



# 2015/16 POLICY STATEMENT

Honourable MEC Sakhumzi Somyo

March 2015



## **PROVINCE OF THE EASTERN CAPE 2015/16 POLICY STATEMENT**

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Honourable Speaker

Honourable Premier

Members of the Executive Council

Honourable Members of the Provincial Legislature

Heads of Departments

Distinguished Guests

Ladies and Gentlemen

Honourable Speaker, I am pleased to have the opportunity to present the Eastern Cape Department of Economic Development, Environmental Affairs and Tourism's budget policy statement for 2015/16. This year marks the 60th anniversary of the Freedom Charter, a living document that the late former President Nelson Mandela described as "a beacon to the Congress Movement and an inspiration to the people of South Africa."

Amongst other things the Freedom Charter boldly stated, is that the People shall share in the Country's wealth. We can look back with pride at the fact that since 1994 the ANC led government has developed and implemented successfully, socio-economic policies that seek to achieve the objectives of the Freedom Charter. Our record in this short period is impressive. The budget policy statement I am tabling today is guided by the strategic priorities that are set out in the National Development Plan (NDP) and Provincial Development Plan (PDP) to address the socio economic challenges of our province.

Honourable Speaker you will recall that in the budget speech a few days ago I shared an economic outlook that was not as positive as we would have desired, however, Honourable Members, I am encouraged by Albert Einstein, who said:

*"In the middle of every difficulty lies opportunity."*

Indeed, the context in which we find ourselves may seem difficult, but opportunities for growth and development exist and, as a department, we will endeavour to exploit these to consistently move towards achieving our vision of sustainable growth.

## **1. PLANS**

### **Transforming our economy to create jobs**

Honourable Speaker, for years the structural composition of the economy of the Eastern Cape has been dominated by the services sector, especially retail and wholesaling - most of which supports and sustains the provincial informal sector. The primary sector of agriculture, despite our latent comparative advantage therein, remains largely under-developed.

Historically, our province has boasted of a significant manufacturing base which continues to be dominated by the auto sector. Over the years the share of manufacturing in the regional economy has, however, been declining as a consequence of some form of de-industrialization.

Honourable Speaker, understanding this, the provincial government has begun implementing strategies to diversify the provincial economy and stimulate investment. While efforts are bearing fruit, much work lies ahead. Colin Powell once rallied his troops saying: "*A dream doesn't become reality through magic; it takes sweat, determination and hard work.*" As I stand here today, this is a commitment I make on behalf of the department. Compatriots, working together we can achieve more!

Honourable Speaker, the renewable energy and agro sectors, together with the 'ocean economy' are some of the most promising areas for boosting the economy and creating enormous job opportunities.

## Renewable energy

In three bidding rounds of the Independent Power Producers Programme to date, the Eastern Cape has been awarded 12 wind farms and 1 solar farm. A combined commitment of R200 million has been allocated to enterprise development by the Independent Power Producers, while R1.4 billion has been committed for Socio-Economic Development programmes in the local communities surrounding the wind and solar farms over the 20 year life of the projects. The 13 facilities will create over 10,400 job years<sup>1</sup> over their lifetime, with 1,220 jobs at peak construction.

Honourable Speaker, it is undoubtedly crucial that Small and Medium Enterprises close to these developments are able to participate as suppliers of goods and services. Over the past year the department has facilitated an SMME supplier development programme in the Sara Baartman, Amathole and Joe Gqabi municipalities. We are pleased to report, Honourable Members, that to date the programme has engaged with 172 SMMEs, with dedicated support to 16 of the most promising SMMEs. The programme is aimed at black- women- and youth-owned businesses. The programme continues in the new financial year and we will solicit the support from all the relevant agencies including ECDC, SEDA, SIFA, NYDA and Department of Small Business Development among others.

In excess of 45 percent of the total project spend of the large Renewable Energy Facilities in the Eastern Cape has been allocated for local procurement, with the intent of stimulating development of localized industries and the green economy. The local content spend will eventually equate to R7.5 billion. .

It is important that the industrial sector in the Eastern Cape harnesses the opportunities offered by the local content spend. We are pleased therefore to indicate that the Eastern Cape is now home to 8 manufacturers in the Renewable Energy Industry. Three of these manufacturers are in the East London and Coega Industrial Development Zones, with a combined investment value of over R1 billion.

