PROVINCE OF THE EASTERN CAPE

Department of Economic Development and Environmental Affairs

Five-year Strategic and Performance Plan

(2005/06 to 2009/10)

Updated February 2008
Foreword by MEC

The Provincial Government has adopted strategic planning procedures that are in line with national planning frameworks aligned to the five-year electoral cycle. Consequently, a Five-Year Strategic and Performance Plan covering the period 2005/06 to 2009/10 was formulated by the Department of Economic Development and Environmental Affairs.

The five-year strategic planning perspective provides an opportunity for the Department to take a broad, longer-term view of strategic goals for the Department as a whole, and to develop associated strategic objectives within the context of key national, provincial and local government planning instruments, including the Provincial Growth and Development Plan (PGDP), Municipal Integrated Development Plans (IDPs), and the five-year strategic plans of the Departments of Trade and Industry (DTI) and of Environmental Affairs and Tourism (DEAT), which constitute the primary sources of government policy that the Department must analyse, interpret and implement at the Provincial level.

Arising from policy developments at the national and provincial levels the Department has taken note of the following imperatives in charting a strategic direction and formulating the Annual Performance Plan (APP) for the 2008/09-2010/11 MTREF:

- The DTI Regional Industrial Development Strategy (RIDS),
- The Accelerated and Shared Growth Initiative for South Africa (ASGISA),
- The High Impact Priority Programmes (HIPPs) adopted at the EC Cabinet Lekgotla in September 2006,
- PGDP prioritisations adopted by the Economic Growth and Infrastructure (EG&I) Cabinet Committee during the course of 2006/07 and
24 Priorities for Immediate Implementation (adopted by National Cabinet in May 2007).

Five-year strategic goals and objectives are generally established for the entire period of the planning/electoral cycle, unless significant policy developments require them to be revisited. During the course of 2006/07, the Department undertook an internal process to review key strategic goals and objectives. This resulted in the adoption of an adjusted set of overall strategic goals for the remainder of the electoral cycle which ends in 2009/10. The department is in the process for preparing for the next five year strategic plan (2010/11 – 2014/15).

The Department also concluded comprehensive Shareholders’ Compacts and Funding and Reporting Protocols with the Public Entities for which it is responsible. These were signed by Chairpersons of boards of public entities on the 18\textsuperscript{th} of October 2007.

The Department continues to play a critical collaborative role in the activities of the Economic Growth and Infrastructure Cluster where inter-departmental projects are coordinated.

The Five-Year Strategic and Performance Plan outlines the way forward and lays the foundation for the strategic plans of the future. It furthermore provides broad strategic parameters for the activities of the DEDEA and thus sustainable, integrated economic development in the Province of the Eastern Cape, ultimately translating into an improved quality of life for all.

Hon Mbulelo Sogoni

MEC for Economic Development and Environmental Affairs
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<td>Auto Industry Development Centre-Eastern Cape</td>
</tr>
<tr>
<td>BCM</td>
<td>Buffalo City Municipality</td>
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<tr>
<td>CDC</td>
<td>Coega Development Corporation</td>
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<tr>
<td>DEDEA</td>
<td>Department of Economic Development and Environmental Affairs</td>
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<tr>
<td>DGITO</td>
<td>Departmental Government Information Technology Officer</td>
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<tr>
<td>DM</td>
<td>District Municipality</td>
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<td>DTI</td>
<td>Department of Trade and Industry</td>
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<td>EC</td>
<td>Eastern Cape</td>
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<td>ECCT</td>
<td>Eastern Cape Consumer Tribunal</td>
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<td>ECDC</td>
<td>Eastern Cape Development Corporation</td>
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<td>Eastern Cape Gambling and Betting Board</td>
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<td>ECLB</td>
<td>Eastern Cape Liquor Board</td>
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<tr>
<td>ECPB</td>
<td>Eastern Cape Parks Board</td>
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<td>ECSECC</td>
<td>Eastern Cape Socio-Economic Consultative Council</td>
</tr>
<tr>
<td>ECTB</td>
<td>Eastern Cape Tourism Board</td>
</tr>
<tr>
<td>EG&amp;I</td>
<td>Economic Growth and Infrastructure</td>
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<tr>
<td>ELiDZ</td>
<td>East London Industrial Development Zone</td>
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<tr>
<td>EU</td>
<td>European Union</td>
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<tr>
<td>FDI</td>
<td>Foreign Direct Investment</td>
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<tr>
<td>GDP</td>
<td>Gross Domestic Product</td>
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<tr>
<td>GDPR</td>
<td>Gross Domestic Product per Region</td>
</tr>
<tr>
<td>GIS</td>
<td>Geographical Information System</td>
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<tr>
<td>HoD</td>
<td>Head of Department</td>
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<tr>
<td>HR</td>
<td>Human Resources</td>
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<tr>
<td>HSRC</td>
<td>Human Science Research Council</td>
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<tr>
<td>ICT</td>
<td>Information Communication Technology</td>
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<tr>
<td>IDP</td>
<td>Integrated Development Plan</td>
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<td>IMS</td>
<td>Integrated Manufacturing Strategy</td>
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<tr>
<td>ISO</td>
<td>International Organisation for Standardisation</td>
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<td>ISRDP</td>
<td>Integrated Sustainable Rural Development Programme</td>
</tr>
<tr>
<td>IT</td>
<td>Information Technology</td>
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<tr>
<td>LED</td>
<td>Local Economic Development</td>
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<tr>
<td>MEC</td>
<td>Member of the Executive Council</td>
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<tr>
<td>MERS</td>
<td>Micro-Economic Reform Strategy</td>
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<tr>
<td>MTREF</td>
<td>Medium Term Revenue and Expenditure Framework</td>
</tr>
<tr>
<td>PFMA</td>
<td>Public Finance Management Act</td>
</tr>
<tr>
<td>PGDP</td>
<td>Provincial Growth and Development Plan</td>
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<tr>
<td>PMDS</td>
<td>Performance Management Development System</td>
</tr>
<tr>
<td>SDI</td>
<td>Spatial development Initiative</td>
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<tr>
<td>SHE</td>
<td>Safety, Health and Environment</td>
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<tr>
<td>SITA</td>
<td>State Information Technology Agency</td>
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<td>SLA</td>
<td>Service Level Agreement</td>
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<td>Small and Medium Enterprises</td>
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<td>SMME</td>
<td>Small, Medium and Micro Enterprises</td>
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<td>SMS</td>
<td>Senior Management Service</td>
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<tr>
<td>SOER</td>
<td>State of the Environment Report</td>
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<td>URP</td>
<td>Urban Renewal Programme</td>
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Draft 3
Part A

Strategic Overview

1. Overview of the Five-Year Strategic Plan

The Department’s Five-Year Strategic and Performance Plan for the period from 2005/06 to 2009/10 provides opportunities for ensuring that the activities of the Department’s Programmes and Public Entities are aligned with the overall strategic intent of the Provincial Growth and Development Plan (PGDP), launched during 2004/05, and with the Municipal Integrated Development Plans (IDPs), which provide a comprehensive framework within which development planning can be implemented.

A wide range of national and provincial policy positions informed the compilation of this initial strategic planning instrument and provided a context for subsequent reviews and improvement built on the experience gained from reporting procedures that reflect implementation progress. The principal points of departure, in this regard, are the President’s State of the Nation address, the Premier’s State of the Province address and the MEC’s Policy Speech, which serve to outline the overall developmental directions for the provincial government, in general, and for the Department, in particular. The importance of previously disadvantaged groups is also of significant importance as we strive to close the gap between the two economies.

We are also guided by the sectoral policies that emanate from the strategic plans of the Departments of Trade and Industry and of Environmental Affairs and Tourism. Taken together, these policy approaches reflect the development imperatives that arise from National and Local Growth and Development Summits and from the National Spatial Development
Perspective, which emphasise the critical importance of sectoral and spatial issues that require to be addressed in the country as a whole.

Arising from this background, the Department’s approach to strategic planning is based on several key issues that form the basis for determining the overall goals and objectives which the Department has adopted for the initial planning period and beyond.

- **Sustainable formal sector job creation is the most important challenge that must be addressed by the Department and the Provincial Government.** Under circumstances of deeply entrenched poverty and unemployment, the fundamental role and responsibility of the state is to provide an environment that is conducive to facilitating private sector investment in productive business enterprises. In this context, it becomes equally important to highlight the fact that poverty and underdevelopment, in general, affect marginalised groups more than others.

- **It is also important, however, to ensure that access to business opportunities is afforded to a wider spectrum of the Province’s population in order to redress the spatial and racial inequities of the past.**

- **Promoting local action for development, based on adding value to locally sourced resources, including human resources, is vitally important to ensure that maximum benefits are derived from state investment in social and economic infrastructure.**

- **Building constructive partnerships, based on the principles of co-operative governance and alliances with private sector interests, are imperative pre-conditions for successfully implementing our strategic plans.**
We recognise that strategic planning is not an event. It must be an on-going and dynamic process that learns from experience in order to improve future activities and resource allocations. The five-year strategic planning period, linked to the electoral cycle, provides room to adjust and adapt our approaches to changing social, economic and political circumstances in the province and the country as a whole. The Department also believes that the PGDP and the Municipal IDPs represent critical opportunities to forge development relationships for the benefit of the Province’s people.

Dr Enyenna Nkem-Abonta
Head of Department
2. Vision

The department strives to be the recognised leader in coordination and implementation of policies and strategies for sustainable and shared economic development and environmental management in the Eastern Cape.

3. Mission

DEDEA promotes and facilitates equitable, sustainable economic development and environmental management, through effective programmes, partnerships and people-centred service standards.

4. Values

- DEDEA people are committed to excellence and equity in our:
  - professional work standards;
  - responsiveness to clients and partners;
  - transparency and integrity of processes;
  - mutual respect and courtesy;
  - staff selection, development and recognition of high performance

5. Sectoral situation analysis

The growth rate of the Province is relatively in line with the national growth rate as depicted in the table below:

<table>
<thead>
<tr>
<th></th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2006 (excl Agric)</th>
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<tr>
<td>EC GDPR Growth</td>
<td>1.7</td>
<td>2.6</td>
<td>4.2</td>
<td>4.8</td>
<td>4.7¹</td>
<td></td>
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<tr>
<td>RSA GDP Growth</td>
<td>3.7</td>
<td>3.1</td>
<td>4.8</td>
<td>5.1</td>
<td>5.0</td>
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### RSA 2006 Q GDP

<table>
<thead>
<tr>
<th></th>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
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<tr>
<td>RSA</td>
<td>4.6</td>
<td>4.5</td>
<td>4.7</td>
<td>6.1</td>
</tr>
<tr>
<td>Q GDP</td>
<td>4.8</td>
<td>5.3</td>
<td>5.4</td>
<td>6.2</td>
</tr>
</tbody>
</table>

**Source:** All data from StatsSA PO441 2007

Key growth sectors are compared below:

<table>
<thead>
<tr>
<th>Key Growth Sectors²</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agric, Forest &amp; Fish (EC)³</td>
<td>-11.2</td>
<td>-4.3</td>
<td>1.2</td>
<td>5.2</td>
<td>-16.6¹</td>
</tr>
<tr>
<td>Agric, Forest &amp; Fish (RSA)</td>
<td>6.5</td>
<td>-2.1</td>
<td>1.4</td>
<td>4.1</td>
<td>-13.1</td>
</tr>
<tr>
<td>Manufacturing (EC)</td>
<td>1.7</td>
<td>-2.2</td>
<td>3.7</td>
<td>4.2</td>
<td>5.0¹</td>
</tr>
<tr>
<td>Manufacturing (RSA)</td>
<td>2.8</td>
<td>-1.4</td>
<td>4.7</td>
<td>4.0</td>
<td>4.8</td>
</tr>
<tr>
<td>Construction (EC)</td>
<td>-11.8</td>
<td>30.0</td>
<td>8.8</td>
<td>10.1</td>
<td>11.3¹</td>
</tr>
<tr>
<td>Construction (RSA)</td>
<td>5.8</td>
<td>6.9</td>
<td>11.1</td>
<td>11.9</td>
<td>13.3</td>
</tr>
<tr>
<td>Whole/Ret Trade, Hotels &amp; Rest (EC)</td>
<td>2.1</td>
<td>4.4</td>
<td>4.8</td>
<td>5.2</td>
<td>5.4¹</td>
</tr>
<tr>
<td>Whole/Ret Trade, Hotels &amp; Rest (RSA)</td>
<td>2.3</td>
<td>6.5</td>
<td>5.9</td>
<td>6.5</td>
<td>6.7</td>
</tr>
<tr>
<td>Transport &amp;</td>
<td>10.9</td>
<td>1.6</td>
<td>2.8</td>
<td>4.3</td>
<td>4.2¹</td>
</tr>
<tr>
<td></td>
<td>2003</td>
<td>2004</td>
<td>2005</td>
<td>2006</td>
<td>2007</td>
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<tr>
<td>Communication (EC)</td>
<td></td>
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<td></td>
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<tr>
<td>Transport &amp; Communication (RSA)</td>
<td>9.0</td>
<td>5.9</td>
<td>4.7</td>
<td>5.5</td>
<td>5.4</td>
</tr>
<tr>
<td>Finance, Property &amp; Business Services (EC)</td>
<td>3.6</td>
<td>5.3</td>
<td>7.9</td>
<td>5.4</td>
<td>8.1</td>
</tr>
<tr>
<td>Finance, Property &amp; Business Services (RSA)</td>
<td>6.3</td>
<td>4.1</td>
<td>7.9</td>
<td>5.5</td>
<td>8.3</td>
</tr>
<tr>
<td>GDPR (EC)</td>
<td>1.7</td>
<td>2.6</td>
<td>4.2</td>
<td>4.8</td>
<td>4.7</td>
</tr>
<tr>
<td>GDP (RSA)</td>
<td>3.7</td>
<td>3.1</td>
<td>4.8</td>
<td>5.1</td>
<td>5.0</td>
</tr>
<tr>
<td>RSA TVA Excluding Agriculture</td>
<td>3.7</td>
<td>3.3</td>
<td>4.9</td>
<td>5.2</td>
<td>5.4</td>
</tr>
</tbody>
</table>

**Source:** All data from StatsSA PO441 2007

The Department operates within the context of nationally defined parameters which interface with local initiatives as expounded in the Provincial Growth and Development Plan. The department has already committed resources to the western part of the Province and is determined to shift resources to the east, covering the largely poverty stricken Districts of the Province.

In implementing the mandate of the department, we will make use of our Public entities using the nationally agreed budget programme structure to drive our core programmes. Part of the work will involve understanding backward and forward linkages in all sectors of the Provincial Economy. The Department in conjunction with sectoral partners, has already identified nine key sectors which are expected to propel the Provincial economy. These sectors are:

1. Agro-Industry Beneficiation
a. Timber and Forestry  
b. Bio-fuels  
c. Agro-processing  
2. Metals and Minerals  
3. Plastics  
4. Auto-Sector  
5. Tourism  
6. Business Process Outsourcing (BPO)  
7. Cultural and Creative Industry and  
8. Construction.  

In a nut shell the department is poised to address both the demand and supply sides of economic activities.

5.1 Summary of service delivery environment and challenges

The distribution of demographic and socio-economic characteristics in the Province reflects severe spatial imbalances and racial inequalities that stem from the effects of decades of apartheid policies, and constitute the most important challenge to be addressed through provincial and local government development planning instruments. While significant progress has been made during the first decade of democracy, inequalities in service delivery are still evident in terms of backlogs in social infrastructure, particularly regarding water, refuse removal and sanitation services. Most affect women, people with disabilities, youth, elderly and children more as they are the primary users of these basic services.

Spatial and racial distributions of access to employment opportunities, personal income and educational attainment are also severely skewed. In this regard, the eastern half of the Province, which generally coincides with the previous bantustans, emerges as the most disadvantaged area in the
Province and requires to be accorded priority status in terms of local and provincial government spending allocations.

5.2 Summary of organisational environment and challenges

The Department’s operations are managed by a Head Office, located in Bhisho, and are implemented through six District Offices located in Port Elizabeth, East London, Mthatha, Queenstown, Ukhahlamba and Kokstad. A

The overall organisational structure of the Department has been adjusted and now consists of the following clustered programmes:

Programme 1: Administration

1.1 Office of the MEC
   1.1.1 MEC
   1.1.2 MEC Core Staff

1.2 Office of the HOD
   1.2.1 Office of the HOD
   1.2.2 Strategic Management
   1.2.3 ICT Management
   1.2.4 Monitoring & Evaluation
   1.2.5 Special Programmes/2010

1.3 Financial Management
   1.3.1 Finance
   1.3.2 SCM
   1.3.3 Compliance & Risk Management

1.4 Corporate Services
   1.4.1 HR Planning & Practices
   1.4.2 Organisational Development
1.4.3 Office Management
1.4.4 Communications

2. Economic Development Management

2.1 Integrated Economic Development Services
2.1.1 Enterprise Development
2.1.2 Local Economic Development
2.1.3 Economic Empowerment

2.2 Trade & Industry Development
2.2.1 Trade & Investment Promotion
2.2.2 Sector Development
2.2.2.1 Tourism Management
2.2.2.2 Eastern Cape Tourism Board (ECTB)
2.2.3 Industry Development

2.3 Business Regulation & Governance
2.3.1 Corporate Governance
2.3.2 Consumer Protection
2.3.3 Liquor Regulation
2.3.4 Gambling & Betting

2.4 Economic Planning
2.4.1 Policy & Planning
2.4.2 Research & Development
2.4.3 Knowledge Management
2.4.4 Monitoring & Evaluation

3. Environmental Affairs Management

3.1 Policy Coordination & Environmental Planning
3.1.1 Inter-Governmental & Spatial & Development Planning
3.1.2 Legislative Development

3.1.3 Research & Development Support

3.1.4 Information Management Services

**3.2 Compliance & Enforcement**

3.2.1 Quality Management Authorisation Compliance & Enforcement

3.2.2 Bio-Diversity Management Authorisation Compliance & Enforcement

3.2.3 Coastal Authorisation Compliance & Enforcement

**3.3 Environmental Quality Management**

3.3.1 Impact Management

3.3.2 Air Quality Management

3.3.3 Climate Change Management

3.3.4 Pollution & Waste Management

3.3.5 Coastal Pollution Management

**3.4 Biodiversity Management**

3.4.1 Biodiversity & Protected Area Planning & Management

3.4.2 Conservation Agencies & Services

3.4.3 Coastal Resource Use

**3.5 Environmental Empowerment Services**

3.5.1 External Capacity Building & Support

3.5.2 Sector Skills Development & Training

3.5.3 Communication & Awareness Raising

The Department’s District Offices facilitate, co-ordinate and monitor activities related to the overall goals and objectives of economic development, environmental management and tourism development, as reflected in the Strategic Plan and in the Integrated Development Plans (IDPs) of District and Metro Municipalities.
Key functional responsibilities of the Department are conducted through designated Public Entities, which are accorded specific responsibilities that are implemented in accordance with the Department’s Strategic Plan. The following Public Entities report to the Department:

- Eastern Cape Development Corporation (ECDC),
- Eastern Cape Tourism Board (ECTB),
- Eastern Cape Gambling and Betting Board (ECGBB),
- Eastern Cape Liquor Board (ECLB),
- Eastern Cape Parks Board (ECPB).

