



GAUTENG
PROVINCIAL GOVERNMENT
REPUBLIC OF SOUTH AFRICA

MEDIA STATEMENT

01 September 2020

PREMIER DAVID MAKHURA RESPONDS TO QUESTIONS TO MEMBERS OF THE GAUTENG LEGISLATURE (MPL'S) DURING PREMIER'S QUESTION TIME

The relationship between the Transformation Modernisation and Re-industrialisation (TMR) and Growing Gauteng Together (GGT2030) is a very important question that deals with both the economic history and the political economy of Gauteng.

Modern-day history of South Africa has revolved around the colonial occupation of the land owned by the indigenous people and wars of resistance against a special type of colonialism called apartheid.

In the process of colonial occupation of our country, there was also war between the English and the Afrikaners (referred to as the Anglo-Boer War)

The establishment of the Union of South Africa in 1910 was an effort to unite warring factions of the English and the Afrikaners - the English colonies of the Cape and Natal on the one hand, and the Boer Republics of Orange Free State and Transvaal on the other – which were a power sharing deal among the English and the Afrikaners, at the exclusion of the indigenous populations.

It is this colonial takeover of the land of the indigenous people and the setting up of political and economic institutions, as well as the distribution of power and resources that excluded the majority of the indigenous Black populations that constitute the historic grievance and original sin.

As a result of the discovery of gold in the Witwatersrand, the PWV quickly transformed from an agricultural heartland into a mining-industrial-administrative complex, that stretched from the Golf Reef of the Witwatersrand, to the industrial area of Vaal in the south and administrative capital of the Transvaal Boer Republic in Pretoria in the north. It is the combination of mining and manufacturing and the related logistics and services around these two sectors that turned the PWV into the economic hub of South Africa and industrial heartland of the SADC.

We know that Black people only participated in this economy only as a reserve army of labour who were housed either in hostels or in the specially designed settlements called townships, far from the economic centres.

So, in 1994 when the ANC became the first democratically elected Provincial Government, we had to rethink the institutions and policies and pass new laws that will create a foundation of a new polity, new society and economy based on the vision of the Freedom Charter, including a new Legislature and a new Administration.

With regard to the economy, the ANC-led Government of Unity introduced a new Gauteng Trade & Industry Strategy whose main focus was to shift the Gauteng economy from traditional, heavy industry inputs markets, to more sophisticated high value added manufacturing of automotive, tourism, agro-processing and business services by building of smart economic infrastructure that will attract private sector investment through Blue IQ Mega Infrastructure projects.

It is the Blue IQ Infrastructure investment that unlocked the automotive industry growth in Rosslyn, investment in Tourism and Heritage projects such as Maropeng, Dinokeng Game Reserve, Walter Sisulu Square, the Gautrain, the building of new roads, Innovation Hub, City Deep Logistics hub and the expansion of OR Tambo freezone.

One of the reasons the Blue IQ infrastructure projects were successful is that they ran over a ten-to-fifteen-year uninterrupted period, with a lot of policy and leadership continuity.

When we introduced the Ten-pillar programme of Transformation, Modernisation and Re-industrialisation in 2014, we drew important lessons from the earlier Gauteng Trade and Industry Strategy and the success and limitations of the Blue IQ Infrastructure.

We appreciated that new industrial hubs were created, and new sectors created in places where there was none before 1994. Old infrastructure was upgraded such as logistics hubs and roads.

At the start of 2014, we adopted the TMR in order to tackle certain fundamental accumulated problems over the past two decades, and consolidate the achievements of the Blue IQ approach Investment and Infrastructure:

1. Despite moderate economic growth, unemployment, poverty and inequality remained high;
2. The structure of the economy remained significantly unchanged – monopolized, cartelized leaving out many small businesses;
3. Growth of township businesses was structurally, legally and financially constrained;
4. Apartheid spatial settlements patterns were reproducing themselves;
5. Public transport was unaffordable, inefficient and unsafe.

At an administrative and institutional level, corruption, lack of accountability and transparency were beginning to occupy centre stage in society.