In addition to these investments, the ELIDZ is developing its own wind farm utilising a local wind turbine manufacturer, *Adventure Power* in East London. The turbines will produce in excess of three million kilowatt-hours per annum allowing the ELIDZ to save R98 million in electricity costs over 20 years while at the same time strengthening energy security for its industries.

Honourable Speaker further positive news, is that energy security has also been given a boost at the Coega Industrial Development Zone where the R3.5 billion *Dedisa Peaking Power Plant* is ready to go online in the second half of 2015. Once

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<sup>1</sup> A job-year means simply one job for one year

operational, the plant will have capacity to generate 342 mega-watts of electricity through open-cycle gas turbines (OCGTs), which represents half of Nelson Mandela Bay's current power requirement. During the construction phase Dedisa created jobs for more than 1,000 people. The design of the turbines will allow the plant to become a potential off-taker of natural gas. This is an important factor given future shale gas and offshore oil-and-gas possibilities in the Eastern Cape. **Indeed better days are on the horizon.**

Honourable Speaker, the availability of a well-skilled and technology-savvy human capital to ensure that our people fully benefit from this coming energy boom can never be underestimated. Working together with the Office of the Premier, the department has, and will continue to, convene the Provincial Green Skills forum to support the alignment between the skills needs of the energy industry and the offerings of the skills to the sector. It is therefore encouraging to note that our efforts are paying off in that many of the provincial Technical Vocational Education and Training Colleges and all the Universities in the Eastern Cape are now offering sustainable energy training and research programmes.

Honourable Speaker, as a province, we are proud to share (as an example) that the University of Fort Hare, which is celebrating its centenary next year, has established itself as one of the hubs of energy excellence in the country. There are currently 17 Doctoral and Masters Students conducting research in the areas of but not limited to biomass gasification for electricity generation, and biomass digesters, while the university has also established a green energy training programme for young and unemployed people in the iKhwezi municipality.

Together with the Department of Science and Technology, the University is also implementing a R9 million biogas project which generates electricity from the waste of the University Piggery. The 180 kilowatts of electricity from the biogas plant will power the University Agripark where a community cooperative processes dried vegetables.

Together with the South African National Energy Development Institute (SANEDI), the University is installing 110 household biogas digesters in the Melani and Fort Cox villages within the Extended Public Works Framework. The digesters will provide gas for the cooking and heating needs of the households. The project will involve the training and contracting of teams of local installers.

Honourable Speaker, the potential shale gas reserves in the Karoo Basin, and the related environmental risks and socio-economic implications remain of significant interest to Provincial Government. In partnership with the Nelson Mandela Metropolitan University, ground-breaking scientific research is currently underway to map out a detailed technical understanding of the potential shale gas resource and possible environmental risks associated with its extraction, in particular in

relation to ground water and surface ecosystems. In a world-first, a forensic baseline of ground-water hydro-chemistry, as well as three dimensional imaging of the deep sub-surface of the Karoo is being rolled out to better understand these risks and enable effective monitoring. This is being done in close consultation with farmers and rural communities. Most significantly, rural women and high-school leavers will be trained to be active participants in the process, learning how to sample and take water-chemistry composition measurements. This Citizen Science program empowers communities to lead in chartering the path of sustainable groundwater monitoring and local economic development. This investment in research will enable Provincial Government to plan for optimal socio-economic and environmentally responsible outcomes should shale gas exploration be found to be viable.

These developments are strongly aligned with the Provincial Bio-Energy Implementation Support Plan which is being undertaken by the department. Honourable Speaker, **better days are on the horizon** and we are excited by these prospects and we commit ourselves to make the province an energy hub in the country.

In his State of the Nation Address his Excellency the State President required that all government buildings should implement energy efficiency programmes to save electricity and reduce the need for load-shedding. In collaboration with the Department of Roads and Public Works, the department is currently supporting the National vNAMA Flagship Programme for Government Buildings. The programme will install specialised meters in 43 Government Buildings in the Eastern Cape as a foundation for customised energy efficiency programmes in each building.