The Coega Development Corporation (CDC) and East London Industrial Development Zone (ELIDZ) are also important Public Entities that are affiliated to the ECDC. A new funding model has been put in place under the context of the dti’s Regional Industrial Development Strategy (RIDS) and the Industrial policy action plan (IPAP).

Legal, administrative and financial relationships between the Department and the Public Entities are established in terms of PFMA regulations and are formalised through appropriate Service Level Agreements (SLAs). These relationships are strengthened by Shareholders’ Compacts and Funding and Reporting Protocols which were concluded with all Public Entities during 2007/08.
6. Legislative and other mandates

The Department's mandates are derived from a wide range of national and provincial legislation, including policy specifications by the Department of Trade and Industry (DTI) and the Department of Environmental Affairs and Tourism (DEAT). Key mandates are indicated in the table below, and are derived from Schedules 4 and 5 to the Constitution of the Republic of South Africa (Constitution Act No. 108 of 1996).

<table>
<thead>
<tr>
<th>Legislative and other mandates</th>
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<tbody>
<tr>
<td><strong>Programme Number, Name and Core Function</strong></td>
</tr>
<tr>
<td>1 Administration: Personnel Administration</td>
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<td>1 Administration: Financial Administration</td>
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<tr>
<td>1 Administration: Strategic Planning and PGDP/IDP alignment</td>
</tr>
<tr>
<td>2 Information Management</td>
</tr>
<tr>
<td>2 Information Management</td>
</tr>
<tr>
<td>Programme Number, Name and Core Function</td>
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<tr>
<td>------------------------------------------</td>
</tr>
<tr>
<td>3 Economic Development: Local Economic Development</td>
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<tr>
<td>3 Economic Development: Investment Promotion</td>
</tr>
<tr>
<td>3 Economic Development: Spatial Development Initiatives and Industrial Development Zones</td>
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<tr>
<td>3 Economic Development: Industrial development strategies</td>
</tr>
<tr>
<td>3 Economic Development: Marketing of the Eastern Cape</td>
</tr>
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<td>3 Economic Development: Financial sustainability</td>
</tr>
<tr>
<td>3 Economic Development: Gambling &amp; Betting administration</td>
</tr>
<tr>
<td>Programme Number, Name and Core Function</td>
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<td>-----------------------------------------</td>
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</table>
## Legislative and other mandates

<table>
<thead>
<tr>
<th>Programme Number, Name and Core Function</th>
<th>Mandate</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Programme Number, Name and Core Function</td>
<td>Mandate</td>
<td>Description</td>
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<tr>
<td></td>
<td>White Paper Mountain Catchment Areas Act 63 of 1970.</td>
<td>Implementation, regulation and administration of legislation related to coastal zone management</td>
</tr>
<tr>
<td>Programme Number, Name and Core Function</td>
<td>Mandate</td>
<td>Description</td>
</tr>
<tr>
<td>-----------------------------------------</td>
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<td>-------------</td>
</tr>
<tr>
<td>4 Environmental Affairs: Tourism</td>
<td>Game Theft Act 105 of 1991</td>
<td>Provides legal and operational frameworks for tourism promotion and development.</td>
</tr>
</tbody>
</table>
### Legislative and other mandates

<table>
<thead>
<tr>
<th>Programme Number, Name and Core Function</th>
<th>Mandate</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Equality Act.</td>
<td></td>
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<tr>
<td></td>
<td>Aged Persons Act.</td>
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</tbody>
</table>

The DEDEA Portfolio Committee, the Portfolio Committee on Youth, Gender and Disability and the relevant Sub-Committee e.g. the Women’s Caucus in the Provincial Legislature will closely monitor the implementation of government policies on the marginalized groups.

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#### 7. Broad policies, priorities and strategic goals

The Department’s Five-Year Strategic Goals seek to give tangible effect to the Vision and Mission Statement and are derived from two sources:

- The overall development intent of Vision 2014, which reflects the national government’s commitment to working towards an adaptive economy characterised by growth, employment and equity, and built on the full potential of all persons, communities and geographic areas.
- The ten-year Provincial Growth and Development Plan (PGDP) 2004-2014, which has the overall objective of poverty and inequality eradication through social and economic development and job creation.


Arising from Vision 2014, the Department of Trade and Industry (DTI) adopted three high-level goals in its Medium-Term Strategy Framework for 2003 to 2006, which also form the basis for the DTI’s Five-Year Strategic Plan. These are:

- To accelerate the economic growth rate
- To create new employment opportunities
- To reduce economic inequalities.

The PGDP has adopted six strategic objectives for the Plan’s ten-year period. These are the following:

1. To systematically eradicate poverty.
2. To transform the agrarian economy and ensure household food security.
3. To promote manufacturing growth and diversification and tourism development.
4. To focus on human resource development for employment and self-employment.
5. To invest in extensive social and economic infrastructure development.
6. To improve service delivery through public sector transformation and devolution to local government.

Accordingly, the Department has adopted the following single Five-Year Strategic Goal for economic, environmental and tourism development that are in line with Vision 2014 and the PGDP 2004-2014:

“Promote sustainable and shared economic growth & development”

For each Strategic Goal, the Department has formulated Strategic Objectives to guide its activities over the Five-Year Strategic Plan period from 2005/06 to 2009/10, commencing with the first MTREF cycle from 2005/06 to 2007/08.

Strategic Goal and related Strategic Objective

Strategic Goal:

Promote sustainable and shared economic growth & development

Strategic Objectives: (Office of the MEC)

1. Facilitate 5 – 8% economic growth annually & 50% reduction in unemployment rate by 2014
2. Setting policy priorities and outcomes for the Department and its Public Entities to facilitate the consolidation, development & diversification of the province’s manufacturing base and tourism
3. Ensure that the accounting officer and staff perform their functions optimally to meet set objectives
4. To provide linkage between the Department, the Legislature and EXCO
5. Ensure alignment between DEDEA plans and Public Entities plans

Strategic Objectives: (Office of the HOD)
1. To provide effective and efficient human and financial management in the department in line with PFMA
2. To provide effective and efficient strategic leadership and support to the department
3. To provide effective and efficient strategic leadership and support to Public Entities
4. To facilitate special provincial national and international events like 2010 Soccer World Cup in the creation of employment and wealth among the citizens of the province
5. To give strategic leadership around matters of gender, youth, the elderly, disabled citizens through special intervention projects

Strategic Objectives: Strategic Planning & Information Management

1. To ensure that all Departmental and Public Entity plans are aligned with Provincial processes embodied in the PGDP and Municipal IDPs to give effect to Provincial priorities for economic development.
2. To manage strategic systems in the Department and its Public Entities in order to establish alignment and cohesion.
3. To ensure that the Department and its Public Entities establish and maintain strategic planning procedures as specified in National Treasury formats.
4. To ensure that the DGITO function in the Department serves the information requirements of strategic planning.
5. To ensure that relevant and appropriate monitoring and evaluation systems are established in the Department and Public Entities.
6. To ensure that the DIGITO, manages and maintains efficient and effective up to date information technology systems.
7. To ensure that departmental submissions to OTP, Provincial Treasury and Legislature are done timeously.
8. To ensure consolidation of monthly reports on Public Entities

Strategic Objectives: Financial Management

1. To ensure that the Department's budget for the 2007/08 to 2009/10 MTREF period is closely aligned with PGDP programmes and projects that relate to economic development, in the context of Strategic Goal 1.
2. To ensure that provision is made for the implementation of the PGDP Programmes that are directly relevant to the Department's areas of responsibility:
   - Infrastructure development programme.
   - Manufacturing diversification and tourism development programme.
3. To participate in on-going review and assessment procedures designed to improve the quality and relevance of the PGDP.
4. To establish and maintain appropriate financial management systems in the Department.
5. To establish and maintain appropriate asset management and provisioning management systems in the Department.
6. To ensure unqualified audit opinion for 2008/9
7. Improve payment cycle
8. Improve variance on expenditure by programmes

Strategic Objectives: (Corporate Services)

1. To establish and maintain good, safe and healthy working environment in the Department.
2. To integrate youth, disability, gender, children, elderly and HIV&AIDS issues in all Programmes.
3. To promote effective Human Resources planning and HR practices.
4. To establish and facilitate organizational development for improved and effective service delivery in the Department.
5. To ensure sound employment relations and effective human resources development.
6. To establish, manage and maintain efficient and effective mechanisms and procedures to meet departmental and legislative requirements for human resource management.
7. To establish, manage and maintain efficient and effective mechanisms and procedures to meet departmental and legislative requirements for information management.

Strategic Objectives: (Economic Development Management – Industrial & Rural Development)

1. To facilitate the generation of higher levels of economic growth and employment creation, and to reduce economic inequalities in the Province.
2. To promote the implementation of the Microeconomic Reform Strategy (MERS).
3. To promote the implementation of the Integrated Manufacturing Strategy (IMS).
Strategic Objectives: (Economic Development Management – Enterprise Development & Support)

1. To ensure that the Department’s Strategic Plan and budgets are aligned with the District and Metro Municipality IDPs.
2. To review and assess the IDPs of the six District Municipalities and the Nelson Mandela Metro Municipality in terms of LED plans and proposals.
3. To establish and maintain sound working relationships with the District and Metro Municipalities in order to assist in the improvement of IDPs.
4. To participate in all Provincial procedures designed to improve and strengthen the on-going review, assessment and updating of District and Metro Municipality IDPs in the context of the PGDP.

Strategic Objectives: (Economic Development Management - Investment Promotion)

1. To promote and provide adequate resources for Public Entities established in terms of the PFMA:
   - Eastern Cape Development Corporation (ECDC).
   - Eastern Cape Tourism Board (ECTB).
   - Eastern Cape Gambling and Betting Board (ECGBB).
   - Eastern Cape Liquor Board (ECLB).
   - Eastern Cape Parks Board (ECPB).

The Coega Development Corporation (CDC) and the East London Industrial Development Zone (ELIDZ) are considered subsidiaries of the ECDC, with effect from 2005/6 financial year.

2. To formulate, manage and monitor Service Level Agreements (SLAs) with each of the entities indicated above in the context of the Department’s Strategic Goals.
3. To ensure that each Public Entity prepares and implements appropriate Strategic Plans that are aligned to the Department’s Strategic Plan and are formulated within the resource constraints of the Department.

Strategic Objectives: (Economic Development Management – Business Regulation)

1. To ensure the establishment of quality consumer protection and advisory services.
2. To ensure that an effective Consumer Tribunal facility and associated services are established.
3. To optimise revenue collection in the gambling and liquor industries.
4. To establish sound regulatory frameworks for gambling and liquor enterprise operations in the Province.
5. To minimise the incidence of moral and social degeneration associated with gambling and the consumption of liquor.
6. To eliminate illegal gambling and liquor operations.

**Strategic Objectives: (Environmental Affairs Management – Biodiversity & Conservation)**

1. To ensure the enrichment and effective Biodiversity Conservation (in and outside protected areas) and sustainable coastal management in the Province.
2. To ensure cooperation in effective planning, education and reporting for the protection of the environment and sustainable development in the Province.
3. To ensure compliance and enforcement of all environmental legislation.
4. Increase area under conservation
5. To eliminate all ECA EIA backlogs
6. Creation of jobs through the EPWP
7. To influence and align national policy by undertaking focused research for the development of a provincial policy framework.
8. To determine the economic development potential of sectors for the development of programmes.
9. Monitor and evaluate the impact of development programmes to ascertain whether these have realised their developmental potential.

**Strategic Objectives: (Environmental Affairs Management – EPWP)**

1. To eliminate all ECA EIA backlogs
2. Creation of jobs through the EPWP
3. To influence and align national policy by undertaking focused research for the development of a provincial policy framework.
4. To determine the economic development potential of sectors for the development of programmes.
5. Monitor and evaluate the impact of development programmes to ascertain whether these have realised their developmental potential.
**Note:** Measurable objectives, performance indicators and targets related to the Department’s Strategic Objectives are reflected in the Annual Performance Plan which accompanies the Five-Year Strategic Plan.

**Operational Excellence**

The department further developed an Operational Excellence Strategy (Cross-cutting, for each Programme Manager/ Division) during its strategic review session in January 2008. The exercise culminated in the identification of DEDEA Strategic Challenges / Themes (using the Balanced Scorecard approach for the Public Sector) in which the department needs Operation Excellence, to achieve the Annual Performance Plan, objectives and targets, viz:-

- Identification of the 5 priority operational objectives, major proposals, initiatives and work challenges that DEDEA should undertake, in the period 2008 to 2010/11
- Identify and Prioritise Strategic Initiatives
- Consider within context DEDEA of current and future programming
- Identify and list partners (individuals and organisations) that we must engage in these initiatives, to achieve best outputs and outcomes, as defined in our APP.
- Develop Balanced Scorecard objectives for each Strategy / Theme, within the four “perspectives” of:
  - People Development & Retention
  - Stakeholder Relations
  - Business Processes
  - Financial Stewardship

**Strategy 1: Organisational positioning and alignment**

**Strategic Objective:** Build strategic and operational capacity and credibility, through effective alignment of organisational structure with the DEDEA vision, mission and values.

1.1 *People development and retention:* enhance knowledge management capabilities; close skills gap (leadership, postgraduate studies); cultural change; improvement in skills development and retention strategy; more focused and objective organizational structure.
1.2 Stakeholder relations: Branding (new building housing whole department; communication strategy); pro-active, leading the economic cluster; clarify protocols / SLAs with public entities; clear schedules and formats for submission (plans and reports); effectively use Co-operative Governance; newsletters.

1.3 Internal business processes: knowledge management systems/data; timeous compilation and signing of shareholder compacts; accountability for plans and reports.

1.4 Financial stewardship: M&E Systems linked to finances and reporting (checklists, deadlines, submissions linked to rewards); audit report (budget monitoring, recognition of good performance; improvement in processes and effective follow through on failure to comply).

Strategy 2: Investment in Competence, Capacity and Commitment

Strategic Objective: Attract, develop and retain the core competencies and commitment to high performance that are essential to sustain achievement of DEDEA’s full potential.

2.1 People development and retention: job competence profiles; skills audit; appropriate redeployment of personnel; increase capacity through training; incentivising jobs; inculcate values (Balasela, Batho Pele, NBI, DEDEA) that will lead to service excellence.

2.2 Stakeholder relations: effective and efficient communication to public entities; corporate image of excellence/professionalism.

2.3 Internal business processes: knowledge management; management information system; strengthening internal committees where necessary for results.

2.4 Financial stewardship: budget monitoring; legislature (political buy-in); budget and planning tools; programmes to
be run as business units; projections aligned to plan.

**Strategy 3: Integrated, accessible knowledge & research management**

**Strategic Objective:** Identify and develop cost-effective systems and databases of current, relevant knowledge and research, in order to achieve the DEDEA vision, mission and values.

3.1 *People development and retention:* build a culture of learning in the organisation; highly competent research personnel; encourage staff to write relevant articles, journals & papers; encourage open dialogue among staff and stakeholders.

3.2 *Stakeholder relations:* generate and provide stakeholders with accurate & relevant information within a defined short space of time; Encourage staff and stakeholders to participate in critical dialogue (seminars / conferences/workshops/think-tanks).

3.3 *Internal business processes:* integrate available information; establish a dedicated research/ information unit for coordination & management of information; properly maintained web-based information system (soft-ware); Introduce and implement document tracking & management system; well resourced departmental library & utilisation of its services thereof; Information dissemination to targeted staff and stakeholders.

3.4 *Financial stewardship:* (no actions recommended)

**Strategy 4: Policy and strategy development, interpretation and communication**
**Strategic Objective:** Develop pro-active leadership expertise in economic and environmental policy and strategy interpretation and communication, in order to fulfil the DEDEA vision, mission and performance plans.

4.1 *People development and retention:* take steps to recruit, train and retain talented staff; facilitate translation into relevant languages; basic and advanced training in policy analysis and formulation; implement career path development and succession planning; build a conducive working environment.

4.2 *Stakeholder relations:* coordinate and facilitate DEDEA awareness and education campaign; broader consultation with and buy-in from stakeholders and thought-leaders.

4.3 *Internal business processes:* develop communication strategy; establish research and development unit; locate communication unit in HOD’s office; facilitation of workshops and awareness campaigns; provision of documentation in relevant locations; interpretation of policies and procedures in local languages.

4.4 *Financial stewardship:* ensure efficient and effective utilization and collaboration in budget / variance analysis; development of user-friendly manuals; analysis of financial reports and provision of prompt feedback to all; cost-analysis as a measure (Activity-based costing?).

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**Strategy 5: Departmental and Partners performance monitoring and evaluation**

**Strategic Objective:** Construct and implement an integrated performance monitoring and evaluation database and system aligned to national and provincial requirements, that will empower departmental and entity management to communicate, collaborate and initiate corrective action timeously and effectively.

5.1 *People development and retention:* develop effective systems for staff selection, development, recognition and retention (executive leadership and operational efficiency programmes).
5.2 **Stakeholder relations:** review and refine governance and regulatory protocols; integrate planning to ensure synergy and cohesion in implementation.

