4.3 Our second priority is to increase efforts to combat environmental crimes. Faced with increasing species and habitats already under threat, the Province can ill-afford a situation where organised crime syndicates, unscrupulous land owners and desperate community members decimate our natural resources. Strategies in support of this priority will range from public education and awareness-raising to crime intelligence gathering and prosecution.

2.4.4 The third priority focuses our attention on managing the impact of climate change. This is a priority because climate change will negatively impact the sustainability of human settlements and economic activity. The provincial government will provide advice, guidance and support for two broad strategy groups:

2.4.4.1 Adaptation strategies seek to build resilience to climate change through localised innovations in building materials and techniques, changes to town planning practices, water resource management, emergency response planning and livelihood protection. We will be engaging with the Department of Local Government and Traditional Affairs and municipalities in this regard.

2.4.4.2 Mitigation strategies will assist us to move towards becoming a low carbon society. Strategies already captured in our Provincial Climate Change Mitigation Strategy include:

2.4.4.2.1 Promoting investment in development, production and utilisation of renewable energy technologies.

2.4.4.2.2 Protecting ecological assets and establishing ecological services.

2.4.4.2.3 Supporting enabling activities and building capacity.

2.5 ENERGY

2.5.1 Energy policy is determined and administered nationally. The provincial emphasis is thus on programmatic implementation. Our efforts will continue to focus on facilitating and supporting investments in clean energy technologies such as solar and wind power plants and bioenergy production.

3. PROGRESS AND FUTURE PLANS

3.1 Honourable Speaker, we now elaborate our plans for the coming year, and briefly review DEDEAT's progress with respect to the ten identified priority areas.

3.2 ECONOMIC INFRASTRUCTURE

3.2.1 At the commencement of this administration, DEDEAT was mandated by the Provincial Cabinet to lead the special focus on the development of economic infrastructure. In 2010 we published a document titled "Prioritised Strategic Projects" which presented details on 18 major projects, most of which are infrastructure-related.

3.2.2 Following protracted, intensive discussions with the Department of Public Enterprises and with Transnet around the planning and implementation of the major strategic projects, Transnet and DEDEAT signed a collaboration agreement in August last year. This laid the foundation for joint planning of these priority projects, which is already yielding positive results.

3.2.3 First, Honourable Speaker, we can report that since opening the two-berth Ngqura Container Terminal in 2009, Transnet has successfully grown container import, export and transshipment volumes. There is now significant interest by shipping lines to use the port as a container transshipment hub for sub-Saharan Africa. Infrastructure for expansion to a four-berth container terminal will be completed this year. Additional rail capacity will also be provided on the Gauteng corridor. The capital cost of the container terminal is R7.9 billion, and the capacity will be 800,000 container units.

- 3.2.4 Second, a decision has been made to proceed with the manganese export corridor from the Northern Cape to Ngqura, and this provides a basis for major investments at Coega in minerals processing. The total project cost is R18 billion, and the capacity of 16 million tonnes a year is higher than originally planned.
- 3.2.5 Third, the East London harbour is being upgraded at a cost of R2.3 billion to improve the auto logistics platform, expand container handling and provide for coal exports.
- 3.2.6 Fourth, SANRAL are busy with major upgrades on our national roads, notably the N2 and N6. The upgrade of Mthatha as a logistics hub is well underway.
- 3.2.7 Fifth, Elitheni Coal has commenced mining near Indwe, approximately 240 km from the port of East London. 2.5 Metric tonnes of coal has been sold forward on the international market through off take agreements. The coal will be transported by a combination of rail and road to a staging area outside Stekstroom, where it will be packed into “skiptainers” and transported to the port. It is estimated that for every million tons of export coal produced per annum, 500 direct jobs are created. The socio economic multiplier in the logistics chain is estimated at 10.
- 3.2.8 Sixth, we welcome the decision of the Presidential Infrastructure Co-ordinating Commission, established last September, to prioritise the development of the Mzimvubu water resources. The total project cost is R20 billion.
- 3.2.9 Finally, we are encouraged by ESKOM's commitment to invest R2.5 billion worth of transmission and distribution infrastructure in our province in 2012-13.