The adoption of the Ten-Pillar Programme of radical Transformation, Modernisation and Re-industrialisation was a response to the next stage in the conscience effort of the ANC-led fifth administration to build on the successes of the previous socio-economic strategies (Blue IQ Strategy) and respond to persistent structural and spatial weakness that left millions of our people in the periphery of this Economic Hub.

Through the TMR, we adopted ten pillars that focused on:-

- Radical economic transformation and modernization;
- Decisive spatial transformation;
- Accelerated social transformation by improving safety, quality education, healthcare, promoting social cohesion and protecting children and empowering women;
- State transformation and modernization;
- Modernization of transformation and human settlements;
- Revitalization of the township economy and support for SMMEs and cooperatives by adopting 30% procurement target;
- Re-industrialisation of the entire Gauteng City through deliberate investment and infrastructure development in five development corridors;
- Building an administration that is responsive and accountable through Ntirhisano;
- Improving public clean governance, ethical management and public scrutiny and transparency through the adoption of the Open Tender Process.

Before anybody made noise about radical economic transformation, we adopted the Ten-Pillar Programme of Transformation, Modernisation and Re-industrialisation (TMR), with the intention to:

- Change the ownership patterns to bring black people into the economic mainstream, by, amongst others, create black industrialists
- Change the current industrial structure of the economy to privilege manufacturing and industrialization
- Develop new, modern, innovation-driven industries
- Invest in skills development to change the skills profile of the citizenry in line with the new strategic sectors and modern industries
- Change income distribution to ensure equity and decent living standards for all
- Transform the Apartheid spatial economy and human settlement patterns to integrate economic opportunities, transport corridors and human settlements
- Grow the SMME sector as a key driver of growth and revitalising and mainstreaming the township economy
- Strengthen the capacity of the state to direct economic development and enhance the competitiveness of strategic economic sectors
- Significantly invest in economic infrastructure as a key stimulator of growth and investment

The Growing Gauteng Together (GGT2030) plan of action will endeavour to deliver the province of our dreams in terms of the economy and social security. The GGT2030 is about taking forward the implementation of the Ten-Pillar Programme of transformation, modernisation and reindustrialisation of the Gauteng economy. It also seeks to develop a sustainable and capable state, where millions of people will be empowered to take charge of their destiny. It is about building a sustainable future for all and a society characterized by equality, social justice, prosperity, no crime and gender-based violence and improving the quality of life of its citizens. This is a society free of any form of discrimination and injustice.

As we were beginning to implement the GGT2030, we were hit hard by the COVID-19 pandemic which has had a devastating effect on economy. The following areas have been identified as an

immediate economic response, whilst remaining focused on implementing the full GGT2030 in the following financial year towards 2030. These include;

1. SMME and township enterprise empowerment

- SMME finance support (partnership fund) with an injection of R250 million from the public purse, catalysing a total support pool of R1 billion for township-based, township linked SMEs
- Business development support for SMME's
- Supporting township economic development through regulatory reform and programmes
- Capacity building linked to policy enforcement to meet local content and targeted procurement standards

2. Infrastructure as a booster for corridor development

- Using economic and social infrastructure programmes to create local employment
- Fast-tracking the R55 Billion Gauteng Provincial Government (GPG) social infrastructure pipeline across the Gauteng City Region (GCR)
- Implementation of bulk investment schemes in partnership with Development Bank of South Africa (DBSA) which will unlock private sector funded development in Lanseria, the Vaal Region and the Western Corridor.

3. Partnerships with the private sector

- Determining local work programmes/initiatives for boosting specific sectors through action labs with organised business.
- Sector-specific support initiatives run by departments and agencies
- Sector-specific lobbying and advocacy with national structures

4. Special Economic Zones and high-growth firms:

- This primarily entails promotion and facilitation of investment in SEZs as investment anchors to develop high-growth clusters and network industries in Gauteng Province as well as partnerships to reduce the cost of doing business (e.g. by promoting efficiency and access concerning Rail freight)

The following constitutes some of the achievements of the Ten-Pillar programme of Transformation, Modernisation and Re-industrialisation.