### Agro-processing

Honourable Speaker, Agro-processing has been identified as one of the priority sectors for the industrialisation of the Eastern Cape Province. This emanates from the production potential and the demand of agricultural and related products which is clearly demonstrated by the imports of major foodstuffs and feedstuffs. Secondly, the well-known potential of agriculture and forestry linkage in the province provides an opportunity for the development of the under-developed areas of the province, thus contributing to the much desired growth for the province.

Currently, the contribution of the agricultural sector to the economy of the province is at around 4 percent. Considering the provincial potential of this sector with all the endowment of natural resources and climate, this cannot be allowed to continue as is and as such the department has started engagements with

government role players towards the establishment of a Provincial Agro-Industry Development Forum. This is in line with the principles of the Provincial Development Plan: Vision 2030 of integrated coordination and efficiencies and the goal of a growing, inclusive and an equitable economy. For the next financial year, the focus will be on strengthening the interfacing of the various players of government in the sector and engage the private sector for a more focussed agriculture sector development. This is mainly aimed at establishing value chains within the province for the development of regional economies through the clustering of agro-industries, retailers and producers. We want to turn our province to be an agriculture goods hub, with increased exports and reduced imports.

For broader economic development, the province is continuing with the Integrated Wild Coast Development Programme focussing on the Eastern side of the province where the realities of poverty and unemployment are evident. The focus for the programme is on agriculture development and related industries.

The department, together with the DTI, has conducted a pre-feasibility and a feasibility study for the establishment of a Special Economic Zone which will provide a platform for investment in value addition and processing for the export market. The feasibility study indicated that the demand for agricultural foodstuffs is evident as the imports of fresh produce in the Mthatha area valued in excess of R10 billion. However, the local production is almost non-existent. Therefore for the SEZ to be successful, a concerted effort in promoting conducive environment for increased primary production capacity in the region is necessary. This will contribute to the much needed jobs, increased revenue generation, improved quality of life and regional economic development. The Agro-Industry Development Forum will be playing an active role in highlighting and mobilising for the development of the production capacity of the region for sustainable industries and job creation.

The department in partnership with the DTI will be finalising the business case development for the establishment of the SEZ as well as mobilising resources for implementation.

Honourable Speaker, another serious limitation identified is land availability for development and therefore the department is working together with the Wild Coast SEZ Project Management Office (PMO) and the KSD municipality in resolving the land issue with the relevant institutions of government and communities. The pre-requisites for the establishment of an SEZ are mainly, the availability and security of the land as well as the security of an investor.

Interventions and support to agro-processing industries will be provided in order to improve efficiencies and therefore reduce the chances of job losses due to distressed companies resulting from rising inputs costs, especially energy and

limited quality raw materials. The renewable component of the department will be of crucial importance in facilitating integrated energy provision for the industries through various forms of renewable energy technologies for sustainable industries.

To support and sustain the agro-related investments in the IDZ's, the department will facilitate the establishment of backward linkages for the primary producers which will be mainly farmers, with more focus on small-scale and developing farmers.

### Ocean economy

Honourable Speaker, last year the President launched "Operation Phakisa" an initiative to unlock the oceans economy in South Africa. The department supported this initiative by expediting key officials to drive interventions in the following sectors: Maritime Transport and Manufacturing, Aquaculture, Governance and Compliance and the Oil and Gas Sector.

Priority projects have been designated for the Eastern Cape namely ship repair and boatbuilding for the East London Port, aquaculture for ELIDZ, Coega, Hamburg and Qolora. Particular products have been targeted for these areas namely abalone, finfish, mussels and seaweed.

In the current year Transnet has commenced with the upgrading of equipment for the ship repair facilities and is currently investigating the potential to draw in an investor to the East London Port to establish a boat building facility.

The Coega IDZ has been in discussions with Transnet to construct a ship repair facility at the Port of Ngqura. The targeted vessel types would be container vessels, vehicle carriers, dry bulk vessels and oil tanker vessels; all these types of vessels pass within the Eastern Cape coastline catchment area. As part of potential expansion plans of the ELIDZ, interest has been showed by international investors in the establishment of a ship repair facility within the IDZ domain. As this is still being investigated, the IDZ will focus significantly on unlocking this new sector within the East London region.