5.3 **Internal business processes:** develop systems for information sharing, performance monitoring, purpose specific reporting and evaluation: technical and social appraisal.

5.4 **Financial stewardship:** develop mechanisms to assess value for money and ensure financial discipline (recoverable and non-recoverable amounts).
8. Information systems to monitor progress

The Department has established a dedicated Monitoring and Evaluation Sub-Programme as part of Programme 1 that develops and implements comprehensive information technology and knowledge management systems designed to monitor progress over the five-year strategic planning period.

Towards these ends, a Balanced Score Card (BSC) system was designed and implemented to reflect a monitoring and evaluation process in the Department and its Public Entities. The BSC system will be further refined in 2008/09 financial year.

The Department will continue to make use of transversal systems such as Persal and BAS until they are fully refined and integrated through the Treasury driven process of Integrated Financial Management System (IFMS). The two systems are currently working well.

At the beginning of 2007/08 financial year, the Department implemented two interrelated systems, i-budget and e-mapp. I-budget is a planning tool that interfaces with BAS. All programmes input their budgets with the i-budget programme while e-mapp is an expenditure management programme. The two programmes inter-link with BAS to assist programme managers to monitor closely expenditure.

In-Year Monitoring (IYM) reports are extracted through the e-mapp and submitted to Provincial Treasury as scheduled.

On a quarterly basis, the department has reporting conferences with all its Public Entities. This information is processed and channelled to the portfolio Committee on Economic Development and Environmental Affairs (PCEDEA). In addition, regional offices produce quarterly reports through programme managers at head office.

9. Description of strategic planning process

The Department’s Five-Year Strategic and Performance Plan was revised through extensive consultation and working sessions that involved Head Office and Regional management, together with senior management and board members of Public Entities that report to the Department, the Portfolio Committee on Economic Development and Environmental Affairs and the Office of the Premier.

The process was consolidated at combined strategic planning sessions organised in May and June 2005, and are subjected to ongoing review.
The Department’s senior management engaged in a strategic updating session on 09 - 11 January 2008 involving all the stakeholders mentioned above.

Each programme has participated in the Treasury CFO forum to get clarity and direction of standardised programmes. Programme managers have held several bilateral meetings with sector departments at National, Provincial and District levels. The Department has also participated in MINMEC meetings and PGDP’s Economic Growth and Infrastructure where key issues on high impact priority projects (HIPPS) and the 24 priority projects are concretised into action. All these processes were fed into programmes and public entities to ensure line of sight.

The strategic management unit met with each sub-programme to craft and refine the annual performance plan and the one year operational plan. All the Regional Directors of the Department participated in the planning processes.
Part B
Programme and sub-programme plans

The Department of Economic Development and Environmental Affairs consists of the following clustered programmes through which its responsibilities are managed and administered. These programmes are:

Programme 1: Administration

1.1 Office of the MEC

1.1.1 MEC

1.1.2 MEC Core Staff

1.2 Office of the HOD

1.2.1 Office of the HOD

1.2.2 Strategic Management

1.2.3 ICT Management

1.2.4 Monitoring & Evaluation

1.2.5 Special Programmes/2010

1.3 Financial Management

1.3.1 Finance

1.3.2 SCM

1.3.3 Compliance & Risk Management

1.4 Corporate Services

1.4.1 HR Planning & Practices

1.4.2 Organisational Development

1.4.3 Office Management

1.4.4 Communication

2. Economic Development Management

2.1 Integrated Economic Development Services

2.1.1 Enterprise Development
2.1.2 Local Economic Development
2.1.3 Economic Empowerment

**2.2 Trade & Industry Development**

2.2.1 Trade & Investment Promotion
2.2.2 Sector Development
2.2.2.1 Tourism Management
2.2.2.2 Eastern Cape Tourism Board (ECTB)
2.2.3 Industry Development

**2.3 Business Regulation & Governance**

2.3.1 Corporate Governance
2.3.2 Consumer Protection
2.3.3 Liquor Regulation
2.3.4 Gambling & Betting

**2.4 Economic Planning**

2.4.1 Policy & Planning
2.4.2 Research & Development
2.4.3 Knowledge Management
2.4.4 Monitoring & Evaluation

**3. Environmental Affairs Management**

**3.1 Policy Coordination & Environmental Planning**

3.1.1 Inter-Governmental & Spatial & Development Planning
3.1.2 Legislative Development
3.1.3 Research & Development Support
3.1.4 Information Management Services

**3.2 Compliance & Enforcement**

3.2.1 Quality Management Authorisation Compliance & Enforcement
3.2.2 Bio-Diversity Management Authorisation Compliance & Enforcement
3.2.3 Coastal Autorisation Compliance & Enforcement

3.3 Environmental Quality Management
3.3.1 Impact Management
3.3.2 Air Quality Management
3.3.3 Climate Change Management
3.3.4 Pollution & Waste Management
3.3.5 Coastal Pollution Management

3.4 Biodiversity Management
3.4.1 Biodiversity & Protected Area Planning & Management
3.4.2 Conservation Agencies & Services
3.4.3 Coastal Resource Use

3.5 Environmental Empowerment Services
3.5.1 External Capacity Building & Support
3.5.2 Sector Skills Development & Training
3.5.3 Communication & Awareness Raising

These programmes are based on the new programme structure which was gazetted in November 2006 by the Minister of Finance, Hon Trevor Manuel and further refined in 2007/08. Some of the programmes are only operational at national level hence programming and budgeting at Provincial level will have to occur during the course of the MTEF cycle. For purposes of simplification, the above programmes have been clustered into three (3) broad programmes- Administration, Economic Development and Environmental Affairs:
10. Programme 1: Administration

The core function of the Financial and Administrative Management Programme is to render support services to the Department as a whole. The activities of the Administration Programme are conducted through the following sub-Programmes:

- Office of the MEC
- Office of the HOD
- Strategic Management
- Special Programmes
- Financial Management
- Corporate Services

10.2 Office of the MEC

The Office of the MEC and support staff provides overall political and policy leadership for the Department. As the Executing Authority, appointed by the Premier, the MEC is constitutionally tasked to provide strategic leadership and to ensure that the Department is run effectively and efficiently. Services provided by the Office of the MEC include:

- Setting policy priorities and outcomes for the Department and its Public Entities
- Ensure that the accounting officer and her staff perform their functions optimally to meet set objectives
- Ensure alignment between DEDEA plans and Public Entities plans
- Provides linkage between the Department, the Legislature and EXCO

10.2 Office of the HOD

The Office of the Head of Department (HoD) is responsible for effective and efficient administrative services in the Department through the management of sub-Programme functions. As the Accounting Officer, the HoD is responsible for the Department’s budget and is accountable for the financial performance of the Department. The Office of the HOD manages
and directs the departmental transversal administrative programmes that give leadership to the department. The office is also responsible for effectively maintaining an oversight function of the whole department’s mandate and function. Some of the key performance areas include strategic planning and management, knowledge management and information technology systems and monitoring and evaluation. One key function of the HOD’s office is to ensure that appropriate procedures are maintained in the Department and its Public Entities with respect to strategic planning, and monitoring and evaluation. Key alignment instruments such as the PGDP, the NSDP, the EG&I’ HIPPs, IDPs, NSDP, 24 priority projects for immediate action and other current policies are used to align the work of the Department and its Public Entities.

The Priorities of the Planning include ensuring implementation of Shareholder Compacts and Reporting protocols between the DEDEA and Public Entities. The programme will also ensure relevant information and data is sourced for consideration by various programmes to assist with planning.

10.2.1 Sub-programmes of the Office of HOD

- The Strategic Management component provides strategic planning, reporting and monitoring & evaluation support to all programmes
- The Special Programmes sub-programme deals with Youth, Gender, the Elderly and Vulnerable Groups in the province
- The Financial Management sub-Programme is responsible for finances, budgeting, risk management, and supply chain management.
- The Corporate services Department is responsible for human resources management, Special Programmes, communication, labour relations, and organizational development.
- Legal Advisory services, which are provided through a shared service provided by the Office of the Premier in terms of a Service Level Agreement is located in the office of the HOD.

Situational Analysis

The Office of the MEC conducted a strategic review session for the Department and its Public Entities in September 2006. The Office continued to conduct bilateral meetings with key stakeholders in government and outside government on issues forming base priorities for the 2008/09 financial year. During 2006/07 the work of stabilizing Boards of Public Entities was started. This process will be finalised in 2008/09. Numerous alignment meetings were held between the Office of the MEC and the various Boards of Public Entities. Funding and reporting protocols for Public Entities, culminated in the first reporting conference to ensure planning, implementation and reporting alignment were introduced. The
Office of the MEC established an Economic Development Forum (EDF) where various key stakeholders in the Province participate to ensure alignment between different spheres of government within the economic development arena.

The Office of the HOD has provided leadership support to all units of the department over the last financial year. Weekly top management meetings were held as from October 2006 to ensure all critical issues were attended to. Monthly management meetings were held inclusive of regional directors of the department. Starting in 2006/07, the accounting officer together with the executive authority initiated a quarterly reporting conference where public entities are required to report on their progress and targets. Shareholder compacts and reporting protocols were initiated during the year 2006/07. These were signed in the second quarter of 2007/08 financial year. In the 2007/08 financial year, bilateral meetings were conducted on an ongoing basis with key sectors and priority entities aligned to the Department.

A SharePoint server was piloted at head office and launched in December 2005. Training on the use of SharePoint 2003 was conducted by Microsoft in 2006. In 2007/08 SharePoint Server 2003 will be upgraded to SharePoint Server 2007. A Performance Management System was identified and piloted and launched in December 2005. This system will be refined in 2007/08 financial year. A Departmental Master Systems Plan (MSP) has been reviewed and developed. This document will be signed in 2007/08. An Electronic Document Management System (EDMS) project is being refined by the Department. Final stages of EDMS Project – deployment of the system, scanning of documents underway.

Planning has already gone into establishing the Monitoring and Evaluation portfolio. A Departmental Budget Committee meets regularly to assess progress related to the Strategic Plan and expenditure against budget.

The department has established and resourced an Employee Wellness Unit to provide emotional support to employees for better service delivery. A clearly defined Workplace Skills Plan is being implemented together with a comprehensive orientation and training programme.

10.2 Policies, priorities and strategic objectives

The Administrative Management Programme is guided by specific strategic goals contained in the Department’s Five-Year Strategic Plan (as updated), which involves establishing and maintaining appropriate organisational systems to manage and administer the financial, operational, communications and legal resources in the Department and in its associated institutional structures.
Key strategic objectives to secure the above goal:

- To establish and maintain appropriate financial management systems in the Department.
- To establish and maintain appropriate asset management and provisioning management systems in the Department.
- To integrate youth, disability, gender and children's issues in all Programmes.
- Public entities rationalization in 2008/09
- Shareholder compacts and funding/reporting protocols
- Alignment to the PGDP/Programme of Action (POA)

The key strategic objective of corporate service is to ensure effective planning and management of human resources and administrative support services including Human Resource Management & Development, performance management, Labour Relations, Communication, gender services and Legal services.

Corporate Services has adopted the following strategic interventions for the 2008/09 to 2010/11 MTREF period:

- Recruit appropriate and competent personnel into key vacant posts.
- Outsource some components of recruitment process
- Continuous capacity empowerment of current staff.
- Analyse staff roles and responsibilities in relation to finance and personnel systems.
- Develop and review existing HR policies, develop guidelines and procedures manual.
- Facilitate and co-ordinate service delivery initiatives.
- Finalise and Implement a Departmental recruitment and retention strategy
- Develop departmental personnel delegations.
- Align the organogram in line with the new programme structure
- Facilitate and manage internship and learnership programmes.

Strategic goals and objectives for Programme 1: Administration

Strategic Goal:

*Promote sustainable and shared economic growth & development*

Strategic Objectives: (Office of the MEC)

1. Facilitate 5 – 8% economic growth annually & 50% reduction in
unemployment rate by 2014

2. Setting policy priorities and outcomes for the Department and its Public Entities to facilitate the consolidation, development & diversification of the province’s manufacturing base and tourism

3. Ensure that the accounting officer and staff perform their functions optimally to meet set objectives

4 To provide linkage between the Department, the Legislature and EXCO

5 Ensure alignment between DEDEA plans and Public Entities plans

Strategic Objectives: (Office of the HOD)

1. To provide effective and efficient human and financial management in the department in line with PFMA
2. To provide effective and efficient strategic leadership and support to the department
3. To provide effective and efficient strategic leadership and support to Public Entities
4 To facilitate special provincial national and international events like 2010 Soccer World Cup in the creation of employment and wealth among the citizens of the province
5 To give strategic leadership around matters of gender, youth, the elderly, disabled citizens through special intervention projects

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1. To ensure that all Departmental and Public Entity plans are aligned with Provincial processes embodied in the PGDP and Municipal IDPs to give effect to Provincial priorities for economic development.
2. To manage strategic systems in the Department and its Public Entities in order to establish alignment and cohesion.
3. To ensure that the Department and its Public Entities establish and maintain strategic planning procedures as specified in National Treasury formats.
4. To ensure that the DGITO function in the Department serves the information requirements of strategic planning.
5. To ensure that relevant and appropriate monitoring and evaluation systems are established in the Department and Public Entities.
6 To that the DIGITO, manages and maintains efficient and effective up to date information technology systems.
7 To ensure that departmental submissions to OTP, Provincial Treasury
8. To ensure consolidation of monthly reports on Public Entities

**Strategic Objectives: Financial Management**

1. To ensure that the Department’s budget for the 2007/08 to 2009/10 MTREF period is closely aligned with PGDP programmes and projects that relate to economic development, in the context of Strategic Goal 1.
2. To ensure that provision is made for the implementation of the PGDP Programmes that are directly relevant to the Department’s areas of responsibility:
   - Infrastructure development programme.
   - Manufacturing diversification and tourism development programme.
3. To participate in on-going review and assessment procedures designed to improve the quality and relevance of the PGDP.
4. To establish and maintain appropriate financial management systems in the Department.
5. To establish and maintain appropriate asset management and provisioning management systems in the Department.
6. To ensure unqualified audit opinion for 2008/9.
7. Improve payment cycle.
8. Improve variance on expenditure by programmes.

**Strategic Objectives: (Corporate Services)**

1. To establish and maintain good, safe and healthy working environment in the Department.
2. To integrate youth, disability, gender, children, elderly and HIV&AIDS issues in all Programmes.
3. To promote effective Human Resources planning and HR practices.
4. To establish and facilitate organizational development for improved and effective service delivery in the Department.
5. To ensure sound employment relations and effective human resources development.
6. To establish, manage and maintain efficient and effective mechanisms and procedures to meet departmental and legislative requirements for human resource management.
7. To establish, manage and maintain efficient and effective mechanisms and procedures to meet departmental and legislative requirements for information management.
Strategic Interventions (Corporate Services)

- Identify and introduce initiatives designed to develop the skills and competencies required by staff to meet business needs.
- Facilitate, assist and monitor and advise on performance management and development system for better planning and improved performance.
- Promote and maintain effective relations with management, staff and Trade Unions and manage change effectively.
- Review and analyse staff roles and responsibilities and realign in relation to legislative mandates.
- Promote quality and best planning and practices in Human Resource Management.
- Analysis of impact of HIV/AIDS & related diseases on the current skills base and organisational performance and provide interventions.
- Enhance customer care services.
- Facilitate and assist in the development of departmental personnel delegations in line with the PSR.

STRATEGIC INTERVENTIONS 2005/06 – 2009/10

1. Promote and monitor efficient financial management systems within the department.
2. Review and align departmental financial delegations in relation to National and Provincial regulations.
3. Facilitate the establishment of an internal control unit.
4. Facilitate and monitor the introduction of Supply Chain Management and its processes.
5. Liaise with key role players and facilitate a process for smooth change over to GRAP (General Recognised Accounting Practices).
6. Facilitate the integration of SPU programs within the departmental core Programs.
7. Develop and manage the communication strategy of the department.
8. Promote and market the department’s core business, challenges and successes.
### Summary Expenditure by Programme

<table>
<thead>
<tr>
<th>Programme Budgets (R'000)</th>
<th>2004/05 Actual</th>
<th>2005/06 Actual</th>
<th>2006/07 MTREF</th>
<th>2007/08 MTREF</th>
<th>2008/09 MTREF</th>
<th>2009/10 MTREF</th>
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<td>1. Finance &amp; Admin Man</td>
<td>29,685</td>
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<td>40,457</td>
<td>45,831</td>
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<td>1.6 Special Programmes</td>
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<td>2,931</td>
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### Summary Expenditure by Economic Classification

<table>
<thead>
<tr>
<th>Programme</th>
<th>Costs</th>
<th>2007/08</th>
<th>2008/09</th>
<th>2009/10</th>
</tr>
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### Summary Expenditure by Programme

<table>
<thead>
<tr>
<th>Programme</th>
<th>2004/05 Actual</th>
<th>2005/06 Actual</th>
<th>2006/07 MTREF</th>
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<th>2008/09 MTREF</th>
<th>2009/10 MTREF</th>
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</thead>
<tbody>
<tr>
<td>2. Corporate Services</td>
<td>7,918</td>
<td>15,004</td>
<td>14,000</td>
<td>15,684</td>
<td>16,570</td>
<td>17,315</td>
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<td>2.1 Information Management</td>
<td>7,918</td>
<td>15,004</td>
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<tr>
<td>2.2 Corporate Services</td>
<td>7,918</td>
<td>15,004</td>
<td>14,000</td>
<td>15,684</td>
<td>16,570</td>
<td>17,315</td>
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</table>

### Summary Expenditure by Economic Classification

<table>
<thead>
<tr>
<th>Programme</th>
<th>Costs</th>
<th>2007/08</th>
<th>2008/09</th>
<th>2009/10</th>
</tr>
</thead>
<tbody>
<tr>
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<td>Capital Assets</td>
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<td></td>
<td>Total</td>
<td>15,684</td>
<td>16,570</td>
<td>17,315</td>
</tr>
</tbody>
</table>

The Economic Development cluster of programmes consist of the following sub-programmes:

2.1 Integrated Economic Development Services
   2.1.1 Enterprise Development
   2.1.2 Local Economic Development
   2.1.3 Economic Empowerment

2.2 Trade & Industry Development
   2.2.1 Trade & Investment Promotion
   2.2.2 Sector Development
   2.2.2.1 Tourism Management
   2.2.2.2 Eastern Cape Tourism Board (ECTB)
   2.2.3 Industry Development

2.3 Business Regulation & Governance
   2.3.1 Corporate Governance
   2.3.2 Consumer Protection
   2.3.3 Liquor Regulation
   2.3.4 Gambling & Betting

2.4 Economic Planning
   2.4.1 Policy & Planning
   2.4.2 Research & Development
   2.4.3 Knowledge Management
   2.4.4 Monitoring & Evaluation
11.1 Situation Analysis

The programme was able to perform most of its planned activities save for those in the areas constrained by factors outside its own full control. Some minor adjustments had to be made due to resource constraints, roles, responsibilities and operational arrangements.

