

Speaking Notes for the MEC, Parks Tau (MPL), at the Signing into Law Ceremony of the Township Economic Development Bill, Soweto

Topic: *“Contextualisation of the Bill”*

29 April 2022

Programme Director,
Premier of Gauteng,
MECs and MPLs Present,
SALGA Provincial Chairperson,
Leaders from Business Councils and Forums,
Head of Enterprise Development from Standard Bank,
CEO of the Gauteng Enterprise Propeller,
SMMEs and Entrepreneurs,
Members of the Fourth Estate,
Distinguished Guests,
Citizens and Communities of Gauteng:

Today we are gathered and assembled here in Soweto to bear witness to a momentous occasion in post-1994 South African history. This is a significant event whereby the Premier of Gauteng, here with us, is signing the Township Economic Development Bill into an Act, or TEDA in short. TEDA will reshape progressively the economic geography of townships and informal settlements.

TEDA is a game-changing legislation and policy that will transform the economic fortunes of township-based enterprises and reconfigure for the better the economic opportunities of townships so that they contribute to economic growth and employment facilitation.

We meet here two (2) days after marking the 28th year of our democratic dispensation and to celebrate the milestones achieved since 1994 to empower those who were, and still are, marginalised by apartheid legislation and policies.

As the President of the Republic stated to commemorate Freedom Day, indeed we can list the remarkable achievements made by successive ANC-led administrations to introduce progressive legislations such as the Broad-Based Black Economic Empowerment Act and the Preferential Procurement Framework Act which was challenged recently.

However, whilst there is no contest that the formerly marginalised can legitimately celebrate political freedom, nevertheless, meaningful economic emancipation, for the majority population, remains a deferred dream and unrealised ideal.

Ladies and Gentlemen,

In this sense, the Township Economic Development Act marks a paradigm shift to realise economic emancipation for townships and informal settlements where unemployment, poverty and deprivation is still concentrated. TEDA is a legislative and policy vehicle to bring back rights to dignity and equality for the residents of townships and informal settlements.

The journey we are commemorating today began in 2015, under the capable leadership of Premier Makhura, with the Transformation, Modernisation and Re-industrialising (TMR) plan of action for the Gauteng City-Region.

As you know, the explicit objective of the TMR plan of action is to revitalise township economies, create new economic opportunities and provide dedicated government support to SMMEs & Entrepreneurs. The TMR strategy identified the need for the Gauteng Provincial Government (GPG) to leverage on public procurement budget to spend 40% on township-based enterprises and thereby promoting, for instance, the manufacture of locally-made products.

The practical iteration and implementation of the TMR is now being realised through the TEDA which is a bold statement that the sixth (6th) Administration is committed to sustainable transformation, changing how townships are regulated and transforming them into township enterprise zones (TEZs) for widespread employment creation and commercial activity. Moreover, we are convinced that TEDA will open up the space for economic diversification and industrialisation of townships.

Ladies and Gentlemen,

In its wide implementation, the Township Economic Development Act promises to unleash a Township Partnership Fund for township-based businesses, to support the taxi rank economy and the upliftment of township retail businesses.

Given the influx of people at taxi ranks, the Act promotes incentives for municipalities to develop taxi ranks into micro-central business districts plus enabling the taxi economy to use its scale to grow supporting value chains and industries.

The by-laws enabled by this Act also makes it easier to incentivise the installation of broadband in township enterprise zones and empower township-based internet service providers.

One of the major interventions to be made by this new legislative framework is to respond to empirical research, undertaken by the GDED, which reveals that 90% of township enterprises, at different levels, do not have a business account, are not registered and yet they are engaged in entrepreneurial activity that generates income and creates jobs.

As such, this Act introduces a different realm of regulation to allow township enterprises to access operating licenses and opportunities like access to funding. For instance, when we introduced the grant in 2021 for businesses that were

impacted by the July civil unrest, the challenge we had was that many small businesses did not have a verification mechanism.

Therefore, this Act will allow township enterprises access to developmental opportunities, access to finance, training, equipment, and new markets directly. It is a developmental legislative framework that addresses economic, geographic, technological and social inequalities exposed and exacerbated by both the Covid-19 health pandemic and the July civil unrest.