Furthermore, the Coega IDZ has commenced with the development of an Aquaculture development cluster. This Aquaculture Development Cluster is estimated at an investment value of close to R2billion with the potential to unlock 5,600 jobs based on the feasibility that was undertaken.

In addition, the ELIDZ have earmarked 30 hectares for the development of an Aquaculture Development cluster with the potential of unlocking approximately 2,000 direct jobs. Both the East London and Coega IDZ's have been targeting



various stakeholders to attract various investors within these areas for the production of finfish, abalone, mussels and seaweed.

Honourable Speaker, the department will, provide critical support to these initiatives in the 2015/16 financial year to unlock these sectors within the province and contribute to the reduction of unemployment. Let no one dispute our belief that **better days are on the horizon**.

### Tourism development

Honourable Members, tourism continues to be one of the sectors that have a major contribution in the provincial economy. We are inspired by the 9 percent increase in foreign arrivals in 2014. Although there are major concerns in domestic arrivals, there has been a slight increase in domestic tourist spend in 2013 by R200 million.

Partnerships with enterprise development have yielded good results and more than 200 tourism businesses participated in business support and skills development programs. Working together with our SMME's we will intensify such programmes as mentorship, business management, customer care, and market access.

Through a partnership with the National Department of Tourism, DEDEAT and CATHSSETA, we have managed to successfully host the National Tourism Careers Expo for the third time. It has exposed more than 8,000 tourism learners and students in various careers and training opportunities and has assisted to better understand the challenges on the skills demand and supply in the tourism sector.

The review of the existing Tourism Master Plan (2009-2014) has revealed serious challenges that continue to have a negative effect on the performance of the tourism sector in the province. In the 2015/16 financial year we will intensify our efforts on improving coordination at the Provincial and Local Government Level. Our major focus will be on marketing and promotion of domestic tourism as well as improving the quality of products and service in the rural areas.

### Revitalising township economies

Honourable Speaker, many townships in the Eastern Cape are in economic decline and are unable to provide sustainable services for people living in those areas. A Township Revitalisation Strategy for the Eastern Cape Province would go a long way towards coordinating the actions of government tiers to address the

economic imbalances of townships. But, until such time as this is developed, the department will be working together with the Department of Cooperative Governance and Traditional Affairs and other development agencies, such as the Uitenhage Despatch Development Initiative (UDDI), to assist the Buffalo City and Nelson Mandela Bay metro's and the Port St John's municipality to revitalise some of their townships. Our endeavours will take the form of accelerated delivery programmes aligned to existing Presidential Projects.

Honourable Speaker, we are happy to report that preparatory work has already been started by ECDC on the revitalisation of the Mdantsane Highway complex. This project will not only establish a new small business development centre, but also create opportunities for entrepreneurs to take up trading space and take advantage of a growing township economy.

#### Buy-EC / local procurement

Honourable Members, the department, with the support of Provincial Treasury and various provincial departments, have endeavoured to develop a local demand mechanism that targets the procurement of goods (products) and related services from Eastern Cape based manufacturers hence ensuring an increase of local content and value addition within each sector. The main sectors targeted are textiles (e.g. hospital linen), furniture (e.g. school furniture), printing and stationery (e.g. learner support material).

Honourable Speaker, this model can work phenomenally. For instance, with significant effort and support from the Provincial Treasury supply chain management office and the Department of Health, specific products under the hospital linen and nurses uniform contracts have been allocated to *Cut and Trim Manufacturers* in the Dimbaza industrial area. The nurse's uniform contract is estimated at R60 million. This is what we must see more of as local procurement is key to economic transformation. Although the department is driving this initiative, the support of Provincial Treasury is required to ensure an enabling regulatory environment is created, together with enforcement of the 50 percent local procurement target that has been set by the provincial government.

Furthermore, in support of local business the department will, in collaboration with the National Department of Small Business Development, establish a provincial Red Tape Reduction focus group comprising organized business, development agencies, municipalities, organized labour and civil society for identification of obstacles that hinder investment in local municipalities and collectively design programmes and solutions for addressing such impediments.