The areas of outstanding performance are:

- Formation of partnerships with sector departments, institutions of higher learning, and research institutes.
- Roll out of SEDA infrastructure in the province supporting business development services.
- Programmatic interventions that have positively influenced the broader participation by historically disadvantaged communities.
- Participated and co-funded the Nodal Economic Development Indaba and the inaugural Provincial LED Conference.
- Co-funded the Amathole Economic Development Agency’s Small Town’s Regeneration Conference and Workshop.
- Participated in the base line study on provincial government spend in view of the development of a procurement strategy in line with the dti’s identified 10 products to be sourced exclusively from the small enterprises.
- Compiled the Growth and Development Summit (GDS) Report and the IDP Assessment Report.
- Supported the crafting of the draft Provincial LED Strategy Guidelines.
- Co-funded the South African Automotive Week.
- Participated in the 5th One-of-a-Kind Exhibition promoting the Craft Sector.
- Participated and co-sponsored the Provincial SMME Expo.
- Funded the training of personnel on LED and Leadership Innovation and Change Management.
- Funded the BBBEE Workshops on the Codes of Good Practice.
- Funded 16 IDP-aligned LED projects in the District Municipalities and Metro
- Participated in national launch of SMME Portal supported by Metropolitan
- Made submission on the harmonization and coordination of SMME strategies between national and provinces

11.2 Specified policies, priorities and strategic objectives

The Economic Development Programme is responsible for research, policy analysis, strategy implementation, economic growth and development promotion and consumer protection in the Province. The Programme participates in and contributes to National initiatives in co-operation with the DTI and other relevant departments. Initiatives that demand immediate involvement are the Co-operatives Act, the National Small Business Amendment Act 29 of 2004, the Credit Act, Consumer Protection Bill, the National LED policy guidelines, Thina Sinako LED Support Programme, PGDP and Accelerated Shared Growth Initiative (ASGI-SA).
The establishment of the Small Enterprises Development Agency (SEDA) in the Province requires the Department to coordinate the provision of resources for service network establishment, monitoring of programmes and evaluation of their impact. The national legislation further imposes a responsibility on Provinces to ensure that service networks are aligned to the national framework. Underpinning this is the integration of government funded programmes within a single agency network that enables standardisation of services, equitable outreach and benefit across the Province through strengthened capacity of small enterprise support institutions.

The functions of the Economic Development Programme are conducted through the following Divisions:

- Economic Development Management.
- Enterprise Development.
- Local Economic Development and Spatial Projects.
- Business Regulations.
- Office for Investigation and Prohibition of Unfair Business Practice.

District Offices are strategically located to facilitate, co-ordinate and monitor the implementation of local, provincial and national programmes.

At the same time, linkages between the Department and its Public Entities, in this instance, the Eastern Cape Development Corporation (ECDC), Coega IDZ (ECDC subsidiary), East London IDZ (ECDC subsidiary), Eastern Cape Liquor Board (ECLB) and the Eastern Cape Gambling and Betting Board (ECGBB), are aligned to these sub-programmes with the aim of achieving operational effectiveness.

In line with their respective mandates, Public Entities are responsible for the implementation of economic growth and development programmes; regulation of liquor, gambling and betting activities; and related social responsibility programmes. Service Level Agreements are entered into for performance-based monitoring and evaluation with all implementing institutions.

The National Spatial Development Perspective, Provincial Growth and Development Plan and the Integrated Development Plans assist in determining priorities and influencing the allocation of resources, including donor funding.

Outlined below is a brief overview of the core functions and responsibilities of the Economic Development Programme:

**Regulate Consumer, Liquor, Gambling and Betting**

- **Liquor Industry Regulation**
  Registration of micro-manufacturing and retail liquor businesses in the province through the Eastern Cape Liquor Board (ECLB).

- **Gambling and Betting**
Regulate gambling and betting industry in the province through the Eastern Cape Gambling and Betting Board (ECGBB).

- **Education and Compliance**
  Promote consumer awareness, compliance and influence policy. Monitor and review the relevant legislative framework, develop and manage related programmes. Provide support to the Office for Investigation and Prohibition of Unfair Business Practice in line with the Unfair Business Practices Act in the Province.

- **Investigation of Unfair Business Practices**

**Facilitate Implementation and Monitoring of Socio-Economic Growth and Development Strategies**

- **Promotion of SMMEs**
  Promotion of SMMEs development programmes through district offices, ECDC, SEDA and in collaboration with municipalities and other role-players.

- **Investment, Trade and Industrial Promotion**
  Promote investment, trade and industrial opportunities through ECDC in collaboration with municipalities and other role-players in the province.

- **Local Economic Development**
  Integrate horizontal and vertical development planning, resource provision, management and oversight of selected LED programmes established within the Municipal IDPs and spatial programmes.
Facilitate Provincial IDZ Development Initiatives

The IDZs are of strategic importance towards the attainment of PGDP targets and enhancement of economic growth and development in the Province.

- **Coega Development Corporation (CDC)**
  Management and oversight of the CDC in terms of developing world-class infrastructure to establish an IDZ that will provide opportunities for private sector investment in productive and job creating manufacturing sectors.

- **East London Industrial Development Zone (Pty) Ltd.**
  Management and oversight of the ELIDZ in terms of developing world-class infrastructure to establish an IDZ that will provide opportunities for private sector investment in productive and job creating manufacturing sectors.

The above functional activities will be consolidated and re-structured over the 2006/07 to 2008/09 MTREF period to ensure a closer alignment with the Programme’s designated operating units.

**Strategic objectives for Programmes 2: Economic Development**

**Strategic Objectives: (Economic Development Management – Industrial & Rural Development)**

1. To facilitate the generation of higher levels of economic growth and employment creation, and to reduce economic inequalities in the Province.
2. To promote the implementation of the Microeconomic Reform Strategy (MERS).
3. To promote the implementation of the Integrated Manufacturing Strategy (IMS).

**Strategic Objectives: (Economic Development Management – Enterprise Development & Support)**

1. To ensure that the Department’s Strategic Plan and budgets are aligned with the District and Metro Municipality IDPs.
2. To review and assess the IDPs of the six District Municipalities and the Nelson Mandela Metro Municipality in terms of LED plans and proposals.
3. To establish and maintain sound working relationships with the District and Metro Municipalities in order to assist in the improvement of IDPs.
4. To participate in all Provincial procedures designed to improve and strengthen the on-going review, assessment and updating of District and Metro Municipality IDPs in the context of the PGDP.

**Strategic Objectives: (Economic Development Management - Investment Promotion)**

1. To promote and provide adequate resources for Public Entities established in terms of the PFMA:
   - Eastern Cape Development Corporation (ECDC).
   - Eastern Cape Tourism Board (ECTB).
   - Eastern Cape Gambling and Betting Board (ECGBB).
   - Eastern Cape Liquor Board (ECLB).
   - Eastern Cape Parks Board (ECPB).

   The Coega Development Corporation (CDC) and the East London Industrial Development Zone (ELIDZ) are considered subsidiaries of the ECDC, with effect from 2005/6 financial year.

2. To formulate, manage and monitor Service Level Agreements (SLAs) with each of the entities indicated above in the context of the Department’s Strategic Goals.

3. To ensure that each Public Entity prepares and implements appropriate Strategic Plans that are aligned to the Department’s Strategic Plan and are formulated within the resource constraints of the Department.

**Strategic Objectives: (Economic Development Management – Business Regulation)**

1. To ensure the establishment of quality consumer protection and advisory services.

2. To ensure that an effective Consumer Tribunal facility and associated services are established.

3. To optimise revenue collection in the gambling and liquor industries.

4. To establish sound regulatory frameworks for gambling and liquor enterprise operations in the Province.

5. To minimise the incidence of moral and social degeneration associated with gambling and the consumption of liquor.

6. To eliminate illegal gambling and liquor operations.
11. 2.1 Tourism Development as a Sector: This item has just come from the blue and is not aligned to any strategic goals or objectives cited above.

The Tourism Programme is responsible for stimulating economic growth through tourism [development and marketing] initiatives. To achieve its strategic objectives, the programme relies on its implementing agency [ECTB] as well as on corporation with various local government structures.

11.2.2 Situation analysis

Progress is being made to establish a fully fledged programme for tourism. The following activities are being undertaken:

- Tourism development projects have been implemented thru the European Union in the Wild Coast, the sustainability of which depends on DEDEA, DEAT, OR Tambo DM and so on.
- The prioritization of the Wild Coast and the Nelson Mandela Metro as focal points for tourism development thru the Global Competitiveness Project. Phase 1 has been finalised and we are working on Phase 2 in collaboration with DEAT.
- The Tourism BEE Charter Council launch in the Eastern Cape to accelerate the transformation of the tourism industry.
- Communication of tourism priorities to various role players in collaboration with DEAT.
- Participation in Skills Development thru a national Steering Committee in terms of ASGISA.
- The procurement of grade accommodation establishment to support the Tourism Grading Council of South Africa.
- Working with the Department of Safety and Liaison to formulate a tourism safety and security strategy.
11.2.3 Specified policies, priorities and strategic objectives

Various policies guide and influence the development and promotion of tourism in the Eastern Cape.

The national White Paper on the Development and Promotion of Tourism in South Africa [Department of Environmental Affairs and Tourism, 1996] - sets out a framework within which tourism should be developed and managed.

- Tourism Act, 1993 – establishes the South African Tourism Board. The Tourism Second Amendment Act, 2000 establishes the Tourism Grading Council of South Africa and provides for the registration of tourist guides.
- Eastern Cape Tourism Board Act, No. 9 of 1995 – establishes the ECTB as a public entity specifically for tourism marketing, development and related functions.


Strategic Objectives

- To transform the tourism industry by encouraging the participation of historically disadvantaged individuals in the tourism economic mainstream.
- To develop tourism by supporting projects identified thru the Integrated Development Plans of the District Municipalities.
- To promote domestic tourism with focus on supporting the District Municipalities establish tourism information centres.
- The promote tourism to the international market and investment into tourism by assisting the ECTB and ECDC.
- To facilitate scarce skills development focusing on public service employees and emerging entrepreneurs.
- To promote and maintain high quality experiences by encouraging the grading of tourism facilities.

Core functions of this portfolio include:

Among other initiatives, the Accelerated and Shared Growth Initiative of South Africa [ASGISA] identifies tourism as another sector that can be explored to accelerate economic growth. The national government has set priorities for tourism which are aimed at supporting ASGISA. The priorities are as follows:

1. Product development and investment
2. Black Economic Empowerment
3. Skills development
4. Market growth
5. Information
6. Transport
7. Safety and Security

Resourcing Information: Tourism Management

PROGRAMME: TOURISM DEVELOPMENT

<table>
<thead>
<tr>
<th>Programme Budgets (R'000)</th>
<th>2004/05 Actual</th>
<th>2005/06 Actual</th>
<th>2006/07 MTREF</th>
<th>2007/08 MTREF</th>
<th>2008/09 MTREF</th>
<th>2009/10 MTREF</th>
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<td>6. Tourism Development</td>
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<td></td>
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</tr>
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<td>6.1 Tourism Management</td>
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</tr>
<tr>
<td>6.2 Eastern Cape Tourism Board</td>
<td>22,000</td>
<td>23,540</td>
<td>24,590</td>
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<table>
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<tr>
<th>Programme</th>
<th>Costs</th>
<th>2007/08</th>
<th>2008/09</th>
<th>2009/10</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tourism Development</td>
<td>Compensation of Employees</td>
<td>902</td>
<td>1,000</td>
<td>1,200</td>
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<td>Goods and Services</td>
<td>2,687</td>
<td>2,700</td>
<td>3,000</td>
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<td></td>
<td>Transfers to Public Entity</td>
<td>22,000</td>
<td>23,540</td>
<td>24,590</td>
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<td></td>
<td>Total</td>
<td>25,589</td>
<td>27,240</td>
<td>28,790</td>
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</table>
Public Entities managed through Economic Development

Public Entities engaged in economic development and regulatory/advisory services are managed by the Economic Development Management Programme on the basis of Shareholder Compacts and Service Level Agreements.

Public Entities are required to formulate their own Strategic Planning instruments in the prescribed format.

The activities of such Entities are linked to the Department’s Strategic Goals and Objectives as indicated below:

a. Eastern Cape Development Corporation (ECDC)

STRATEGIC OBJECTIVES
1. To facilitate the generation of higher levels of economic growth and employment creation, and to reduce economic inequalities in the Province.
2. To promote the implementation of the Microeconomic Reform Strategy (MERS).
3. To promote the implementation of the Integrated Manufacturing Strategy (IMS).
4. To participate in on-going review and assessment procedures designed to improve the quality and relevance of the PGDP.

STRATEGIC INTERVENTIONS 2005/06 – 2009/10
a. Enterprise Promotion
b. Enterprise Finance
c. Project Development
d. Spatial & Rural Development
e. Property Management and Development

ECDC Functions
a. Enterprise Promotion
   ▪ To increase the contribution made by foreign (and other) direct investment to the economy
   ▪ To facilitate investment and trade by providing a professional service that enables investors and export-ready SMEs to meet their specific project needs in all targeted sectors
   ▪ To provide provincial leadership that results in a broader export base
   ▪ To identify international market opportunities that fit Eastern Cape export capabilities and assist SME clients to convert them to export successes
   ▪ To contribute to the stability and growth of the SME sector in the province
b. Enterprise Finance
   ▪ To improve access to enterprise finance for SME development
   ▪ To provide financial services to SMEs
c. Project Development
   ▪ Facilitate, identify and assist in the scoping of strategic projects
   ▪ Facilitate the establishment of key strategic pilot projects that are potentially viable and sustainable
   ▪ Replicate projects that serve to activate economic activity
d. Spatial & Rural Development
   ▪ To support and sustain the existing industrial base in the province
   ▪ To explore initiatives that could contribute to broadening the industrial base in the province
   ▪ To create linkages between industries and the underdeveloped, rural parts of the province,
particularly in the former Transkei
  - To facilitate community involvement in enterprise

**e. Property Management and Development**
- Provision of Low rental property
- Development of new industrial property

**ECDC Sub-Programmes**
1. Investment Promotion
2. Export promotion
3. Enterprise Development Services
4. Contractor Mentoring
5. SMME Finance
6. Contractors Finance
7. Private Equity
8. Feasibility Studies
9. Business Plan Generation
10. Facilitation of Finance
11. Seed Capital
12. SDI implementation
13. Rural Development
14. Provision of Low rental property
15. Development of new industrial property

**b. Eastern Cape Gambling and Betting Board (ECGBB)**

**STRATEGIC OBJECTIVES**
1. Maximise revenue generation in the gaming and gambling industry.
2. Establish a regulatory framework for gaming and gambling operations in the province.
3. To minimise the incidence of moral and social degeneration associated with gaming and gambling.
4. Eliminate illegal gaming and gambling operations.

**STRATEGIC INTERVENTIONS 2005/06 – 2009/10**

**Regulatory Framework:**
- Conduct reviews, consultations and note public comments regarding the Act, Regulations and Rules.

**Licensing and Compliance:**
- Develop RFPs for licensing and conduct inspections and investigations of licence holders.
- Revenue Collection
- Determine and collect fees and taxes which are payable by licensees.
- Pay revenues due to Treasury.

**Financial Management and Administration**
- To ensure accurate budgeting, sound cashflow management and the preparation of management accounts and annual financial statements in accordance with relevant standards and legislation.
- To ensure the implementation, maintenance and review of effective internal control systems.

**Human Resources Management**
To implement and review human resources policies to ensure sound human resources practices, training and development of staff.

**Information Technology Management**
To implement, review and maintain an up to date, secure and appropriate information technology system that ensures optimal information and communication management.

**Social Responsibility:**
- Promote responsible gambling and tourism and educate the public on gambling related issues.
- Eradicate illegal gambling.
- Ensure licensees comply with their bid commitments regarding corporate social investments.

Quality Customer Service
Deliver a quality, customer-oriented service to the public, licensees and other stakeholders.

Research and Development
- Commission research on the socio-economic impact of gambling and utilise such research findings accordingly.
- Keep abreast with current trends in the gambling industry.

c. Eastern Cape Liquor Board (ECLB)

STRATEGIC OBJECTIVES
1. Maximise revenue generation in the liquor industry.
2. Establish a regulatory framework for liquor operations in the province.
3. To minimise the incidence of moral and social degeneration associated with the consumption of liquor.
4. Eliminate illegal liquor operations.

STRATEGIC INTERVENTIONS 2005/06 – 2009/10
- To ensure that all points of sale of liquor within the Province are registered.
- To ensure gradual fading out of illegal trading operations in liquor.
- To monitor compliance of registered premises.
- To implement corrective measures as prescribed by the Act.
- To report all points of illegal trade to the appropriate authorities.
- To resolve all cases of contested applications within set time frames.
- To maintain client base by rendering efficient service.
- To ensure accurate data with regard to revenue and ensure steady increase in revenue collection.
**Coega Development Corporation (CDC)**

**STRATEGIC OBJECTIVES**
1. To facilitate the generation of higher levels of economic growth and employment creation, and to reduce economic inequalities in the Province.
2. To promote the implementation of the Microeconomic Reform Strategy (MERS).
3. To promote the implementation of the Integrated Manufacturing Strategy (IMS).