3.3 INDUSTRY SUPPORT

- 3.3.1 The automotive industry is central to our industrialisation efforts because it provides a basis from which to broaden our manufacturing industry into other complex manufacturing assembly subsectors, such as aerospace and ship components. We are therefore delighted by recent announcements regarding major new capital investments by the industry. Mercedes Benz has invested R2.5-billion for the production of the next generation C-class, and the East London plant is on course to double production volumes by 2014. The VW Uitenhage plant invested R500-million in a new press shop last year and is dramatically improving local content levels. The new R1-billion Chinese vehicle assembly plant at Coega is expected to create 2 000 jobs when full production is reached.
- 3.3.2 Responding to companies impacted by the economic crisis remains a key aspect of our work. In 2009 NEDLAC drafted a “Framework for SAs Response to the International Economic Crisis”, providing a platform from which we continue to support a number of distressed companies to access the DBSA Jobs Fund or our own Provincial Job Stimulus Programme, and assisting others with a range of structural and relational improvements. In addition to saving more than 2,000 jobs under this initiative, we have learned many useful lessons, two of which are particularly encouraging. Firstly, the cluster approach adopted for the auto industry emerged from these efforts, and is a model we plan to adopt for supporting the agro-processing industry in the future. Secondly, we will develop a replicable support model to rescue, stabilise and grow companies. The blueprint for the model is the successful consolidation work done with Foodcorp in Molteno,

where 300 jobs have been saved and the potential for 100 new jobs created; Foodcorp has committed R50-million to a new plant, converting the old plant into a national distribution centre; DEDEAT is facilitating water treatment and electricity upgrades from the relevant utility providers; and IDC and dti are working on incentive support packages.

3.3.3 We are convinced that this comprehensive approach has important ramifications for our industries.

3.3.4 You will recall, Honourable Speaker, that in last year's policy speech we announced that an industrial jobs incentive would be piloted in our Province. This pilot has yielded significant results. Just over R12-million has been disbursed to 19 qualifying companies. A little more than 1,200 jobs were thus created, mainly in agriculture and business process outsourcing.

3.3.5 Honourable Speaker, we are very pleased to announce that DBSA has approved in principle five major projects in the Eastern Cape under the Jobs Fund. These are:

3.3.5.1 Rural Agro-industrialisation worth R140-million

3.3.5.2 An Agro-Logistics Project, involving a distributed cold storage facilities, with an estimated cost of R200-million. More accurate estimates will emerge once planning and design are completed

3.3.5.3 A new forestry and rehabilitation project, together with Sappi, Hans Merensky and PG Bison costing R230 million

3.3.5.4 A skills development project at Coega to provide artisan and trade skills for major infrastructure projects across the Province and costing R100 million, and

3.3.5.5 An automotive incubator programme.

3.3.6 Furthermore, DBSA is considering financing the Joule (electric vehicle) to the value of R500-million.

3.3.7 Honourable Speaker, we believe that the establishment of an integrated Steel Plant in the Eastern Cape would dramatically change the economic landscape and job creation possibilities of our Province. In the coming year, this project will be subjected to detailed viability & planning processes, hopefully drawing in IDC and other Agencies.

3.3.8 In terms of the skills development component of our Industry Support priority, Coega Human Capital Solutions has in excess of 1 200 unemployed candidates in training for technical occupations, the majority of whom will qualify as artisans upon completion of their programmes.

3.3.9 Other NSF projects have been implemented on behalf of the Nelson Mandela Bay Metro for skills development and training of 200 unemployed candidates, Food BEV, E-Seta and Chemical Sector Seta (CHIETA). Currently there are 107 students in the internship programme. Recruitment has been undertaken throughout the Province to ensure a wider socio-economic reach. The already strong focus on empowerment of youth and women will be sustained in the coming year.

3.4 INDUSTRIAL DEVELOPMENT ZONES

3.4.1 Honourable Speaker, this house is aware of the difficulties facing the Province's two IDZ. After many years of lobbying for clarity in respect of the legislative and funding frameworks for IDZs, we saw the dti gazette Special Economic Zones Policy and Bill in January.

These were heavily influenced by the contribution of the Eastern Cape. We further welcome the dti's allocation of significant resources to both IDZs. The R726-million to the Coega IDZ is nearly double the 2011-12 funding. R171-million is allocated to the East London IDZ.