1. The adoption of the Gauteng City-Region Economic Development Plan, which identified 11 priority sectors of the economy that we privileged and supported. These included the services sector and its subsectors such as Business Process Outsourcing, ICT, financial services and tourism. The sectors also included manufacturing and its subsectors such as the automotive sector, machinery and capital equipment, mineral beneficiation, aerospace industries, food and beverages and pharmaceuticals.

Guided by the Economic Development Plan, and as part of investing in these sectors, we engaged with key industry leaders, including factory and firm visits. This exercise assisted Gauteng based companies to access major value and supply chains within SADC and the African continent and trade with the rest of the world.

The outcome of these engagements culminated in the establishment of Action Labs including in ICT and BPO, the Mining Industry, Machinery and Capital Equipment and Mining. The action labs created partnerships with the ICT and BPO sector which remains one of our flagships. This partnership has led to the creation of 6 000 new jobs in 2017.

2. As we were implementing the TMR, from 2014, R66 billion in Foreign Direct Investment flows came into the Gauteng

economy, R10 billion of which were facilitated directly by the InvestSA One Stop Shop in GCR.

Gauteng continued to lead the country in promoting intra-Africa trade. By August 2017, more than 169 Gauteng-based businesses had 365 investment projects worth R356 billion across the major regions of our continent. These projects have created and sustained more than 45 000 jobs.

3. In 2018, we hosted a highly successful inaugural Africa Investment Forum (AIF) in partnership with the African Development Bank. At the Forum more than US\$ 38 billion worth of investment deals into the African continent were concluded. We have taken a long-term view to partner with the African Development Bank in ensuring that Gauteng becomes the home of the Africa Investment Forum. This is because out of the US\$ 38 billion worth of deals, US \$ 6.8 billion (R92 billion) was for projects in South Africa. They mark Gauteng's contribution to the national effort to raise US\$ 100 billion in investment into the South African economy over the next five years.
4. In 2014, only 642 township enterprises were doing business with the provincial government. With the introduction of the Township Economy Revitalisation Strategy, to date, more than 10 000 township businesses are registered on the provincial government's database. Since 2014 the provincial government has procured goods and services from 43% of these township businesses to the value of more than R22 billion.

To support emerging township entrepreneurs the provincial government has established more than 30 townships industrial or business centres. A total of 5 township Agri-Parks were either established or expanded and 2 Township Automotive Hubs were established.

To support township innovators and to ensure ease of doing business in the townships, we have rolled out township broadband infrastructure with more than 10 000 township Wi-fi hotspots activated.

We have also invested in eKasi Labs which have become hives of the internet of things (IoT) activities in our townships. More than 300 township tech entrepreneurs have been recruited to eKasi Labs and 50 companies are incubated in eKasi Labs. A total of 6 eKasi Labs have been established across Gauteng.

5. As part of building an inclusive economy as well as addressing the problem of youth unemployment and economic marginalization in 2014, we launched the Tshepo 500 000 programme. Through this programme, we sought to give hope to young people by facilitating access to demand-led employment, skills development and entrepreneurship opportunities.

In 2016, the programme was upscaled to Tshepo 1 million. Since 2014, more than 510 000 young people have benefited from various aspects of this programme.

6. The TMR is also about investing in infrastructure development since it is central to the goal of building a growing, sustainable and inclusive economy. Such that since 2014 the provincial government has spent R40 billion on infrastructure development - 44 new schools have been built; an additional 33 rehabilitated; 2 new provincial hospitals and 3 clinics have been completed; 8 new libraries and 10 multi-purpose combi-courts have also been completed.

We have upgraded 294 kilometres of roads, rehabilitated 1 206 kilometres. Upgrades to 141 streets from gravel to surface in the townships have also been done.

As part of building an enabling ICT infrastructure for use by government, the citizens and private sector we have rolled out the Gauteng Broadband network, which has connected 1 181 sites including schools, hospitals and industrial sites.

These are some of the key achievements of the Ten-Pillar programme of Transformation, Modernisation and Re-industrialisation.

I thank you.