**STRATEGIC INTERVENTIONS 2005/06 – 2009/10**
- Develop world class infrastructure for the IDZ in order to facilitate the attraction of investors.
- To create employment opportunities.
- To achieve empowerment targets.
- To achieve targets for SMME development.
- Develop operational systems to service investors.
- Attract foreign and local investment to the IDZ in the targeted sectors.
- Raise necessary funding for programme development and overheads.
- Ensure seamless integration of the IDZ with the Port of Ngqurha.

**STRATEGIC GOAL 4**

*Ensure that the Integrated Development Plans (IDPs) formulated by District, Metro and Local Municipalities reflect achievable programmes and measures for sound and sustainable Local Economic Development.*

**STRATEGIC OBJECTIVES**
1. To ensure that the Department’s Strategic Plan and budget are aligned with the District and Metro Municipality IDPs.
2. To review and assess the IDPs of the six District Municipalities and the Nelson Mandela Metro Municipality in terms of their LED plans and proposals.
3. To establish and maintain sound working relationships with the District and Metro Municipalities in order to assist in the improvement of IDPs.
4. To participate in all Provincial procedures designed to improve and strengthen the on-going review, assessment and updating of District and Metro Municipality IDPs in the context of the PGDP.

**East London Industrial Development Zone (Pty) Ltd (ELIDZ)**

**STRATEGIC OBJECTIVES**
1. To facilitate the generation of higher levels of economic growth and employment creation, and to reduce economic inequalities in the Province.
2. To promote the implementation of the Microeconomic Reform Strategy (MERS).
3. To promote the implementation of the Integrated Manufacturing Strategy (IMS).

**STRATEGIC INTERVENTIONS 2005/06 – 2009/10**
- Stimulation of economic growth and job creation through FDI promotion.
- Development of a globally competitive IDZ with export oriented industries that have strong
- Linkages to the domestic market.
- Development of targeted industry clusters within the IDZ.

- Infrastructure development programme.
- Comprehensive 5yr business planning and budgeting process within the framework of the Department and in consultation with other provincial stakeholders.
- Joint planning programme with Buffalo City Municipality to ensure IDP alignment and better utilisation of resources.

- Develop and maintain comprehensive organisational systems and structures for good governance and best practice.
- Maintain all relevant ISO certification, enforce legal compliance and encourage best practices amongst investors.

Resourcing Information: Economic Development Management

<table>
<thead>
<tr>
<th>Programme Budgets (R’000)</th>
<th>2004/05 Actual</th>
<th>2005/06 Actual</th>
<th>2006/07 MTREF</th>
<th>2007/08 MTREF</th>
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<td>3.2 Tourism (ECTB)</td>
<td>20,645</td>
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<td>3.3 Consumer Affairs</td>
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<td>3.4 SMME Promotion (ECDC)</td>
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<td>3.5 Investment Promotion (ECDC)</td>
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<td>3.6 Gambling &amp; Betting (ECGBB)</td>
<td>13,364</td>
<td>14,364</td>
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<tr>
<td>3.7 Trade Development (ECDC)</td>
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<td>3.8 Coega Development Corporation (CDC)</td>
<td>359,431</td>
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<tr>
<td>3.9 East London Industrial Development Zone (ELIDZ)</td>
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<td>3.10 Local Economic Development</td>
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<tr>
<td>3.11 Strategic Projects (including: Auto Industry and ICT Support)</td>
<td>25,000</td>
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<td>3.12 Economic Development Management</td>
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<td>2,299</td>
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</tr>
<tr>
<td>3.14 LED &amp; Spatial development</td>
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<td>32,753</td>
<td>35,446</td>
<td>37,491</td>
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<tr>
<td>Economic Development</td>
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<td>Transfer payments (Public Entities)</td>
<td>251,337</td>
<td>301,948</td>
<td>384,715</td>
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<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>297,125</strong></td>
<td><strong>358,574</strong></td>
<td><strong>444,535</strong></td>
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<td></td>
</tr>
</tbody>
</table>
12. Programmes 3: Environmental Affairs Management

This programme has the following programmes and sub-programmes:

3.1 Policy Coordination & Environmental Planning
3.1.1 Inter-Governmental & Spatial & Development Planning
3.1.2 Legislative Development
3.1.3 Research & Development Support
3.1.4 Information Management Services

3.2 Compliance & Enforcement
3.2.1 Quality Management Authorisation Compliance & Enforcement
3.2.2 Bio-Diversity Management Authorisation Compliance & Enforcement
3.2.3 Coastal Authorisation Compliance & Enforcement

3.3 Environmental Quality Management
3.3.1 Impact Management
3.3.2 Air Quality Management
3.3.3 Climate Change Management
3.3.4 Pollution & Waste Management
3.3.5 Coastal Pollution Management

3.4 Biodiversity Management
3.4.1 Biodiversity & Protected Area Planning & Management
3.4.2 Conservation Agencies & Services
3.4.3 Coastal Resource Use

3.5 Environmental Empowerment Services
3.5.1 External Capacity Building & Support
3.5.2 Sector Skills Development & Training
3.5.3 Communication & Awareness Raising
The intent of the Environmental Affairs Programme is to ensure the conservation of biodiversity and the protection of the environment through ecologically sustainable, economically efficient and socially equitable use of the environment in the Eastern Cape. The Programme operates through the following functional areas to cover the Environmental mandate:

- Environmental Management and Sustainable Development Policy, Legislation, Coordination and Monitoring
- Planning, Impact, Pollution and Waste Management
- Ecosystems, Biodiversity and Natural Heritage Management
- Marine and Coastal Management
- Environmental Management and Sustainable Development
- Empowerment and Capacity Building Services

Policy Coordination and Environmental Planning component is responsible for Environmental Management, Policy development and Legislation, Co-ordination and Monitoring of the whole cluster of programmes. The following key performance areas are executed by the programme:

- Planning, Impact, Pollution and Waste Management
- Ecosystems, Biodiversity and Natural Heritage Management
- Marine and Coastal Management
- Environmental Management and Sustainable Development
- Empowerment and Capacity Building Services
- Eastern Cape Parks Board

The Programme is responsible for developing Legislative and regulatory frameworks in the context of national environmental law, protected Area land acquisition and consolidation, co-ordinating trans-boundary projects, infrastructure improvement and implementing revenue strategies.

**12.1 Situation Analysis**

- Developing the Biodiversity strategy and action plan
- Review of the Eastern Cape Biodiversity and Conservation Legislation
- Law enforcement
- ECPB Manages the Provincial Protected Areas

**12.2 Policies, priorities and strategic objectives**

- The Public Finance Management Act, 1999 (Act 1 of 1999)
- Annual Division of Revenue Act, Public Service Act
- Basic Conditions of Employment Act (Act 75 of 1997),
- Treasury Directives, SITA Act 88/1988
- Transkei Decree, 1983
- Nature Conservation Ordinance 19/1974
• Ciskei Conservation Act 10/1987
• Environmental Management Act 107/1998
• Environmental Conservation Act 1989 and Regulations
• National Environmental Management Act, 1998
• National Environmental Management: Protected Areas Act, 2003
• National Environmental Management: Biodiversity Act, 2004
• Problem Animal Control Act, 1957
• National Forest Act 84/1998
• Eastern Cape Parks Board Act 12/2003

Priorities
• Establish Programme Specific Scientific Research Unit to ensure effective and efficient Ecosystems, Biodiversity and Natural Heritage management through Planning, Monitoring and Reporting

• Ensure that Provincial Biodiversity Strategy and Action Plan is finalised in financial year 07/08

• Strengthen and capacitate Ecosystems, Biodiversity and Natural Resource use, Scientific Investigation and Authorisation Unit

• Protected Area Establishment, regulation and monitoring

• Ensure adherence and thorough implementation all applicable National and Provincial Legislation.

• Implement the World Heritage Convention Act

• Develop Conservation Strategy and mapping of Natural Heritage Sites

Strategic goals and objectives for Environmental Affairs Programmes

Strategic Objectives: (Environmental Affairs Management – Biodiversity & Conservation)

1. To ensure the enrichment and effective Biodiversity Conservation (in and outside protected areas) and sustainable coastal management in the Province.
2. To ensure cooperation in effective planning, education and reporting for the protection of the environment and sustainable development in the Province.
3. To ensure compliance and enforcement of all environmental legislation.

4. Increase area under conservation

5. To eliminate all ECA EIA backlogs
6. Creation of jobs through the EPWP

7. To influence and align national policy by undertaking focused research for the development of a provincial policy framework.

8. To determine the economic development potential of sectors for the development of programmes.

9. Monitor and evaluate the impact of development programmes to ascertain whether these have realised their developmental potential.

Strategic Objectives: (Environmental Affairs Management – EPWP)

1. To eliminate all ECA EIA backlogs

2. Creation of jobs through the EPWP

3. To influence and align national policy by undertaking focused research for the development of a provincial policy framework.

4. To determine the economic development potential of sectors for the development of programmes.

5. Monitor and evaluate the impact of development programmes to ascertain whether these have realised their developmental potential.

Public Entities managed through Environmental Affairs

Public Entity engaged in environmental protection, regulatory/advisory services is managed by the Environmental Programme on the basis of a Shareholder Compact and Service Level Agreements.

The Public Entity is required to formulate its own Strategic Planning instruments in the prescribed format. The activities of such Entity are linked to the Department’s Strategic Goals and Objectives as indicated below:

a. Eastern Cape Parks Board (ECPB)

The Eastern Cape Parks Board is a Public Entity established in terms of Provincial Parks Board Act 12 of 2003. The ECPB’s mandate is biodiversity management inside Provincial Parks thereby ensuring persistency of all species, biomes and eco-systems in the Province whilst ensuring the financial sustainability of the institution.

STRATEGIC OBJECTIVES

1. To ensure the enrichment and effective Biodiversity Conservation (in and outside protected areas) and sustainable coastal management in the Eastern Cape Province.
2. To ensure co-operation in effective planning, education and reporting for the protection of the environment and sustainable development in the Eastern Cape Province.

3. To promote and provide adequate resources for the Public Entity established in terms of the PFMA (within the Department’s available budget envelope):

4. Eastern Cape Parks Board (ECPB).

5. To formulate, manage and monitor performance of the public entity against agreed Service Level Agreements (SLAs) in the context of the Department’s Strategic Goals.

5. To ensure that each the Public Entity prepares and implements appropriate Strategic Plans that are aligned to the Department’s Strategic Plan and are formulated within the resource constraints of the Department.

STRATEGIC INTERVENTIONS 2005/06 – 2009/10 (Ecosystems Resource Management)

Strategic Marketing Framework
1. To manage a robust marketing framework from which the provincial tourism marketing effort will be co-ordinated, funded, driven and aligned to national tourism strategies.

2. To manage an international marketing strategy in close collaboration with SA Tourism, specifically aimed at positioning the Eastern Cape favourably within selected international tourism markets.

3. Biodiversity management in accordance with policy requirements indicated in the SLA with the Department.

Marketing Activities & Programmes
1. To manage a robust domestic tourism marketing strategy to attract a greater share of the domestic tourism market.

2. To provide evidenced based tourism intelligence service to the province.

3. To enable the provincial tour guiding association to comply with world standards.

Destination Management Strategy and Transforming the Industry
1. To manage the implementation of robust destination management strategy that delivers on the Provinces brand promise “Naturally South Africa’s Best” that is based on sustainable development and responsible tourism.

Corporate Governance
1. To establish and implement an effective communication system.

2. To establish an organisation which is in line with international and domestic best practice.
## Summary Expenditure by Programme and Public Entities

<table>
<thead>
<tr>
<th>Programme Budgets (R'000)</th>
<th>2004/05 Actual</th>
<th>2005/06 Actual</th>
<th>2006/07 MTREF</th>
<th>2007/08 MTREF</th>
<th>2008/09 MTREF</th>
<th>2009/10 MTREF</th>
</tr>
</thead>
<tbody>
<tr>
<td>4. Environmental Affairs</td>
<td>105,832</td>
<td>110,083</td>
<td>150,196</td>
<td>151,186</td>
<td>165,445</td>
<td>172,849</td>
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<tr>
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<td>40,877</td>
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<td>55,013</td>
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<td>3,241</td>
<td>3,000</td>
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<td>2,123</td>
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<td>2,374</td>
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<td>1,226</td>
<td>1,287</td>
<td>1,377</td>
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<td>4.5 Air Quality/Waste Management</td>
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<td>899</td>
<td>962</td>
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<td>4.6 Compliance/Enforcement</td>
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<td>4.7 Parks Board (ECPB)</td>
<td>65,000</td>
<td>79,700</td>
<td>99,407</td>
<td>101,216</td>
<td>106,185</td>
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<td>4.8 Eastern Cape Tourism Board</td>
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## Summary Expenditure by Economic Classification

<table>
<thead>
<tr>
<th>Programme</th>
<th>Costs</th>
<th>2007/08</th>
<th>2008/09</th>
<th>2009/10</th>
</tr>
</thead>
<tbody>
<tr>
<td>Environmental Affairs</td>
<td>Compensation of Employees</td>
<td>35,983</td>
<td>47,772</td>
<td>49,850</td>
</tr>
<tr>
<td></td>
<td>Goods and Services</td>
<td>13,347</td>
<td>15,337</td>
<td>15,714</td>
</tr>
<tr>
<td></td>
<td>Capital Assets</td>
<td>2,449</td>
<td>1,120</td>
<td>1,110</td>
</tr>
<tr>
<td></td>
<td>Transfer payments (Public Entity)</td>
<td>99,407</td>
<td>101,216</td>
<td>106,185</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>151,186</td>
<td>165,445</td>
<td>172,849</td>
</tr>
</tbody>
</table>
Resource Implications for the 2008/09-2010/11 MTREF, By Programme (R’000)

Expenditure by Economic Classification

<table>
<thead>
<tr>
<th>Programme</th>
<th>Costs</th>
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<th>2008/09</th>
<th>2009/10</th>
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<td>Economic Development</td>
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<td>49,850</td>
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<tr>
<td></td>
<td>Goods and Services</td>
<td>13,347</td>
<td>15,337</td>
<td>15,714</td>
</tr>
<tr>
<td></td>
<td>Capital Assets</td>
<td>2,449</td>
<td>1,120</td>
<td>1,110</td>
</tr>
<tr>
<td></td>
<td>Transfer payments (LED funding)</td>
<td>20,000</td>
<td>30,000</td>
<td>32,000</td>
</tr>
<tr>
<td></td>
<td>Transfer payments (Public Entities)</td>
<td>251,337</td>
<td>301,948</td>
<td>384,715</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>297,125</td>
<td>358,574</td>
<td>444,535</td>
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<td>Environmental Affairs</td>
<td>Compensation of Employees</td>
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<td>49,850</td>
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<td></td>
<td>Goods and Services</td>
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<td>15,337</td>
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<td>Capital Assets</td>
<td>2,449</td>
<td>1,120</td>
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<td></td>
<td>Transfer payments (Public Entity)</td>
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<td>106,185</td>
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<td></td>
<td>Total</td>
<td>151,186</td>
<td>165,445</td>
<td>172,849</td>
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<td></td>
<td>Total</td>
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<td>20,678</td>
<td>21,800</td>
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<tr>
<td>Tourism Development</td>
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<td>1,200</td>
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<td>Total</td>
<td>25,589</td>
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<td>28,790</td>
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<tr>
<td>TOTAL</td>
<td>Compensation of Employees</td>
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<td>109,302</td>
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<td>69,499</td>
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<td>Capital Assets</td>
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<td>5,720</td>
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<td>Transfer payments (LED)</td>
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<td>32,000</td>
<td>33,000</td>
</tr>
<tr>
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<td>Transfer payments (Public Entities)</td>
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<td>534,464</td>
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<td>Total</td>
<td>616,973</td>
<td>722,502</td>
<td>758,505</td>
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For additional funding requirements for the MTREF period, see Annexure 4

Receipts

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<td>4,680</td>
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<td>Interest</td>
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<tr>
<td>Financial transactions</td>
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<td></td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>61,490</strong></td>
<td><strong>91,508</strong></td>
<td><strong>107,284</strong></td>
<td><strong>113,139</strong></td>
</tr>
</tbody>
</table>

13. Capital Investment, maintenance and asset management plan

1. list to cover

- East – West dichotomy
- Coega
- ELIDZ
- PGDP & HIPPs
- 24 priority projects
- Steinhof
- Umzimvubu River Basin
- etc

14. Co-ordination, co-operation and outsourcing plans

14.1 Inter-departmental linkages

The Department maintains close working relationships with key provincial government departments that are involved in infrastructure and economic development programmes. These relationships are co-ordinated through the Economic Growth and Infrastructure Cluster, the Special Programmes Unit arm of the Economic Growth and Infrastructure Cluster and the Economic Growth and Infrastructure Cabinet Committee.

Participation in the activities of the EG&I Cluster, the SPU-EG&I Cluster and Cabinet Committee involves the Department in direct and indirect commitments to a number of PGDP programmes, particularly through the
ECDC and the ECTB, and these involvements serve to further strengthen inter-departmental linkages and co-operation.

14.2 Local government linkages

The Local Economic Development (LED) and economic infrastructure development components of District and Metro Municipality IDPs form the basis for co-operation between the Department and its Public Entities and the local government sphere. This includes ensuring that the Department’s strategic plan and MTREF budgets are aligned with District and Metro Municipality IDPs in order to promote the effective co-ordination of economic growth and investment.

In 2005/06, the local government sphere in the Province consisted of the following institutions:

- One Category A Metro Municipality (Nelson Mandela).
- Six Category C District Municipalities (Alfred Nzo, Amathole, Cacadu, Chris Hani, O R Tambo and Ukhahlamba).
- 38 Category B Local Municipalities.

The Department is directly involved with local government institutions at the Metro and District municipality levels and relationships with Local Municipalities are managed through and with District Municipalities.

Various Municipal boundary and status adjustments are possible during 2006/07 and position is under review by the Demarcation Board. Changes will be reported in subsequent year adjustments to the Strategic and Performance Plan.