### Small business development

Honourable Members we are aware that despite the positive efforts made by the provincial government in supporting SMME's and co-operatives over the past few years, a large number of small businesses fail not long after exiting support and incubation programmes. Most SMME's are at a low level of activity and little value addition takes place. Indications from statistical evidence are that the number of SMME's in the Eastern Cape has in fact declined since the mid-2000's. This has led to the department redesigning its approach to small business development.

Incubation, coupled with sustained funding and business support, is a valuable tool for development of SMME's. The department, in partnership with the DTI, Department of Small Business Development, Science and Technology Park at the ELIDZ as well as the Chris Hani District Municipality, is driving incubation in the chemical, agro-processing and ICT sectors. The department has already provided funding for the establishment of the Chris Hani incubation hub, and in the coming financial year the department will be working closely with the UDDI and other agencies to strengthen our incubation programme.

Through the LRED, Invaba and SMME funds, the department is already providing financial support to small business and co-operatives. The department will restructure these funding mechanisms to support the new approach to small business development.

Honourable Speaker, it is anticipated that through up-scaled incubation programmes and restructured funding mechanisms, the department will support the development of sustainable small businesses that meaningfully participate in prioritised sectors and industries. It is through this that small businesses will become drivers of economic development.

### Jobs Fund

Honourable Speaker, the Jobs Fund creates jobs by supporting initiatives that generate employment in innovative ways. The Fund offers once-off grants in the areas of enterprise development, infrastructure, support for work seekers and institutional capacity building. The Province submitted numerous applications to the Jobs Fund with 12 projects, with a value of over R430 million, receiving approval. All of these projects are currently in the implementation phases.

The Mercedes-Benz (MBSA) learning academy and Automotive Industry Development Centre (AIDC-EC) infrastructure development and capacity building initiatives are particularly exciting.

The MBSA Learning Academy (in partnership with the ELIDZ and Buffalo City FET College) will produce quality artisans who can contribute towards dealing with the current service delivery challenges in the Eastern Cape Province. MBSA will source state of the art technology/equipment for the learning academy and technical experts who will impart knowledge to the learners. This will be achieved through offering the quality supply of technical skills from the Learning Academy for government and other private sector companies. We anticipate that this investment will attract other companies who have been sceptical of investing in East London due to skills shortage thereby unlocking potential for new job opportunities. Over and above training capacity to fill vacant posts in government departments, MBSA intends to draw artisans and interns from this learning academy into sustainable employment in the MBSA plant. It is anticipated that 500 internships opportunities will be created and 360 artisans will be placed in permanent positions.

The competitiveness of the automotive sector in the Eastern Cape is constrained by insufficient sector specific skills, low local content production levels in the Original Equipment Manufacturers (OEMs) and absence of a metal surface treatment plant. The AIDC-EC and Jobs Fund are co-funding a programme that comprises of the three interrelated projects which deal with gaps identified in the value chain of the automotive industry: firstly, the engineering and supplier skills development programme; secondly, the manufacturing business incubators in Mdantsane and Nelson Mandela Bay; and lastly, the Metal Surface Treatment (MST) facility in East London. The MST facility will create 446 permanent jobs and 68 Graduates placed.

The department played a significant role in packaging strategic proposals and business plans for jobs fund applications. The Agriculture funding window has just recently closed and the Innovation window open later in the year. The department will continue to play a proactive role in preparing project profiles of key strategic provincial projects.

### **Strengthening the developmental state and good governance**

Honourable Members, effects of alcohol abuse, are wrecking families, and causing carnage in our roads. The proliferation of illegal outlets can never be overstated. Further irresponsible trading and consumption of alcohol easily overshadows the increased contribution of this industry in the economy of the province through direct and indirect employment, income to a number of households and increased government tax revenue and licences.

Honourable Speaker, in light of this, we have no other choice but to be resolute in enforcing compliance with regulations, with the primary objective being not to

stifle the industry but to promote responsible trading and discourage inconsiderate liquor trading and consumption especially by the youth.

In consideration of fiscal implication on enforcing compliance, in this financial year we will intensify efforts to promote compliance and self-regulation through incentivising those who trade responsibly and comply, encourage community monitoring and usage of a toll free number to report incidences of transgressing the law. Working relationships with other law enforcement agencies will be strengthened.

