

## **Statement by the Gauteng MEC for Economic Development, Parks Tau (MPL), following the 2022/2023 Budget Vote Speech, Gauteng Legislature**

23 May 2022

Salutations;  
Members of the Fourth Estate,  
Citizens and Communities of our Province:

### **1. Introduction**

To drive economic acceleration and employment creation in the Gauteng City-Region (GCR), we provide the following Progress Update in our collaborative work with various partners.

Firstly, let us state upfront that the **Public Private Growth Initiative (PPGI)** is commendable as a key enabler we have agreed upon, with leadership from all 10 high-growth sectors identified in the GGT2030 plan of action.

Thus far, pre-designation work on potential precinct partnerships that will anchor the new **Township Enterprise Zones (TEZs)**, have identified over 35 partnerships covering 65 distinct precincts. This pool will be widened through an RFI and RFQ, to link enterprise and supplier development funding and other B-BBEE funding streams, to projects in the new TEZs.

### **2. Work Programmes from Sector Roundtables**

The tangible and measured Work Programmes from Sector Roundtables we have established have produced the following tangible yields:

On the rollout of **Global Business Services (GBS), Broadband and ICT**, Nasrec is on track for prototype development by June this year. We have entered into an in-principle agreement with Telkom to deploy cloud zone model in, for example, Alexander, Tembisa and Diepkloof.

In the energy sector, 2 **Commercial Green Microgrid** proposals – Protea Glen and TASEZ – are under negotiation with the IDC for next stage feasibility and funding deployment. The University of Johannesburg (UJ) is providing technical support to finalise, the GPG Green H2 roadmap and Green H2 investors in SEZ networks are actively plugged in.

In the automotive, defence and aerospace sectors, the **Tshwane SEZ** (TASEZ) focus for phase 2, is on securing battery manufacturing for next generation of Ford vehicles. Moreover, partnerships are currently under negotiation with charging station investors and funders to anchor the new charging station grid strategy.

Regarding the construction sector, the **Installation, Repair and Maintenance** (IRM) programme – including platform / system deployed through Izinga partnership at TASEZ and Baragwanath areas – is making tangible progress. The objective here is to integrate IRM into all GPG construction projects.

In connection to transport and logistics, the **Gauteng-Eastern Cape High-Capacity** rail corridor is gazetted as a Strategic Integrated Project (SIP) and the GPG will now be an anchor member. The focal point of this rail corridor is designed to support export-driven growth initiatives.

### **3. Redrawing the GCR Economic Geography**

Last month the Premier assented to and signed into law, the **Township Economic Development Act** (TEDA). This is a game-changing legislation that will redraw, positively and progressively so, the economic geography of the Gauteng City-Region, inarguably, for generations to come.

In implementing TEDA, which is indeed a New Deal in ensuring that townships become self-sufficient and are vibrant economic centres, we can report on these 3 priorities under the TEDA implementation:

- Deploy the prototype Township Enterprise Zone cluster ahead of full promulgation using current precinct levels initiatives,
- Finalise the regulations and instruments of TEDA, including draft model by-laws and regulations to be gazetted, and
- Target B-BBEE resources and ESD accelerator specifically at TEZs to build business capability and agglomerated pipelines.

For the GDED, partnering for development is not only a statement of intention but a statement of fact.

### **4. SEZ & Industrial Parks Investment Frontiers**

In ensuring that our SEZs and Industrial Parks become investment frontiers, we can highlight the following progress-to-date:

In the Vaal SEZ, land assets have been identified and a masterplan will be completed by July this year.

In the Western Corridor / N12 SEZ, an investor pipeline is identified for agro-processing, Green H2, hemp cultivation and processing and bus manufacturing.

In the O.R. Tambo SEZ, negotiations are underway on allocating land use rights next to the site into a legal vehicle controlled by the state, following the Lanseria model.

And in the Lanseria High-Tech SEZ, we can announce that working with GTAC – under the direction of the Minister of Finance – 3 clusters of investors with land assets and their own investor pipeline, are willing to enter into a project development agreement that will establish a real estate investment trust which can be partnered with the GPG.

At the Gauteng Liquor Board (GLB), we have set up a Query Management Centre to expedite the resolution of queries.

The GDED has set up a Shebeen Steering Committee which has since been registering good progress in the rationalization of shebeen permits.

Regarding access to market by township liquor manufactures, we have identified macro-manufactures within the 5 regions of Gauteng.

In the year 2021/22, the Gauteng Enterprise Propeller (GEP) improved in the core area of their business, with loan repayments averaging 80%.

In the previous years we went through the process of stabilising GEP.

The positive results are that in investment management GEP surpassed the target by reaching 116% by disbursing an additional R4 million. On business development support, 92% was disbursed of the funds allocated.

## **5. GDED Aggregated Budget**

The GDED has been allocated an **Aggregated Budget** of R5,3 billion over the 2022 Medium Term Expenditure Framework (MTEF) budgeting cycle. The outer year budget allocation (2023/24 and 2024/25) decreases by 10% and 13% respectively, which translates to a nominal decrease of R200 million and R223.7 million in the respective years.

For the 2022/23 financial year, the budget amounts to R1,9 billion. The budget is costed and aligned to the 2022/23 Departmental Annual Performance Plan.

Specifically, 15% of the budget is allocated towards Compensation of Employees (Funding of the wage bill, cost of living adjustment and anticipated Public sector wage agreement for 2022), 10% is allocated to Goods and Services, 75% ( R1,488 billion) goes towards funding the work done at the Agencies' and the Tshwane SEZ.

The GDED has put stringent controls to ensure that its Entities direct the budget towards the attainment of the GGT2030 priorities and 1% (R14,5 million) of the budget is allocated towards the procurement of Machinery and Equipment.

The Department has committed itself on collecting an amount of R3,7 billion over the 2022 MTEF cycle. 94% of the revenue will be collected through Casino Taxes and 6% will be coming from Liquor Licences.

Departmental Revenue Target for 2022/23 financial is R1,153 billion and R1,083 billion is for the Gauteng Gambling Board while R70 million is for the Gauteng Liquor Board.

ENDS

MEC Parks Tau,

MEC for Economic Development.