14.3 Public Entities

The Department has established five Public Entities to perform various economic development functions and to deliver regulatory and advisory services.

Coega Development Corporation (CDC) and East London Industrial Development Zone (ELIDZ) are considered with effect from 2005/6 financial year, subsidiaries of the ECDC.

Operating relationships with Public Entities are conducted on the basis of Service Level Agreements (SLAs) that are monitored by the Chief Financial Officer. Such agreements require due performance to be reported prior to the transfer of funds from the Department, as required by the PFMA.

The nature and intent of the Public Entities that report to the Department are indicated below:
<table>
<thead>
<tr>
<th>Public Entity</th>
<th>Main purpose</th>
</tr>
</thead>
</table>
| 1. Eastern Cape Development Corporation (ECDC) | ▪ To facilitate economic development in the Province by promoting investment, small business development and innovative development financing.  
▪ Align and rationalise activities with the DTI SEDA programme in the Province. |
| 2. Eastern Cape Tourism Board (ECTB) | ▪ To facilitate tourism and tourism development in the Province through innovative product development, marketing and investment promotion. |
| 3. Eastern Cape Gambling and Betting Board (ECGBB) | ▪ To regulate and manage the gambling and betting industry in the Province. |
| 4. Eastern Cape Liquor Board (ECLB) | ▪ To regulate and manage the retail liquor industry in the Province. |
| 5. Eastern Cape Parks Board (ECPB) | ▪ To establish efficient and effective environmental management systems in Protected Areas and to promote private sector investment opportunities in Protected Areas. |
| 6. Coega Development Corporation (CDC) | ▪ To develop the Coega IDZ by investing in world-class infrastructure and to attract sustainable manufacturing investment. |
| 7. East London Industrial Development Zone (ELIDZ) | ▪ To develop the East London IDZ by investing in world-class infrastructure and to attract sustainable manufacturing investment. |

The Department will undertake a strategic perspective regarding the possible rationalisation of Public Entities, in line with National Government initiatives. Any such developments will be reported in subsequent year adjustments.

### 14.4 Public-private partnerships and outsourcing

Public-private partnership arrangements are established in terms of undertakings associated with Programme 4: Environmental Affairs. These are the following:
- a. Wild Coast Sustainable Development Programme.
- b. European Union Tourism Development Programme.
- c. Baviaanskloof Project Management Unit.

The above are Public-Private and Community partnerships, some of which are driven by Public Entities. However, the Environmental Affairs Chief-Directorate provides policy guidance and plays an oversight role.
Part C
Background Information

15. APPENDIX ONE: Analysis of Service Delivery Environment

15.1 Policy changes and trends

Four critical policy-related issues impact on the way in which the Department plans, budgets for and implements its responsibilities:
- The ten-year PGDP, which requires close budget and operational alignment by the Department and its Public Entities.
- The Municipal IDPs, which require close budget and operational alignment by the Department and its public entities.
- The Five-Year Strategic and Performance Planning process, which is required to be adopted by the Department and its Public Entities.

Other matters that reflect policy-related issues and changes include the following:

**Environmental Legislation/Policy Updates:**
- Environment Conservation Act Amendment 50 of 2003. This legislation mainly deals with the transfer of function in relationship to permitting of land-fill sites from Department of Water Affairs to Department of Environmental Affairs and Tourism and to Provinces. It will come into effect in October 2005.
- Environment Conservation Act Amendment on EIA Regulations (sections 21, 22, 26). New EIA regulations have been approved by the National Minister and will come into effect in January 2006. These regulations will be incorporated into the National Environmental Management Act No. 107 of 1998, Chapter 5.
- Promulgation of Air Quality Management Act No. 39 of 2005. This Act will be managed by Local Municipalities versus managed by National DEAT office as was the case in the past under the Atmospheric Pollution Prevention Act No. 45 of 1965.
- The National Environmental Management Amendment Act No. 46 of 2003. This amendment gives powers to the National DEAT and Provincial MECs to appoint Environmental Management Inspectors to deal with Enforcement and Compliance issues.
The National Environmental Management Amendment Act No.8 of 2004. This came into effect on January 7 2005. This amendment (section 24G) provides for the handling of "ex post facto" applications, i.e. applications that did not comply with the EIA regulations as promulgated in September 1997.

**National Parks in the Province:**
- Addo Elephant Park.
- Mountain Zebra.
- Tsitsikamma.
- Nature's Valley.
- Lakes Area Wilderness.
- Karoo Nature Reserve (recently taken over).

**Economic Development Programme**
- Implications of establishing the DTI Small Enterprise Development Agency (SEDA) programme in the Province. The extent to which this will impact on the strategic intent of the ECDC, the PGDP and the LED operations of Municipalities require to be determined.
- Initiatives associated with co-operative establishments, Village Banking and new national LED policy guidelines require to be assessed and factored into Provincial strategies.

**15.2 Environmental factors and emerging challenges**

The distribution of demographic and socio-economic characteristics in the Eastern Cape Province reflects severe spatial imbalances and racial inequalities that stem from the effects of decades of apartheid policies. While these circumstances are deeply entrenched, and will continue to affect the nature and distribution of economic development for many years, significant procedures have been initiated to identify and address their effects through integrated and constructive planning at the macro and micro levels. These procedures are embodied in the Provincial Growth and Development Plan and the Integrated Development Plans formulated by District, Local and Metro Municipalities. Taken together, these plans form a comprehensive framework within which public and private sector initiatives regarding the development of the Province can be organised and co-ordinated.
15.2.1 Demographic Profile of the Province

The total 2001 Census population of the Eastern Cape was 6 436 763, compared to 6 302 525 in the 1996 Census, which represents an overall increase of 2.1% and an annual growth rate of 0.42% over the five-year period. The composition of the population in 2001 is indicated in Table C.1.

Table C.1: Total Population, by population group and gender, 2001

<table>
<thead>
<tr>
<th>Population Group</th>
<th>Male</th>
<th>Female</th>
<th>Total</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Black African</td>
<td>2 589 197</td>
<td>3 045 882</td>
<td>5 635 079</td>
<td>87.5</td>
</tr>
<tr>
<td>Coloured</td>
<td>229 890</td>
<td>248 917</td>
<td>478 807</td>
<td>7.4</td>
</tr>
<tr>
<td>Indian/Asian</td>
<td>9 310</td>
<td>9 062</td>
<td>18 372</td>
<td>0.3</td>
</tr>
<tr>
<td>White</td>
<td>147 109</td>
<td>157 396</td>
<td>304 505</td>
<td>4.8</td>
</tr>
<tr>
<td>Total</td>
<td>2 975 506</td>
<td>3 461 257</td>
<td>6 436 763</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Source: StatsSA, Census 2001

The distribution of the population in the Province by District Municipality and in urban and rural areas is indicated in Tables C.2 and C.3.

Table C.2: Distribution of Population by Municipality, 2001

<table>
<thead>
<tr>
<th>Municipality</th>
<th>Population</th>
<th>Area (sq km)</th>
<th>Density/sq km</th>
</tr>
</thead>
<tbody>
<tr>
<td>Metro: Nelson Mandela</td>
<td>1 005 776</td>
<td>1 969</td>
<td>510.0</td>
</tr>
<tr>
<td>District: Cacadu</td>
<td>388 224</td>
<td>58 166</td>
<td>6.7</td>
</tr>
<tr>
<td>District: Amathole</td>
<td>1 664 258</td>
<td>23 545</td>
<td>70.7</td>
</tr>
<tr>
<td>District: Ukhahlamba</td>
<td>341 339</td>
<td>25 276</td>
<td>13.5</td>
</tr>
<tr>
<td>District: O R Tambo</td>
<td>1 676 477</td>
<td>15 753</td>
<td>106.4</td>
</tr>
<tr>
<td>District: Alfred Nzo</td>
<td>550 389</td>
<td>7 976</td>
<td>69.0</td>
</tr>
<tr>
<td>District: Chris Hani</td>
<td>810 300</td>
<td>36 895</td>
<td>22.0</td>
</tr>
<tr>
<td>Total</td>
<td>6 436 763</td>
<td>169 580</td>
<td>37.9</td>
</tr>
</tbody>
</table>

Source: Based on Census 2001 and Municipal IDPs
### Table C.3: Distribution of Urban/Non-Urban Population, 2001

<table>
<thead>
<tr>
<th>Municipality</th>
<th>Total</th>
<th>% of Total</th>
<th>% Urban</th>
<th>% Non-Urban</th>
</tr>
</thead>
<tbody>
<tr>
<td>Metro: Nelson Mandela</td>
<td>1 005 776</td>
<td>16</td>
<td>97.9</td>
<td>2.1</td>
</tr>
<tr>
<td>District: Cacadu</td>
<td>388 224</td>
<td>5</td>
<td>27.2</td>
<td>72.8</td>
</tr>
<tr>
<td>District: Amathole</td>
<td>1 664 258</td>
<td>26</td>
<td>39.0</td>
<td>61.0</td>
</tr>
<tr>
<td>District: Ukhahlamba</td>
<td>341 339</td>
<td>5</td>
<td>37.9</td>
<td>62.1</td>
</tr>
<tr>
<td>District: O R Tambo</td>
<td>1 676 477</td>
<td>26</td>
<td>8.9</td>
<td>91.1</td>
</tr>
<tr>
<td>District: Chris Hani</td>
<td>810 300</td>
<td>13</td>
<td>39.0</td>
<td>61.0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>6 436 763</strong></td>
<td><strong>100</strong></td>
<td><strong>30</strong></td>
<td><strong>70</strong></td>
</tr>
</tbody>
</table>

Note: Census 2001 does not provide data on urban-rural distributions of population. The percentage distributions indicated above are based on information contained in the Provincial Spatial Development Plan: 2000, and estimated for the province as a whole.

### Table C.3(a): Selected Demographic Characteristics based on Socio-Economic Profiles

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Alfred Nzo</td>
<td>550 403</td>
<td>55%</td>
<td>61%</td>
<td>7%</td>
<td>47%</td>
<td>28%</td>
<td>8%</td>
<td>79%</td>
<td>30%</td>
<td>30%</td>
</tr>
<tr>
<td>Amathole</td>
<td>1 664 254</td>
<td>54%</td>
<td>51%</td>
<td>5%</td>
<td>48%</td>
<td>20%</td>
<td>10%</td>
<td>64%</td>
<td>27%</td>
<td>27%</td>
</tr>
<tr>
<td>Cacadu</td>
<td>388 204</td>
<td>52%</td>
<td>35%</td>
<td>6%</td>
<td>46%</td>
<td>18%</td>
<td>10%</td>
<td>43%</td>
<td>20%</td>
<td>20%</td>
</tr>
<tr>
<td>Chris Hani</td>
<td>810 306</td>
<td>54%</td>
<td>53%</td>
<td>8%</td>
<td>46%</td>
<td>24%</td>
<td>10%</td>
<td>71%</td>
<td>27%</td>
<td>27%</td>
</tr>
<tr>
<td>Nelson Mandela Metro</td>
<td>1 005 780</td>
<td>52%</td>
<td>39%</td>
<td>5%</td>
<td>47%</td>
<td>16%</td>
<td>8%</td>
<td>37%</td>
<td>31%</td>
<td>31%</td>
</tr>
<tr>
<td>OR Tambo</td>
<td>1 676 482</td>
<td>55%</td>
<td>61%</td>
<td>5%</td>
<td>47%</td>
<td>29%</td>
<td>9%</td>
<td>76%</td>
<td>29%</td>
<td>29%</td>
</tr>
<tr>
<td>Ukhahlamba</td>
<td>341 339</td>
<td>53%</td>
<td>51%</td>
<td>7%</td>
<td>48%</td>
<td>24%</td>
<td>10%</td>
<td>77%</td>
<td>25%</td>
<td>25%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>6 436 768</strong></td>
<td><strong>54%</strong></td>
<td><strong>51%</strong></td>
<td><strong>6%</strong></td>
<td><strong>47%</strong></td>
<td><strong>20%</strong></td>
<td><strong>8%</strong></td>
<td><strong>64%</strong></td>
<td><strong>27%</strong></td>
<td></td>
</tr>
</tbody>
</table>

* based on Ante-natal Statistics.

Source: Eastern Cape Department of Social Development, 2004

The District Municipalities in the Province, which coincide closely with the Department’s operating districts, are indicated in Figure C.1.
The Nelson Mandela Metro and the Amathole District Municipality areas contain more than 40% of the total population in the Province, most of whom live in the two major urban agglomerations of Port Elizabeth-Uitenhage and East London-King William’s Town. Consequently, the population density in these areas is well above the overall average density of 38 persons per sq km. The O R Tambo and Alfred Nzo Districts also have high population densities (106 and 69 persons per sq km, respectively), which are related to dense rural settlement that characterised the previous bantustans in the Province. On the other hand, population density in the Cacadu District is under 7 persons per sq km, largely as a result of semi-arid climatic conditions and the extensive livestock grazing that predominates in the area. It should be noted, too, that may thousands of Black Africans were removed from this area and relocated in the bantustans during the 1970s, which also contributed to the relatively higher population densities in the Districts indicated above. The distribution and density of population in the Province in 2003 is the outcome of many decades of socio-economic policies, coupled with deliberate socio-political engineering designed to regulate and control the lives and livelihoods of Black Africans. It is now well known that these policies failed completely, but their legacies will linger in the Province for some time to come. This represents one of the most significant challenges for the Provincial Government: to ensure that the provincial space economy is re-shaped and organised to meet the needs of all the people in the Province.
The Nelson Mandela Metro region and the Amathole, Chris Hani and Ukhahlamba Districts have the highest proportions of urban population, while the O R Tambo and Alfred Nzo Districts are dominated by much higher proportions of non-urban population. Overall, around 70% of the Province’s population live in non-urban areas. This, too, is largely a result of prior policies that have generated significant rural-urban migratory pressures in recent years. Adequate planning and budgetary provision for the delivery of facilities and services ranging from housing, schools and clinics to water, sanitation, electricity and waste management are key imperatives for the Provincial Government under such circumstances.

The overall age-gender structure of the Provincial population is shown in Figure C.2.

The following observations arise from the age-gender structure:

- There is a noticeable disparity between males and females in the age groups ranging from 20 to 60 years old, with proportionally fewer males than females. This is largely attributed to the migratory labour propensity of Black African males, particularly from rural areas, who are constrained to seek employment outside of the Province.
- The bulge reflected in the distribution of both males and females in the 5 to 14 year old age categories suggests a substantial growth potential over the next 10 years.
- The narrowing of the base of the population pyramid suggests a decline in the total fertility rate which could result in a more stable population growth when the bulge in the 5 to 14 year age cohorts has worked through the structure.
- The impact of HIV and Aids on the population structure is difficult to assess, but may be a contributory factor to both the reduced proportion of males in the 20 to 60 age cohorts and the narrower base of the population pyramid.
There are significant differences in the age-gender population structure in the eastern and western areas of the Province. This reflects the effects of a largely rural and underdeveloped eastern area and a more urbanised and developed western area of the Province. These differences are indicated in Figure C.3.

The age-gender pyramid for the eastern areas of the Province has a broadly-based structure with between 15% and 20% of both males and females in the younger age categories. This is indicative of a younger and more dynamic population structure with a significant growth potential, albeit that there is an emerging narrowing in the youngest age cohorts. The age-gender distribution in the western area of the Province, on the other hand, reflects a more mature population structure with a more stable growth potential.

Such differences have clear implications with respect to planning for effective service delivery and support strategies that focus attention on the eastern area of the Province in terms of housing, basic services and social infrastructure such as schools and health facilities.
The extent to which households in the Province have access to basic services constitutes an important indicator of their development status. The distribution of access to toilet facilities, refuse removal and water supplies is shown in Tables C.4, C.5 and C.6, respectively.

Table C.4: Household access to toilet facilities, by population group, 2001

<table>
<thead>
<tr>
<th>Facility</th>
<th>Black African</th>
<th>Coloured</th>
<th>Indian/Asian</th>
<th>White</th>
<th>Total</th>
<th>RSA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Flush toilet sanitation</td>
<td>26.4</td>
<td>74.3</td>
<td>97.5</td>
<td>98.8</td>
<td>34.8</td>
<td>53.8</td>
</tr>
<tr>
<td>Pit latrine</td>
<td>32.7</td>
<td>8.3</td>
<td>1.2</td>
<td>0.5</td>
<td>28.8</td>
<td>28.5</td>
</tr>
<tr>
<td>Bucket latrine</td>
<td>5.8</td>
<td>10.0</td>
<td>0.3</td>
<td>0.1</td>
<td>5.6</td>
<td>4.1</td>
</tr>
<tr>
<td>None</td>
<td>35.1</td>
<td>7.4</td>
<td>1.0</td>
<td>0.6</td>
<td>30.8</td>
<td>13.6</td>
</tr>
<tr>
<td>Total</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Source: StatsSA, Census 2001

In terms of household access to toilet facilities, the Eastern Cape is considerably below the national average with some 35% of all households having access to flush sanitation, compared to the national average of 54%. The incidence of bucket latrines and households with no access to toilet facilities is of considerable concern, since these circumstances create conditions which are conducive to unhygienic community living. Thus, almost 6% of all households have access only to bucket latrines and over 30% have no toilet facilities at all, compared to the national averages of 4% and 14%, respectively. The distribution of access to toilet facilities among population groups in the Province reflects wide disparities that are a direct consequence of previous policies of neglect and exclusion. The difference between Black African households and all other households, in this regard, is significant and provide clear direction regarding the priorities for provincial and local government budgetary resource allocations in the short and medium terms.