We will further intensify awareness and efforts to interact with people of Eastern Cape, increase interaction and partnerships with the industry itself and improve collaborative inter-governmental efforts within the province.

Honourable Members, that being said, we are currently reviewing the Eastern Cape Liquor Act and its Bill has already been adopted by cabinet and soon will be publicised for public participation. As a department working with the Liquor Board and law enforcing agencies, we will continue to ensure that law prevails and all illegal and non-compliant outlets are closed down. During his State Of the Province Address, the Honourable Premier indicated that we have already closed 352 illegal taverns and shebeens. **Our message is clear, comply or close shop!**

Honourable Speaker, in my 2014/15 policy speech I indicated that we intended to introduce additional bingo licences with the potential to increase revenue collection. I am pleased to report that eight additional licences were issued during the financial year while R10 million of tax revenue was collected from the five operational licensees to the end of February 2015.

Furthermore, in our efforts to promote responsible and responsive gambling, this house has passed the Eastern Cape Gambling Bill and once it comes into law, we intend finalising regulations in this financial year.

All these efforts are made so as to extract optimal value out of the gambling industry and eliminate irresponsible gambling. If we are to succeed as we intend on that, this industry is poised to generate R142 million in tax revenue.

Further to this, a draft Traditional Horseracing Policy has been developed, which, when finalised this year, will see a regulated and standardized traditional horseracing showcase in the province that will harness the development of socio-economic opportunities for participants, owners of traditional horses and communities.

With the support of the Government Technical Advisory Centre (within the National Treasury), the department and Provincial Treasury is undertaking a review of its public entities. The purpose of this project is to review the legislative mandates of entities to ensure that they operate within their mandates and that these are aligned to key national and provincial government priorities. This exercise will also advise us on the rationalisation of these entities (and their subsidiaries) and appropriate institutional arrangements of these entities to ensure operational efficiencies and the achievement of mandates that are in line with government priorities. It will advise on the closure and amalgamation, where necessary, of the entities and their subsidiaries.

The first phase of this project has already been completed and preliminary recommendations have been made. During the coming year the recommendations will be finalised together with the way forward.

The review of public entities forms part of a broader activity of relooking at the service delivery model of the DEDEAT group to eliminate inefficiencies and ensure effective strategies for service delivery and integration with other government departments and delivery agencies. Furthermore, the department is working with the ELIDZ and CDC to review their business models to bring the functionality of these investment hubs to the highest level.

### **Managing and protecting the natural environment**

Honourable Speaker, the country is experiencing climate change as evident by the various abnormal weather incidences such as drought, high temperatures, flash floods and wild veld fires, as recently experienced in the Western Cape. The department will engage the National Department of Environmental Affairs in exploring the possibility of accessing the climate change flagship programme funding as this will result in the implementation of such once approved and funded.

Honourable Members, we are aware that in the past months rhino poaching in the region has been on the increase, however, we are encouraged that the province has not been as hard-hit as other provinces, with both the provincial and SANParks not experiencing any incidents of poaching. Fifteen incidents were recorded in private game farms in 2014, and seven poaching incidences by February 2015. This matter is being investigated by DEDEAT and Hawks.

However, there were cycad poaching incidents that resulted in an arrest in Cathcart of two persons who were subsequently sentenced to seven years each and in Kirkwood four persons were convicted. During these cases 171 cycads were confiscated to the value exceeding R5 million and some of these have been replanted in the wild.

Fiscal resources, Honourable Speaker, are however limited. Therefore we continue to be creative in our approach. We will work with our law enforcement and security cluster partners to comply with NEMA, and also conduct community engagement and awareness campaigns to encourage partnerships to decrease poaching.

The Provincial Environmental Crime Working Group, chaired by the department will remain as the main coordinating forum to bring together leadership from all the enforcement agencies. In addition, the Wild Coast Illegal Development Task Group chaired by the department remains the coordinating forum for all compliance monitoring and enforcement along this important coastline.

Honourable Speaker, we are pleased to report that the establishment of volunteer clusters of Honorary Environmental Officers has resulted in improved intelligence gathering, visibility and proactive enforcement. This initiative will be expanded and improved upon in the coming year with greater focus on training and joint operations in environmental crime hotspots.