Ladies and Gentlemen,

As to whether this TEDA introduces a new form of discrimination against businesses run and owned by foreign nations, let me state upfront that this progressive Act is not intended to exclude anyone. Its primary and main objective is to address inherited historical wrongs that have continued well into the democratic dispensation to, undoubtedly, disadvantage South African citizens and communities from participating in gainful economic activities designed to improve their lives and livelihoods.

As the GDED, we will never fall into the open trap of participating in discourses that generates conflict and tension in our townships and informal settlements. By the same token, it will be unreasonable for us to allow those who have entered illegally in the country to access a financial mechanism that government has created.

It should be beyond debate and dispute that townships should be regulated and governed so that they become areas of employment-creating commercial activity.

Therefore, the Act will certainly revitalise and bring developmental agility to the township economy by specifically and deliberately targeting the areas – and the people in those areas – who experience the highest form of economic structural disadvantage.

With this Act now signed into law, working with private partners we will be able to bring people closer to opportunities and equally, bring opportunities closer to people. Transforming the economic destiny of townships and informal settlements is the core objective of the new deal for the township economies in the Gauteng City-Region.

Ladies and Gentlemen,

Allow me to take you on a journey starting at the end of June 2022, when the whole of Soweto is declared a township enterprise zone.

Every Soweto business will be subject to much simpler bylaws which cut red tape, and anyone from inside or outside Soweto who invests anywhere in greater Soweto is likely to receive tax breaks from October onwards.

Companies from and within Soweto will be prioritised for procurement by the GPG. B-BBEE spending by the Gauteng Government will prioritise enterprise and supplier development initiatives from and across Soweto, is to be sourced via an RFI that we will run in May. Financial services from the Township Economic Partnership Fund will prioritise this and the other TEZs.

The Act also specifies that we can create specific precincts within the township zones, and we are demonstrating how this can work with a range of pre-designation partnerships.

To understand this approach – take a visual tour of the greater Soweto corridor, focusing on Chris Hani Blvd.

- Start with the cloud zone at NASREC – online worker clusters create demand for using world-class fibre, we add hotdesks for small digital businesses that need to be able to book hours to run their businesses. Imagine more of those throughout the province – including free basic broadband and free cloud tools if you connect within the cloud zone.
- Then move west, to the Soweto empowerment zone – not only can the Ekasi lab there be another cloud zone, but that industrial node will be the site of partnerships to produce goods and services demanded by GPG and corporates. It can also be built out to support a waste processing precinct that supports all kinds of recycling businesses linked to an expanded hub there.
- The Ekasi lab is also the kind of place we are linking to our creative hub accelerator network, which links different creative hubs into a common marketplace and common financing.
- Move next door to the Bara Hospital precinct – its our demonstration of how we can use the installation repair and maintenance value chain to empower both older workers with artisanal skills and young people coming out of the TVET system. The older workers are elevated to SMME contractors and take on young people as apprentices. Bara is already the pilot for this process, and acts as a hub that trains and supplies them
- Just across, we will have a node that massively expands the commercialisation of the taxi rank as a consumer and automotive node, building on the pathfinding efforts of Black chain
- Keep going west - Around UJ, we will deploy our infill residential development approach to upgrade backyard shacks to become flats, shops, small business offices and student housing – we will pull them together into township high streets
- Power-Park – the old towers – within Soweto we will be deploying consumer microgrids that allow SMMEs to sell solar power to areas with supply problems
- Along the whole route – it's a good candidate for a logistics green route – better policed, better maintained, linked to logistics nodes – that makes delivery in and out of townships faster.

In conclusion, over the next few months we will embark on a Stakeholder Roadshows to have much focused discussions with Business owners, Property companies, local SMMEs and other stakeholders across the Gauteng City-Region. The purpose of these Roadshows and discussions will be to unlock economic opportunities, by identifying goods and services that can be manufactured locally and be placed on the shelves at retail outlets.

It is within this context that we have located this ceremony in the township, to bring special attention to the economic development of township economies.

I thank you.