Table C.5: Household access to refuse removal, by population group 2001

<table>
<thead>
<tr>
<th>Removal system</th>
<th>Black African</th>
<th>Coloured</th>
<th>Indian/Asian</th>
<th>White</th>
<th>Total</th>
<th>RSA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Local Authority Removal</td>
<td>30.8</td>
<td>83.6</td>
<td>96.5</td>
<td>88.4</td>
<td>38.4</td>
<td>56.9</td>
</tr>
<tr>
<td>Communal and Own Refuse Dump</td>
<td>50.0</td>
<td>14.0</td>
<td>3.1</td>
<td>11.1</td>
<td>44.8</td>
<td>34.4</td>
</tr>
<tr>
<td>No refuse disposal</td>
<td>19.2</td>
<td>2.4</td>
<td>0.4</td>
<td>0.5</td>
<td>16.8</td>
<td>8.7</td>
</tr>
<tr>
<td>Total</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Source: StatsSA, Census 2001
In terms of refuse removal, Eastern Cape households are also considerably below the national average with around 38% having access to local authority removal services, compared to almost 57% at the national level. In this regard, the distribution across population groups also reflects significant inequalities, with less than one-third of Black African households having access to local authority services, compared to well over 80% among all other households in the Province. In particular, nearly 20% of Black African households have no access to refuse removal services.

Table C.6: Main household water supply, by population group, 2001

<table>
<thead>
<tr>
<th>Supply source</th>
<th>Black African</th>
<th>Coloured</th>
<th>Indian/Asian</th>
<th>White</th>
<th>Total</th>
<th>RSA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Piped water to dwelling</td>
<td>28.4</td>
<td>85.0</td>
<td>95.4</td>
<td>95.2</td>
<td>37.0</td>
<td>61.5</td>
</tr>
<tr>
<td>Communal stand pipe water</td>
<td>28.3</td>
<td>11.3</td>
<td>3.7</td>
<td>3.7</td>
<td>25.4</td>
<td>22.8</td>
</tr>
<tr>
<td>Borehole/Spring/Tank</td>
<td>12.3</td>
<td>1.3</td>
<td>0.4</td>
<td>0.8</td>
<td>10.6</td>
<td>5.0</td>
</tr>
<tr>
<td>Dam/Pool/River/Vendor</td>
<td>29.3</td>
<td>1.6</td>
<td>0.5</td>
<td>0.2</td>
<td>25.4</td>
<td>8.3</td>
</tr>
<tr>
<td>Other</td>
<td>1.7</td>
<td>0.8</td>
<td>-</td>
<td>0.1</td>
<td>1.6</td>
<td>2.4</td>
</tr>
<tr>
<td>Total</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Source: StatsSA Census 2001

Access to water supplies by Eastern Cape households reflects similar differences between the Province as a whole and the national average; while Black African households are uniformly less well provided for among the Province’s population groups. Fewer than 30% of Black African households are serviced with piped water to the dwelling, compared to well over 80% in the case of other population groups. Moreover, more than 29% of Black African households in the Eastern Cape have access only to natural sources of water which are often polluted to the extent that they constitute further health hazards to the affected households.

These three basic indicators demonstrate the extent of overall inequality between the Province and the RSA as a whole; and also provide an indication of the extent to which there are severe disparities between Black African households and all other households in the Province. It is imperative that such statistics should form the basis for effective service delivery planning and resource allocation by the Provincial Government and local authorities.
15.2.2 Employment, Income and Socio-Economic Characteristics

Employment
The key socio-economic indicator for the Eastern Cape is the status of people regarding employment. Table C.7 indicates the employment status among population groups in the Province in 2001.

<table>
<thead>
<tr>
<th>Population Group</th>
<th>Employed</th>
<th>Unemployed</th>
<th>% Unemployed</th>
<th>National Average %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Black African</td>
<td>507,422</td>
<td>830,404</td>
<td>62.1</td>
<td>50.2</td>
</tr>
<tr>
<td>Coloured</td>
<td>116,332</td>
<td>68,080</td>
<td>36.9</td>
<td>27.0</td>
</tr>
<tr>
<td>Indian/Asian</td>
<td>7,092</td>
<td>1,089</td>
<td>13.3</td>
<td>16.9</td>
</tr>
<tr>
<td>White</td>
<td>123,483</td>
<td>8,411</td>
<td>6.4</td>
<td>6.3</td>
</tr>
<tr>
<td>Total</td>
<td>754,329</td>
<td>907,984</td>
<td>54.6</td>
<td>41.6</td>
</tr>
</tbody>
</table>

Source: StatsSA Census 2001

More than half (54.6%) of the economically active population in the Eastern Cape was unemployed in 2001, compared to the national average of around 41% unemployed. Among Black Africans, the situation is considerably more serious, both in the Province and in the country as a whole. More than 62% of the Black African labour force in the Eastern Cape was unemployed in 2001, while over 50% of the Black African labour force in the country was unemployed in 2001. Unemployment rates among the other population groups in the Province were relatively lower in 2001, but this does not detract from the overall severity of the challenge for sustainable job creation in the Province.

Unemployment among Black Africans, combined with other indicators that reflect conditions of severe inequality affecting Black Africans, emphasises the extent to which this segment of the Province’s population remains marginalised. Without gainful employment, it is very difficult for any household to secure an improved quality of life in terms of basic services.

Income
The percentage distribution of monthly income, by population group, is shown in Table C.8, and is a further indicator of the disadvantaged position of Black Africans in the Province. Income distribution for the Coloured population indicates a marginally better position, while the Indian/Asian and White population groups are substantially better off in terms of income distribution. Some 59% of the total employed persons aged between 15 and 65 years old earn less than R1,600 per month. Among Black African and Coloured earners, 69% and 61%, respectively fall into this category, while for the Asian/Indian and White earners, the
proportion in the under R1,600 per month category is around 19% and 16%, respectively.

Table C.8: Monthly income by population group, 2001

<table>
<thead>
<tr>
<th>Income group</th>
<th>Black African</th>
<th>Coloured</th>
<th>Indian/Asian</th>
<th>White</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Under R1600</td>
<td>69.2</td>
<td>61.4</td>
<td>18.8</td>
<td>16.3</td>
<td>58.9</td>
</tr>
<tr>
<td>R1601 to R6400</td>
<td>26.7</td>
<td>33.4</td>
<td>52.6</td>
<td>52.1</td>
<td>32.1</td>
</tr>
<tr>
<td>R6401 to R12800</td>
<td>3.2</td>
<td>4.3</td>
<td>18.9</td>
<td>20.7</td>
<td>6.3</td>
</tr>
<tr>
<td>R12801 to R51200</td>
<td>0.7</td>
<td>0.7</td>
<td>8.5</td>
<td>9.9</td>
<td>2.2</td>
</tr>
<tr>
<td>Over R51201</td>
<td>0.2</td>
<td>0.2</td>
<td>1.2</td>
<td>1.8</td>
<td>0.5</td>
</tr>
<tr>
<td>Total</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Source: StatsSA Census 2001

**Education**

The highest educational level attained among people over 20 years of age is indicated in Table C.9. It is clear that part of the reason for the relative marginalisation and exclusion of Black African and Coloured people, which is evident in terms of employment, income and access to basic services, lies in the educational inequalities reflected in Table C.9. Nearly half of Black Africans and 28% of Coloured people over 20 years old have had no schooling or only some primary education. This is probably indicative of the proportion of these population groups that are functionally illiterate, which is a severe impediment in terms of finding and keeping gainful employment and earning an adequate living. On the other hand, 7% of the Indian/Asian population and 2% of Whites fall into this educational category. At the other end of the educational attainment scale, 5% and 4% of Black Africans and Coloured people, respectively, have a tertiary or post-secondary school level of education, while the proportion for the Indian/Asian and White population groups in this educational category is 26% and 24%, respectively.

In order to plan adequately for the future, human resource development is a key priority for the Provincial Government. Hence, it is imperative to address the inequities that are evident in Table C.9, because they affect all other aspects of the Province’s social and economic development prospects. It is evident, too, however, that the educational situation cannot be reversed overnight. It can only be addressed in the context of an overall Provincial development planning initiative that recognises the fundamental importance of human resource development.
<table>
<thead>
<tr>
<th>Educational category</th>
<th>Black African</th>
<th>Coloured</th>
<th>Indian/ Asian</th>
<th>White</th>
<th>Total</th>
<th>RSA</th>
</tr>
</thead>
<tbody>
<tr>
<td>No Schooling+Some Primary</td>
<td>48</td>
<td>28</td>
<td>7</td>
<td>2</td>
<td>43</td>
<td>34</td>
</tr>
<tr>
<td>Primary+Some Secondary</td>
<td>36</td>
<td>51</td>
<td>33</td>
<td>33</td>
<td>37</td>
<td>37</td>
</tr>
<tr>
<td>Grade 12 (Matric)</td>
<td>11</td>
<td>17</td>
<td>34</td>
<td>41</td>
<td>14</td>
<td>20</td>
</tr>
<tr>
<td>Higher (Post-Matric)</td>
<td>5</td>
<td>4</td>
<td>26</td>
<td>24</td>
<td>6</td>
<td>9</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>

Universe: All persons 20 years of age and above.

Economic circumstances

The distribution of economic activity in the Province, by sector, is shown in Table C.10, together with an indication of annual growth between 1995 and 2002 and between 2001 and 2002. In 2002, the total value of goods and services produced in the Eastern Cape amounted to R52.3bn, compared to R51.9bn in 2001 and R45.3bn in 1995. This indicates an overall economic growth rate of 0.8% per annum in 2001-2002, and a longer-term growth rate of 2.1% per annum between 1996 and 2002, which is somewhat below the overall growth in national GDP over the same periods.

The provincial economy is dominated by tertiary production sectors, which accounted for over 68% of GDP in 2002 with an overall growth rate of 2.2% per annum between 1996 and 2002. Within the tertiary production sector, the principal sectors are General Government Services (19.6% of total GDP), Finance and Business Services (18.5%) and Wholesale/ Retail Trade and Hotels/Restaurants (12.9%). The secondary production sectors contributed over 20% towards GDP in 2002 and primary production sectors accounted for 2.4% of GDP. In the secondary production sector, Manufacturing is the leading sector and constituted 17.1% of GDP. The relative importance of the Manufacturing sector is indicated by sustained growth of over 2% per annum between 1996 and 2002.

The Agriculture and Construction sectors recorded decreases of 12.1% and 13.1%, respectively in 2002. These are significant declines in sectors that are crucial to the development of the Provincial economy and provide an indication of where priority attention should be devoted by the Provincial Government.
Table C.10: Gross Domestic Product per Region (GDPR) 1995-2003

<table>
<thead>
<tr>
<th>Economic Sector</th>
<th>GDPR (R million)</th>
<th>% growth</th>
<th>% by sector 2003</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture, Forestry and Fishing</td>
<td>1,755</td>
<td>1,904</td>
<td>1,750</td>
</tr>
<tr>
<td>Mining and Quarrying</td>
<td>98</td>
<td>102</td>
<td>107</td>
</tr>
<tr>
<td><strong>Sub-Total: Primary Production</strong></td>
<td><strong>1,853</strong></td>
<td><strong>2,006</strong></td>
<td><strong>1,857</strong></td>
</tr>
<tr>
<td>Manufacturing</td>
<td>11,223</td>
<td>13,593</td>
<td>13,373</td>
</tr>
<tr>
<td>Electricity and Water</td>
<td>943</td>
<td>818</td>
<td>898</td>
</tr>
<tr>
<td>Construction</td>
<td>1,113</td>
<td>1,275</td>
<td>1,631</td>
</tr>
<tr>
<td><strong>Sub-Total: Secondary production</strong></td>
<td><strong>13,279</strong></td>
<td><strong>15,686</strong></td>
<td><strong>15,902</strong></td>
</tr>
<tr>
<td>Wholesale/Retail Trade, Hotels, Restaurants</td>
<td>9,482</td>
<td>10,885</td>
<td>11,368</td>
</tr>
<tr>
<td>Transport, Storage and Communication</td>
<td>4,693</td>
<td>6,997</td>
<td>7,259</td>
</tr>
<tr>
<td>Finance, Real Estate and Business Services</td>
<td>11,668</td>
<td>14,039</td>
<td>14,790</td>
</tr>
<tr>
<td>Community, Social and Personal Services</td>
<td>5,690</td>
<td>7,085</td>
<td>7,420</td>
</tr>
<tr>
<td>General Government Services</td>
<td>14,254</td>
<td>14,860</td>
<td>14,879</td>
</tr>
<tr>
<td><strong>Sub-Total: Tertiary Production</strong></td>
<td><strong>45,789</strong></td>
<td><strong>53,867</strong></td>
<td><strong>55,715</strong></td>
</tr>
<tr>
<td>All Industries at Basic Prices</td>
<td><strong>60,921</strong></td>
<td><strong>71,558</strong></td>
<td><strong>73,475</strong></td>
</tr>
<tr>
<td>Taxes less subsidies on products</td>
<td>6,531</td>
<td>6,848</td>
<td>7,098</td>
</tr>
<tr>
<td><strong>Total GDPR at Market Prices</strong></td>
<td><strong>67,452</strong></td>
<td><strong>78,406</strong></td>
<td><strong>80,573</strong></td>
</tr>
</tbody>
</table>

GDPR at constant 2000 prices
Source: StatsSA Gross Domestic Product estimates per Region 1995-2003, November 2004

Employment across industrial sectors in the Province for 2001 is indicated in Table C.11. The tertiary production sectors provided the largest proportion of employment opportunities in 2001 (62.2% of total employment), while the secondary and primary production sectors employed 17.4% and 10.2%, respectively, of the total employment in 2001.

In the secondary production sector, Manufacturing provided employment for 12% of the labour force. Given that the Manufacturing sector produced nearly 18% of GDPR in 2001, this suggests that overall productivity in the sector is sound. On the other hand, the Agriculture and Construction sectors accounted for 9.6% and 4.9%, respectively, of total employment, and contributed 2.3% and 1.7%, respectively, of GDPR in 2002, which is probably a reflection of more labour intensive activities in these sectors. It is anticipated that major infrastructure developments in the Province during 2003, such as those associated with the Industrial Development
Zones, will have positive effects on the Construction sector GDPR in subsequent years.

<table>
<thead>
<tr>
<th>Economic Sector</th>
<th>Employees Number</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture, Forestry and Fishing</td>
<td>72 123</td>
<td>9.6</td>
</tr>
<tr>
<td>Mining and Quarrying</td>
<td>4 574</td>
<td>0.6</td>
</tr>
<tr>
<td>Sub-Total: Primary Production</td>
<td>76 697</td>
<td>10.2</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>90 864</td>
<td>12.0</td>
</tr>
<tr>
<td>Electricity and Water</td>
<td>3 763</td>
<td>0.5</td>
</tr>
<tr>
<td>Construction</td>
<td>36 761</td>
<td>4.9</td>
</tr>
<tr>
<td>Sub-Total: Secondary Production</td>
<td>131 388</td>
<td>17.4</td>
</tr>
<tr>
<td>Wholesale/Retail Trade/Hotels/Restaurants</td>
<td>104 647</td>
<td>13.9</td>
</tr>
<tr>
<td>Transport, Storage and Communication</td>
<td>27 587</td>
<td>3.7</td>
</tr>
<tr>
<td>Financial, Real Estate and Business Services</td>
<td>51 451</td>
<td>6.8</td>
</tr>
<tr>
<td>Government, Community, Social and Personal Services</td>
<td>196 345</td>
<td>26.0</td>
</tr>
<tr>
<td>Private Households</td>
<td>89 337</td>
<td>11.8</td>
</tr>
<tr>
<td>Sub-Total: Tertiary Production</td>
<td>469 367</td>
<td>62.2</td>
</tr>
<tr>
<td>Undetermined and Other</td>
<td>76 886</td>
<td>10.2</td>
</tr>
<tr>
<td>TOTAL</td>
<td>754 338</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Source: StatsSA Census 2001

15.3 Evaluation of Current Implementation Performance

This brief review outlines the dimensions of the significant challenges that must be addressed in the Eastern Cape. The Department’s five-year strategic perspective for sustained development depends heavily on the performance of the key economic development public entities, particularly the ECDC, in the context of the Provincial Growth and Development Plan. Much depends, too, on the extent to which the strategic objectives of key Municipal IDPs are realised. The challenge for the Department thus lies in strengthening and supporting the activities of the ECDC and ensuring that appropriate support is given to District and Metro Municipalities for the implementation of integrated development planning.
Central to the Department’s perspective for growth and development prospects over the five year period between 2005/06 and 2009/10 is the imperative to address the overall PGDP development goals for the period between 2004 and 2014. Of the 14 specific PGDP goals, two have particular relevance for the Department of Economic Development and Environmental Affairs. These are the following:

- To maintain an economic growth rate of between 5% and 8% per annum.
- To halve the unemployment rate by 2014.

During the strategic planning period from 2005/06 to 2009/10, the Department and the Provincial Government as a whole must ensure that substantial progress towards securing these key goals is achieved. It is important, therefore, to undertake thorough analyses and assessments of the direct and indirect implications of the above goals, on the clear understanding that the Department does not have a sole responsibility for ensuring that they are achieved. The PGDP involves a collaborative engagement among all three spheres of government, the private sector, organised labour and civil society interests.

Towards this end, the Department must take the lead in establishing and resourcing appropriate institutional procedures to engage in dedicated research designed to identify, define and quantify the measures that must be factored into the strategic planning process to ensure that the growth and employment goals are realised.

In order to provide a sound foundation for progress towards meeting the PGDP growth and employment targets, the following key strategic prospects should be realised by 2009/10:

1. The development of the Coega IDZ and the associated Ngqura deep-water port infrastructure will be completed and a stable initial base of manufacturing investment will be in place, thus providing opportunities for sustained growth in export performance.
2. The East London IDZ infrastructure development will be completed and initial investment in manufacturing enterprises will be in place, thus providing opportunities for sustained growth in export performance.
3. An integrated motor vehicle and components manufacturing complex, based on the Nelson Mandela-Buffalo City Metro IDZs and their existing industrial bases will be established.
4. The manufacturing complex will be focused on export and import facilities, including expanded Car Terminal services, based on Daimler-Chrysler, Volkswagen, General Motors, BMW and Ford products linked to global supply chains through Logistics Hubs at the Coega and East London IDZs.
5. Both IDZs and the Ngqura port will be fully integrated into the respective metro municipality IDPs, particularly in terms of electricity, water and transportation infrastructure.
6. Key railway routes associated with the IDZs will be upgraded, including the lines from East London to Gauteng, Port Elizabeth to Gauteng and Port Elizabeth to...
7. The East London-Mthatha Development Corridor, based on the Kei Rail initiative, will be well established and a comprehensive regional socio-economic development process will be in place linked to key PGDP programmes, including the following:

7.1 Rural Development Programme (ISRDP).
7.2 Urban Development Programme (URP).
7.3 Spatially contiguous IDPs.
7.4 Tourism prospects linked to the Wild Coast SDI realised.
7.5 Primary production processing and manufacturing enterprises based on local resources will be established in:
   - Agro-processing.
   - Forestry and timber products.
   - Industrial crops.
   - Food processing.
   - Livestock products.
   - Mineral beneficiation.
   - Renewable energy resources.