The successes of the department's Special Investigation Unit in cracking wildlife crime syndicates are well publicised. The SIU will be bolstered with more resources and equipment that meets the modern standards of technological innovation for fighting crime.

Honourable Speaker, it is unfortunate that sand mining continues to be seen by some as a "short cut" for many to get rich quickly. While bringing sudden and huge profits for some, the sand mining poses damage to the safety of dikes, bridges and local ecological environments, particularly along the Wild Coast. Despite resource constraints the department is committed to protect environmentally sensitive areas by combating environmental violations.

The new Wild Coast Environmental Management Plan has far wider government and public support than any previous development plans, but the Plan will fail if it is not enforced. This will result in lost economic opportunities and desire for investment (like Mngazana and Coffee Bay for example) and environmental degradation (including rampant sand mine activity, deforestation and uncontrolled linear urban sprawl).

The department will dedicate resources towards preventing illegal building outside identified development nodes and ensuring that authorisations/permits are obtained for development within such nodes. Resources have been prioritised and further partnerships will be developed to ensure the protection of our sensitive coastal environments.

Honourable Speaker, during the 2014/15 financial year the department succeeded in meeting legislative timeframes in the processing of Environmental Impact

Assessments (EIA) applications. The department prioritised issues relating to municipal infrastructure and services through participation in Provincial Municipal Infrastructure Forums at provincial and district levels. In December 2014 the new National EIA Regulations were promulgated, which included very tight timeframes for EIA processes. We will be required to finalise 98 percent of all applications received within stipulated timeframes. A departmental Quarterly Environmental Quality Management forum will be utilised to capacitate stakeholders in implementing these regulations.

Honourable Speaker, there are major market and decent work opportunities that can be gained from managing our environment to reconcile the many competing objectives and actions emerging from different parts of government in order to align behind the same targets and actions. These opportunities will be created through Green Job projects for contract, casual and EPWP appointments, working together with the ECPTA and various municipalities, recruiting people from communities near our provincial reserves and municipal environmental projects. Seasonal employment opportunities will be provided through access to protected areas for the harvesting of natural resources (such as thatching grass, marine resources, firewood, etc) from reserves.

Addressing air pollution by encouraging changes in the way we live and do business will bring healthier and more resilient communities, alleviating economic burdens through labour productivity, reduced employee turnover and public health costs, something to be valued on its own. This will also create off-shoot industries and technological innovations from the demand for pollution control equipment, manufacturing and monitoring compliance to increased attractiveness and appeal for commercial, tourism and investment opportunities.

The Department will in the 2015/16 financial year develop its air dispersion modelling capability. This capability will allow the department to better anticipate the impact of air pollution on communities and consequently it will allow for better air quality management. The department is anticipating the roll out of the National Emission Inventory System. This system will collate emissions from industry and other non-industrial sources which will allow the department to better manage air quality. The department will continue to assist municipalities with the Atmospheric Emissions Licensing function.

Solid waste, medical waste and landfills are a serious threat to our environment, our precious water resources, and ultimately human health. The management of landfill sites by municipalities continues to be a challenge, despite ongoing monitoring and support. The department will be more stringent in the issuance of waste management licences, more strict in the enforcement of licence conditions and work together with municipalities in the development of integrated waste management plans.



Ideally we should not produce so much waste, but the terrifying reality is that we do and we have to deal with its consequences. Implementing the waste management hierarchy as advocated in the Waste Act is the key in unlocking the true potential of Waste Economy as the waste generated can be re-used, recycled, recover energy and treat waste before final disposal into landfills. Recycling should always be part of waste management and should not be seen in isolation. Recycling holds great prospects not only for conservation, but also for job creation. The department will work closely with municipalities and our SMME programs to identify and develop programmes to create sustainable opportunities such as waste to energy and youth jobs in waste management so that solid waste can be transformed from something useless into businesses and thereby create jobs.

Honourable Members, the wildlife ranching and hunting sectors offer specialized employment opportunities such as tracking, skinning, taxidermy, tour-guiding and professional hunting and is potentially a large contributor to job creation. Alongside this, the conservation and hunting industries are also among the industries that have been identified as being in serious need of transformation. In collaboration with the National Department of Environmental Affairs, initiatives are being put in place for the institution of a professional body for environmental assessment practitioners to promote professional conduct and the self-regulation of practitioners.