- 3.4.2 We are very satisfied with the increasing economic activity at Coega: recent investments include Coega Dairy, Cape Concentrates, the Discovery Health Call Centre, three wind farms, expansion of Dynamic Commodities, two manganese smelters, Agni Steel and the FAW automotive investment already announced by the Premier.
- 3.4.3 Coega's investment pipeline is truly exciting: some twenty times greater than existing investments, excluding the very large petrochemicals investment. Honourable Speaker, it seems that all the resources and hard work that have gone into the Coega IDZ are finally beginning to bear fruit, and this is happening despite the lacklustre global economic conditions referred to earlier. DEDEAT will increase its investment in Coega over the next 2 years for bulk infrastructure in anticipation of the Kalagadi manganese smelter, among others.
- 3.4.4 The East London IDZ is also performing well. Discussions with new suppliers for the next Mercedes-Benz C-class model who are considering locating in the IDZ's Automotive Supplier Park are at an advanced stage, and several companies from India, China and Europe are expressing strong interest in the multi-model auto facility. Other new investments are in aquaculture, a Taiwanese manufacturer of electronic notebooks, and a 50 seat call centre.

3.4.5 In the coming year we will be assessing whether our Integrated Wild Coast Development Programme should apply for Special Economic Zone status, and have its own dedicated development operator. We are discussing a joint venture with KwaZulu-Natal in this regard.

3.5 LOCAL ECONOMIC DEVELOPMENT

3.5.1 The Buy Eastern Cape Campaign conceptualised by DEDEAT has been successfully handed over to a joint task team of all provincial business chambers for implementation. Their efforts are supported by the supplier development programme housed at ECSECC. The “designated goods” for preferential local procurement announced by dti at the end of last year will become a greater focus of ECDC activities in the coming year. In particular, we will pursue the opportunity arising from the use of locally produced cloth for government-procured work wear to re-ignite our local textile industry.

3.5.2 In 2009-10 we conducted an in-depth audit of the performance of DEDEATs LED Fund. The audit revealed that limited sustainable activity had been generated by this fund. Consequently we re-engineered the Fund and transferred the funds to ECDC. Early indications are that the performance of this fund is improving.

3.5.3 As the Premier has already indicated, our new Co-ops Fund (Imvaba) is performing well. The R32-million approved for disbursement to 46 co-operatives has seen approximately 1 255 jobs created, effectively bucking the job-loss trend of most other sectors.

3.5.4 ECDC has provided a variety of business support services to SMMEs, particularly ensuring that endeavours qualifying for assistance are thoroughly planned, piloted, and implemented. To this end, ECDC has spent R5.5-million towards scoping R3.9bn worth of projects. A further R2.5-million was spent to pilot projects worth R523-million. ECDC's investment of R3.1-million in project implementation means that there are projects worth R734-million under implementation across the province.

Almost R1-million has been spent to support exploration (quarrying and granite mining) for R129-million worth of projects.

- 3.5.5 In the coming year, the role of the ECDC as a Development Finance Institution will be more deeply entrenched. This will be augmented by the ECDC effectively driving our new Jobs Plan. In particular we will see much more effective collaboration between ECDC, SEDA, IDC and Khula in supporting enterprises in priority sectors and collectively providing incubation services to small business in several nodes throughout the Province.
- 3.5.6 We will also see our trade and investment promotion efforts becoming more responsive to the growing power of emerging economies, while at the same consolidating our activities in traditional markets.

3.6 GREEN JOBS

- 3.6.1 According to the United Nations Development Program, the label “green jobs” applies to any jobs that help to protect ecosystems and biodiversity; reduce energy, materials, and water consumption through high efficiency strategies; de-carbonise the economy; and minimise or avoid generation of all forms of waste and pollution.
- 3.6.2 With the promulgation of the Parks and Tourism Agency Act in 2010, we propelled the provincial tourism sector to the forefront of the “green jobs” drive in the Province. Over the last financial year, ECPTA has aggressively advanced the Province as a premier tourism destination through a range of interventions in the areas of destination development, conservation and biodiversity management. This sets the platform for the creation of an additional 423 jobs in 2012-13, towards a MTEF target of 2 293 green jobs by the end of 2015.
- 3.6.3 Our activities in the area of environmental public works will be scaled-up to contribute more meaningfully to our provincial job creation targets. Through our partnership with the national Department of Environmental Affairs, 4 303 environmental public works jobs were created in the Province in 2011-12.