8. Preliminary plans and inter-governmental arrangements for extending and consolidating the East London-Mthatha Development Corridor will be concluded based on railway extensions to KwaZulu-Natal and to the Nelson Mandela Metro. New and upgraded railway arrangements will be complemented by major new and upgraded roads, including the N2 Toll Road.

9. District and Metro Municipality IDPs will be well established as core development planning instruments that are aligned to Provincial sector departments and the PGDP thus providing opportunities for productive and job-creating investment in:

9.1 Nelson Mandela Metro.
9.2 Cacadu District Municipalities.
9.3 Amathole District Municipalities.
9.4 Alfred Nzo District Municipality.
9.5 Chris Hani District Municipality.
9.6 O R Tambo District Municipality.
9.7 Ukhahlamba District Municipality.

10. Umzimvubu Hydro-Electric Project will be in the preliminary implementation stages.

11. Critical ECDC initiatives associated with the PGDP will be completed or under active development:

11.1 Automotive Industry Development Programme (AIDC-EC).
11.2 Industrial Support Programme:
   - First Provincial Manufacturing Census will be completed.
   - Provincial Industrial Strategy will be in place.
   - Cluster Formation and support based on the AIDC-EC model will be established.
11.3 Enterprise Development Finance Programme will be in place:
   - PGDP Venture Capital Fund.
   - Local Competitiveness Fund.
   - Financial Innovation Fund (Both Windows).
   - Local Government Support Fund.
   - Micro-, Small and Medium Enterprise Fund.
11.4 Agro-Processing Support Programme based on a comprehensive range of viable business opportunities will be realised.

12. ECTB operations will be consolidated in terms of the revised organisational structure and strategic plan to focus on:

12.1 Innovative tourism opportunities.
12.2 New position for LTOs and RTOs from Programme 4.
13. ECPB operations will be well established and Nature Reserve/Protected Area
hospitality functions will be outsourced through public-private partnership arrangements. *(Sizwe provide new wording?)*

14. The Department’s regulatory and advisory services linked to the ECGBB, the ECLB and the ECCT will be well established in terms of new five-year strategic perspectives.

PGDP Programmes

The Department’s Five-Year Strategic Plan provides a basis for extensive participation in the Provincial Growth and Development Plan. Towards this end, the Department will apply its resources towards the constructive and systematic realisation of the strategic intent of the PGDP as a whole, with particular emphasis on those Programme areas in which the Department and its key Public Entities have a Lead Responsibility.

The PGDP Programmes consist of the following:

(a) Agrarian transformation and food security

**Strategic Approach**

Rapid transformation of the agricultural sector is a prerequisite to poverty eradication, which requires a focus on the growth of the agrarian economy in the former homelands through:

- Programmes to promote household food security by expanded smallholder production.
- Development of commercial agriculture through optimum use of the highest potential agricultural land in the former homelands.
- A focus on land redistribution and, in the longer term, land tenure reform to release land for poor households and for new commercial farming enterprises.

The dislocated agrarian economy of the previous homelands must be integrated into the wider provincial economy by promoting commercial agriculture and providing sources of raw material for agro-processing enterprises.

**Component Programmes**

- Massive food programme.
- Siyazondla homestead food production programme.
- Comprehensive nutrition programme.
- Integrated agricultural infrastructure programme.
(b) Fighting Poverty

Strategic Approach

Poverty is primarily characterised by a lack of access to opportunities for sustainable livelihoods. Eradicating deep and pervasive poverty in the previous homelands and in underdeveloped urban townships in the Province will serve as a foundation for economic development in which all the people of the Eastern Cape can participate. Poverty eradication requires attention to the social, economic and political dimensions of poverty. In particular, action is required to:

- Establish greater control over and access to decision-making processes by poor people.
- Strengthen the income, assets and skills capabilities of the poor.
- Establish linkages between micro and macro levels of intervention in a mutually reinforcing manner.

State provision of grants and targeted interventions to promote social development and to provide health and education services need to be leveraged in support of the above.

The goal of poverty eradication leads to a further commitment to reduce inequality, both between households and between different regions of the Province. The Eastern Cape cannot afford continued inequitable growth with thriving metropolitan regions and sectors and a disintegrating rural periphery. Inequitable growth will add to the already serious unemployment problem and further increase poverty in the Province.

Component Programmes

- Expanded Public Works Programme: Infrastructure.
- Water and Sanitation Programme.
- Housing Programme.
- Comprehensive HIV-Aids and TB Programme.
- Victim Empowerment Programme.

(c) Public Sector Transformation

Strategic Approach

The transformation of the state is a necessary condition for growth and development, particularly in terms of providing strong leadership roles that are required from government institutions, including the following:

- Improved capacity to plan, manage, and monitor implementation is necessary at all levels of government.
- Local government will become the main focus for service delivery. Planning the phased delegation of powers and functions therefore becomes a key challenge.
- Local authorities will have an increasingly important role in promoting Local Economic Development through the implementation of Integrated Development Plans (IDPs).
- Participation by provincial social and economic partners in planning and implementation procedures needs to be institutionalised.

Component Programmes
- Local Government Capacity Building Programme.
- Programme to Strengthen the Centre of Government to Drive PGDP Implementation.

(d) **Infrastructure Development**

*Strategic Approach*

The development of infrastructure, especially in the former homelands, is a necessary condition to eradicate poverty through:

- The elimination of social backlogs in access roads, schools and clinics and water and sanitation.
- To leverage economic growth through access roads and improving the road, rail and air networks of the Province.

Infrastructure development has strong growth promotion effect on the agriculture, manufacturing and tourism sectors by improving market access and by ‘crowding in’ private investment. Poverty alleviation should also be promoted through labour intensive and community based construction methods.

*Component Programmes*

Strategic Infrastructure Programme:

- Strategic rail infrastructure
- Strategic road infrastructure
- Spatial Development Initiatives [Industrial Development Zones]
- Umzimvubu Hydro-Electric Programme
- !Gariep Dam Development Programme

(e) **Manufacturing Diversification and Tourism**

*Strategic Approach*

The manufacturing sector requires consolidation by extending growth beyond a relatively small number of volatile export markets. Diversification into new markets can be achieved through three main strategies:

- Consolidating the value chain and supply chain in existing markets by identifying inputs that can be supplied and higher value products linked to existing production.
- Creation of regional growth points for manufacturing development based upon availability of raw materials, skills and existing industrial profile.
- The development of agro-industries based upon expanded agricultural production in the former homelands.
The development of provincial tourism has high potential to create employment and to raise incomes in rural areas through community tourism programmes. The development and protection of existing and new parks and reserves, improvement of infrastructure, especially along the Wild Coast, and the development of a strong marketing brand showcasing a number of core attractions and themes are priorities.

**Component Programmes**
- Automotive Industry Development Programme.
- Industrial Support Programme.
- Enterprise Development Finance Programme.
- Agro-Processing Support Programme.
- Tourism Programme.
- Timber Industries Development Programme.
- 2010 Cultural Industries Programme.
- Information & Communications Technology Development Programme.

(f) **Human Resource Development**

**Strategic Approach**

Human resource development underlies both poverty eradication and growth in the key economic sectors through:
- Improving levels of general education by full universal primary education (UPE) and a higher uptake of further education.
- Increasing the intermediate technical skills needed in the key growth sectors of the economy.
- Promoting the high level skills needed for further growth in the modern, export oriented sectors.

A provincial strategy for human resource development also underlies a reduction in inequality through progressive integration of the labour market.

**Component Programmes**
- Scarce Skills for the Public Sector Programme.
- Further Education and Training (FET) Transformation Programme.
- Adult Basic Education and Training Programme.
- Early Childhood Development programme.
- Comprehensive Human Resources Development Strategy.
- Provincial Learnership Programme.

**Evaluation of current implementation performance**

Based on experience over the 2001/02 to 2003/04 MTREF period, the Department has embarked upon a comprehensive evaluation of its organisational structure, operational activities and relationships with the Public Entities that have been established to implement specific functions. This has resulted in a process of re-structuring that will continue to be
pursued and concluded during the five-year strategic planning period from 2005/06 to 2009/10.

16. APPENDIX TWO: Organisational Information and the Institutional Environment

16.1 Organisational design

The Department’s operations are managed by a Head Office, located in Bhisho, and are implemented through five Regional Offices located in Port Elizabeth, East London, Mthatha, Queenstown and Kokstad. The overall organisational structure consists of five Programmes:

- Administration and Financial Management,
- Human Resources Management,
- Economic Development,
- Environmental Affairs and
- Strategic Management

Regional Offices facilitate, co-ordinate and monitor activities related to the Department’s overall goals and objectives as reflected in the Strategic Plan and in the Integrated Development Plans (IDPs) of District and Metro Municipalities.

Key functional responsibilities of the Department are conducted through designated Public Entities, which are accorded specific responsibilities that are implemented in accordance with the Department’s Strategic Plan. The following Public Entities report to the Department:

- Eastern Cape Development Corporation (ECDC),
- Eastern Cape Tourism Board (ECTB),
- Eastern Cape Gambling and Betting Board (ECGBB),
- Eastern Cape Liquor Board (ECLB),
- Eastern Cape Parks Board (ECPB).

Coega Development Corporation (CDC) and East London Industrial Development Zone (ELIDZ) are considered with effect from 2005/6 financial year, subsidiaries of the ECDC.

The legal, administrative and financial relationships between the Department and the Public Entities are established in terms of PFMA regulations and are formalised through appropriate Service Level Agreements.
The Department’s Head Office maintains close working relationships with the DTI and the DEAT regarding the implementation of national policies and development strategies.

Key challenges that require to be addressed in the five-year strategic planning period include the following:

- Developing and improving upon sound Service Level Agreement procedures to monitor and evaluate the activities and expenditure allocations of the Public Entities that report to the Department.
- Formulating and implementing a planned process of devolving functional areas to the local government sphere, based on constitutional adjustments regarding concurrent and exclusive competencies reflected in Schedules 4 and 5 to the Constitution of the Republic of South Africa.
- Establishing specific participatory procedures related to the formulation and implementation of the Provincial Growth and Development Plan (PGDP).
- Establishing key performance indicators related to the strategic objectives of the Department’s Programmes and Public Entities.

Organisational structure

See Annexure 1

Reporting lines of Senior Managers down to Deputy-Director level (with names)
See Annexure 2 (See Visio Addendum)

Map showing organisational boundaries
See Annexure 3

16.2 Delegations and performance agreements

- Financial delegations have been concluded and are in place.
- All Senior Management Service (SMS) Performance Agreements are concluded and in place.
- Work Plan and Standard Framework Agreements regarding positions below the SMS level will be concluded according to plan during 2005/06.

16.3 Capital investment, maintenance and asset management plan

16.3.1 Long term capital investment and asset management plan
The Department’s capital investments are associated with establishing world-class operational infrastructure and service facilities at the East London and Coega Industrial Development Zones. Asset management and maintenance plans are devised and implemented by the Public Entities responsible for each of the IDZs and are overseen by the Department in terms of Service Level Agreements.

16.3.2 Capital Investment Plan

Other capital investments are associated with establishing and maintaining tourism facilities at Nature and Game Reserves. Asset management and maintenance plans for these facilities are devised and implemented by the Public Entity responsible and are overseen by the Department in terms of a Service Level Agreement.

16.4 Personnel

Summary information regarding the Department’s personnel numbers and costs are indicated below:

<table>
<thead>
<tr>
<th>Programme</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>Administration</td>
<td>157</td>
<td>182</td>
<td>162</td>
</tr>
<tr>
<td>Information Management</td>
<td>8</td>
<td>10</td>
<td>14</td>
</tr>
<tr>
<td>Economic Development</td>
<td>52</td>
<td>58</td>
<td>51</td>
</tr>
<tr>
<td>Environmental Affairs</td>
<td>915</td>
<td>685</td>
<td>174</td>
</tr>
<tr>
<td><strong>Total Personnel Numbers</strong></td>
<td><strong>1,132</strong></td>
<td><strong>935</strong></td>
<td><strong>401</strong></td>
</tr>
<tr>
<td><strong>Total Personnel Cost (R’000)</strong></td>
<td><strong>75,042</strong></td>
<td><strong>85,631</strong></td>
<td><strong>92,698</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Programme</th>
<th>2006</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Administrative and Financial Management</td>
<td>109</td>
<td>2007</td>
</tr>
<tr>
<td>Human Resource Management</td>
<td>68</td>
<td>237</td>
</tr>
<tr>
<td>Economic Development</td>
<td>54</td>
<td>69</td>
</tr>
<tr>
<td>Environmental Affairs</td>
<td>611</td>
<td>132</td>
</tr>
<tr>
<td>Strategic Management</td>
<td>9</td>
<td>266</td>
</tr>
<tr>
<td><strong>Total Personnel Numbers</strong></td>
<td><strong>851</strong></td>
<td><strong>52</strong></td>
</tr>
<tr>
<td><strong>Total Personnel Cost (R’000)</strong></td>
<td><strong>86,670</strong></td>
<td><strong>87,568</strong></td>
</tr>
</tbody>
</table>
16.5 IT systems

The Department’s IT systems are managed by the Information and Communication Technology Sub-Programme, based on the following defined projects:

- Systems Development: To establish and maintain intranet, internet and management information systems, including GIS.
- IT and Automation: Information Communication Technology (ICT) hardware and software management and maintenance.
- Knowledge Management: Development of a comprehensive resource and information centre in the Department.

All IT systems and equipment are effectively utilised and on-going hardware and software training programmes are conducted amongst all personnel in the Department.

All relevant Service Level Agreements are in place with SITA and software licences are covered by the Microsoft Enterprise Agreement. The department makes use of BAS and Persal for financial and human resource management respectively. In addition e-mapp and i-budget have been introduced to assist management with budgeting and day to day expenditure management. An i-chain programme has recently been introduced to held the department with asset management.

A new EIA permit system has been introduced and will be operational from end of November 2007.

16.6 Performance Management and Development System

The required Performance Management System was implemented by the Department in 2002 and full implementation of the Performance Management and Development System (PMDS) was concluded by the end of 2004/05.

Signed performance plans for all personnel levels were in place by the end of 2006/07 and a process of conducting performance reviews for all employees is ongoing. Nearly all managers have signed performance agreement forms for the 2007/08 financial year.
16.7 Financial management

Expenditure against budget for the financial years from 2002/03 to 2004/05 is shown below:

<table>
<thead>
<tr>
<th>Financial Year</th>
<th>Total Budget (R million)</th>
<th>Expenditure (R million)</th>
<th>Outcome</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002/03</td>
<td>618.776</td>
<td>658.601</td>
<td>-39.825</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Reallocated Treasury Reserves: 39 989</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Surplus: 0.164</td>
</tr>
<tr>
<td>2003/04</td>
<td>326.850</td>
<td>825.722</td>
<td>-498.872</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Reallocated Treasury reserves: 532 286</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Surplus: 33.413</td>
</tr>
<tr>
<td>2004/05</td>
<td>811.065</td>
<td>762.272</td>
<td>48.793</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Reallocated Treasury reserves: 0</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Surplus: 48.793</td>
</tr>
</tbody>
</table>

16.8 Audit queries

The following areas of concern have been raised by the Auditor-General in the form of audit queries:

<table>
<thead>
<tr>
<th>Financial Year</th>
<th>Nature of Audit Query</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002/03</td>
<td>Unsatisfactory leave records resulting in difficulty to verify the accuracy of leave entitlement.</td>
</tr>
<tr>
<td>2003/04</td>
<td>Unsatisfactory leave record management, lease and maintenance management for fleet vehicles, clearance of control suspense accounts.</td>
</tr>
<tr>
<td>2004/05</td>
<td>Transfer payments, leave and leave entitlement management (including capped leave), unauthorised expenditure and revenue to be surrendered.</td>
</tr>
<tr>
<td>2005/06</td>
<td></td>
</tr>
<tr>
<td>2006/07</td>
<td>Compensation of employees of ECPB</td>
</tr>
<tr>
<td></td>
<td>Lack of documentary evidence on goods and services, local and foreign aid assistance, housing loan guarantees,</td>
</tr>
</tbody>
</table>

The Department established a dedicated Task Team to deal with audit queries on a systematic basis and all A-G Qualifications and Emphases of Matter are addressed.

The Department’s Budget Committee monitors expenditure against budget according to the established in-year monitoring system in order to minimise the incidence of audit queries.
Conclusion:

The Department is committed to unparalleled service delivery, efficient and effective administrative processes and sound corporate governance, in ensuring:

- Improved and sustainable economic development with a specific focus on rural areas, job creation and retention, skills development and transfer and especially addressing the needs of the poor and marginalised.
- Enhanced functioning and delivery by the various Public Entities associated with the Department and the Department itself.
- Sustainable environmental management underpinning all development initiatives.
- Ensuring the development and promotion of the Province’s biodiversity and reserve management through the newly established Eastern Cape Parks Board.
- Appropriate, integrated and sustainable tourism development building on the natural cultural and heritage potential of the Province of the Eastern Cape.
Annexure 1: Summarised Organisational Structure
Annexure 2: Reporting lines of senior managers down to Deputy Director level (with names)
Annexure 3: Map showing organisational boundaries
Regional Boundaries related to District and Metro Municipality Boundaries

1. Cacadu District
   - Nelson Mandela Metro Municipality
   - Cacadu District Municipality

2. Amathole District
   - Amathole District Municipality

3. Chris Hani and Ukhahlamba District
   - Chris Hani District Municipality
   - Ukhahlamba District Municipality

4. O R Tambo District
   - O R Tambo District Municipality

5. Alfred Nzo District
   - Alfred Nzo District Municipality