A transformation charter for the hunting industry is also being developed. The department will also be working together with game farm owners to develop and transform the industry, understanding its strong linkages to the tourism sector.

Furthermore, the Department of Mineral and Resources, in partnership with the Department of Environmental Affairs and DEDEAT will lead the process of identifying suitable sites for sand mining in the province. This will assist in ensuring that sensitive environmental areas are not mined whilst ensuring that economic opportunity is realised for the benefit of the community.

Honourable Members, the Department will be reviewing the Eastern Cape Biodiversity Plan (ECBCP) in order to update the information relating to Critical Biodiversity Areas in the Province, which is a critical decision making tool that will facilitate decision making by the sector departments and municipalities. The department is currently implementing the species biodiversity management plans, which is the Albany Cycad, Pelargonium and Black Rhino Biodiversity Management Plans. The White Rhino and Cycad Biodiversity Management plans will be published in the gazette for implementation in 2015/16 financial year.

Honourable Speaker, the province has some of the most beautiful and pristine coastline in the country, and the protection and management thereof is critical. In

the coming year the department will develop and publish Public Boat Launching Sites Regulations and designation of municipalities and other capable entities as management bodies for these.

Furthermore, the department will establish coastal management lines for Ndlambe Local Municipality and Nelson Mandela Metro to facilitate reasonable development and protection of public and private property in the Coastal Zone. In the coming year the department will, in partnership with the national Department of Environmental Affairs, develop Estuarine Management Plans for Mzimvubu, Bulolo and Kowie estuaries in line with the Integrated Coastal Management Act.

In partnership with the ECDC and other stakeholders, the department will forge partnerships to promote coastal tourism. This will include the development of strategies to assist municipalities in getting Blue Flag Status, which is key in attracting tourists to our coastline.

## 2. BUDGET ALLOCATIONS

Honourable Speaker, we now briefly summarise our departmental budget proposals.

In these proposed allocations, the department has ensured that funds are allocated to key service delivery areas aligned to its mandate.

The budget distribution across the department's three programmes is influenced by the relative location of the key priorities and the six public entities. Accordingly, the budget allocations are as follows:

- Administration: R200,721 million (16.9% of the budget)
- Economic Development: R683,551 million (57.8% of the budget)
- Environmental Affairs: R297,587 million (25.3% of the budget)

The majority of the departmental budget (64.9%) is transferred to the six public entities making up the DEDEAT Group. The allocations in 2015/16 to the entities are:

- Eastern Cape Liquor Board: R41,942 million
- Eastern Cape Gambling and Betting Board: R43,843 million
- Eastern Cape Development Corporation: R207,679 million
- East London Industrial Development Zone: R94,932 million
- Eastern Cape Parks and Tourism Agency: R193,080 million
- Coega Development Corporation: R185,000 million

Honourable Speaker, the department expects to collect tax receipts of around R153 million in 2015/16, approximately 89 percent of which will come from casino taxes.

The Estimates of Provincial Revenue and Expenditure contain detailed budgets.

### 3. CONCLUSION

Honourable Speaker, with our past we can relate to Harriet Tubman - an African-American born into slavery in the 19<sup>th</sup> century who became an abolitionist and humanitarian who, during the American Civil War, rescued approximately seventy enslaved family and friends using the network of antislavery activists and safe houses known as the Underground Railroad. I find inspiration in her story. She said that: *"Always remember, you have within you the strength, the patience, and the passion to reach for the stars to change the world."*

Compatriots, this is our province. We have this passion within ourselves to rise up and take hold of the opportunities that would create for us the province we wish to see; a province we wish to live in and leave for future generations. A province with sustainable development underpinned by economic growth and sound environmental management. **A province alive with possibility.**

Honourable Members, I would like to extend my thanks to the Head of Department and his team for their continued dedication and support.

Honourable Speaker, I herewith table the Annual Performance Plans for the department and the six public entities for which we are responsible, and the Service Delivery Improvement Plan for the department.

Thank you.