The Department created an additional 424 environmental public works jobs in four projects across the province. We note the potential to create as many as 2 700 more green jobs on the Wild Coast through interventions such as removal of alien vegetation, working for fire, infrastructure development, expansion of five new proposed protected areas, and the establishment of associate business hubs.

- 3.6.4 Honourable Speaker, it has long been recognised that our agro-industrial sector has considerable potential, particularly in the context of the emergence of “green jobs”. The potential of agricultural value chains in this regard is demonstrated by a new tomato paste factory located in the Coega IDZ, and exporting to China. The factory plans to employ several thousand smallholders around Peddie to supply tomatoes.

3.7 BUSINESS COMPLIANCE

- 3.7.1 The Department and her public entities, the Eastern Cape Liquor Board (ECLB) and the Eastern Cape Gambling and Betting Board (ECGGB), tackle the challenge of business compliance from four perspectives. These are the regulation of liquor trading, the regulation of gambling and betting, general business regulation, and the protection of consumers.
- 3.7.2 The biggest challenge facing both the ECLB and the ECGGB has been the negative social impact of the industries they regulate. By way of example, Honourable Speaker, it is instructive to note that, despite being the country's poorest province, only Gauteng, the Western Cape and KwaZulu-Natal spent more than the Eastern Cape's R3.6-billion on liquor in the past 12 months. Both entities will consequently intensify their efforts to promote responsible conduct in their respective industries.
- 3.7.3 After numerous delays, the Office of the Consumer Protector has been established within DEDEAT; to date the Senior Manager and support staff have been appointed. Systems and processes will be streamlined over the course of this year. Plans are in place to establish the Consumer Tribunal by the end of 2012-13.

3.7.4 In the coming year we will enhance regulatory efficiency by identifying gaps and reviewing current legislation; enhance co-operation between Regulators; and enhance systems to improve communication and ensure integration.

3.8 BIODIVERSITY MANAGEMENT

3.8.1 The Eastern Cape Parks and Tourism Agency (ECPTA) is successfully protecting our extensive (and increasing) nature reserves and gradually increasing the commercial returns from provincial parks to the benefit of adjacent communities. The conservation estate was increased by more than 24 000 ha in the past year through the proclamation of the Amathole Marine Protected Area. ECPTA has also emerged as one of the largest, most innovative contributors to the Black Rhino Range Expansion Programme.

3.8.2 The partnership between the United National Development Programme (UNDP) and ECPTA has produced substantial yields through the implementation of the Wild Coast Project. It is envisaged that the continued expansion and protection of the areas under the Wild Coast Project will catalyse economic development in the Wild Coast. In order to ensure a sustainable balance between access and conservation, the ECPTA will facilitate and implement an integrated sustainable resource management model, centred on direct community access and co-management of marine and terrestrial resources. This approach has already yielded results, with some heavily depleted resources showing some resilience.

3.8.3 We are very excited, Honourable Speaker, by the imminent declaration of the Province's first National Botanical Garden at Kwelerha. The reserve will be co-managed with the South African National Biodiversity Institute, ECPTA and DEDEAT.

3.8.4 The ECPTA's exploration of the potential of "Payment for Ecological Services" is promising, and will be implemented in the coming year. Further, the turnaround time for our Environmental Impact Assessments is acceptable and is no longer a constraint to development.

3.9 COMBATTING ENVIRONMENTAL CRIME

3.9.1 The heightened media coverage of some interventions, notably along the Wild Coast and in relation to combatting Rhino poaching, has created increased public awareness of the existence of the Compliance and Enforcement sub-programme. This has had the positive result of increased reporting of contraventions. We have established a Special Investigative Unit, and will continue to professionalise this unit through DNA Rhino sampling training, crime scene management courses, media campaigns, training of provincial parks' and private reserves' anti-poaching units and the appointment of Honorary Nature and Environmental Conservators (Green Reservists). Led by the Green Scorpions, the Province will pursue a zero tolerance approach to environmental crime.

3.10 CLIMATE CHANGE IMPACT MANAGEMENT

3.10.1 The provincial Climate Change Response Strategy was presented to the public during the successful Climate Change Conference in East London last June. The eleven climate change legacy projects showcased during the provincial Conference were later presented at COP17 in Durban. Seven additional projects have subsequently been selected. The Department will support the successful implementation of these 18 projects through various combinations of regulatory support, access to grants and loans, and facilitation of access to assets and land.

3.10.2 In terms of the provincial climate change mitigation strategy, the ECPTA will plant about 5 000 ha of spekboom within the Baviaanskloof and the Great Fish River complex. Further, they have embarked on a substantial process to install solar energy sources across their portfolio, and taken the lead in reducing their carbon footprint over the next three years.

3.10.3 We are pleased to confirm that the East London IDZ has received a R22-million grant from the Social Responsibility Programme of the Department of Environmental Affairs for the implementation of the ELIDZ Green Economy programme. Three projects aimed at waste minimisation, protection of biodiversity and conservation of water resources will be implemented. Over the next 2 years, these projects will create 138 jobs (with 55% for women and 40% for youth), and position the ELIDZ as a “Green IDZ”.

3.11 RENEWABLE ENERGY

3.11.1 Our Province's “green economy” is developing well, particularly around solar geysers and wind farms, as already mentioned. In fact, we are very pleased that our Province is becoming an African leader in renewable energy wind farms, both in terms of installations and equipment. In the first listing of preferred independent renewable energy producers, released at the end of 2011, half of all wind-power approvals were located in the Eastern Cape. These are the MetroWind Van Stadens, Red Cap Kouga, Jeffreys Bay, and Cookhouse Wind Farms.

3.11.2 The East London IDZ is piloting the East London Science and Technology Park. The value-proposition of the Park is to assist the region's businesses to up-grade and grow through applied technologies and services, while exploiting open innovation platforms and value networks. A key anchor theme in this value proposition is renewable energy. This will directly enhance the two solar PV investment projects that plan to settle in the IDZ once their power purchase agreements have been approved by the Department of Minerals and Energy.

3.11.3 We believe that renewable energy generation presents perhaps the greatest potential for new economic growth. We will host a Provincial Energy Summit towards the middle of the year to fully explore this potential. The renewable energy sector promises to clearly demonstrate that economic expansion can take place in a manner respectful of the environment. It is also sector that has the potential to change rural realities, particularly for the women in rural areas who carry the brunt of the combined burden of poverty and climate change.

To this end, we will endeavour to access the financial incentive provided by the Clean Development Mechanism (CDM), a resolution of COP17, to support a renewable energy campaign in rural parts of the Province. The aim will be to swap paraffin lamps and diesel generators for clean renewable energy.

4 BUDGET ALLOCATIONS

- 4.1 Honourable Speaker, let us now briefly summarise our departmental budget proposals.
- 4.2 Total departmental budgeted expenditure increases in 2012-13 by 6% to R936 million. This is divided 53% into Economic Development, 28% into Environmental Affairs and the remainder is Administration.
- 4.3 The majority of the departmental budget (62%) is transferred to six public entities. The allocations in 2012-13 to these entities are as follows:
 - 4.3.1 Eastern Cape Liquor Board: R32.1 million
 - 4.3.2 Eastern Cape Gambling and Betting Board: R28.7 million
 - 4.3.3 Eastern Cape Development Corporation: R183.2 million
 - 4.3.4 East London IDZ: R132.5 million
 - 4.3.5 Eastern Cape Parks and Tourism Agency: R184.4 million
 - 4.3.6 Coega Development Corporation: R18 million
- 4.4 Honourable Speaker, the department expects to collect tax receipts of almost R118 million in 2012-13, nearly 90% of which will come from casino taxes.
- 4.5 Detailed DEDEAT budgets can be found in the Estimates of Provincial Revenue and Expenditure from page 417 through to page 448.

5 CONCLUSION

- 5.1 To sustain the integration of the DEDEAT group evident in the review and future plans presented here, the Department and the Portfolio Committee will need to pay close attention to the continued vigilant oversight of Programmes and Public Entities.
- 5.2 Last month President Zuma announced that a major new “South Eastern node” will be developed to improve the industrial and agricultural development and export capacity of the Eastern Cape region, and expand the province's economic and logistics linkages to the Northern Cape and KwaZulu-Natal.
- 5.3 We trust that this “developmental intention” has been given some flesh by this address, and shown that actions and implementation of concrete projects on the ground are already being made, and being relentlessly stepped up.
- 5.4 Tabled with this Policy Statement, please find the Annual Performance Plans, Service Delivery Improvement Plan for the Department and the six public entities for which we are responsible.

Thank you



Honourable MEC Mcebisi Jonas

