

Address by the Gauteng MEC for Economic Development, Parks Tau (MPL), During His 2022/2023 Budget Vote Speech, Gauteng Legislature

20 May 2022

Madame Speaker,
Honourable Premier of the Province,
Chairperson and Members of the Portfolio Committee for Economic Development,
Fellow Members of the House,
Members of the Fourth Estate,
The Citizens and Communities of our Province:

1. Introduction

Allow me to preface the presentation of this 2022/2023 Budget Vote, by acknowledging the decisive leadership of our Premier, Honourable David Makhura. Since May 2014, he has most ably steered the ship of the Gauteng Provincial Government (GPG).

As the Gauteng Department of Economic Development (GDED), we thank the Speaker for this opportunity to present the GDED Budget Vote, for the 2022/23 financial year.

As the GDED, we are in the business of delivery!

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.

Madame Speaker,

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. As you know, 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.

Madam Speaker,

3. Redrawing the GCR Economic Geography

The GDED, is in the business of delivery!

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.

As the Premier stated at the historic signing ceremony last month, at the Orlando Communal Hall in Soweto, in a journey first begun on 07 October 2014 with the First Township Economy Summit:

“We are unwavering in our commitment to the transformation, modernisation and re-industrialisation of our provincial economy in pursuit of inclusive growth and shared prosperity”.

As the GDED we are heeding the Premier's injunction that the "work of implementation starts now!"

In implementing TEDA, which is indeed a New Deal in ensuring that townships and informal settlements (T&IS) 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.

Madam Speaker,

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, allow me to briefly 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, as you would know by now, 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.

In connection to the Departmental business units such as the Gauteng Liquor Board (GLB), we have set up a Query Management Centre to expedite the resolution of queries. Moreover, 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. As you aware, in the previous years we went through the process of stabilising GEP. The positive results are that in investment management, we have surpassed the target by reaching 116% by disbursing an additional R4 million. On business development support, 92% was disbursed of the funds allocated.

In the year 2020/21, significant impairments were made on the loan book. In the year 2021/22 loan repayments have averaged about 80%.

Madam Speaker,

We are a Department at work to ensure we account, and can account, for every cent and Rand entrusted to us by the public. Here is the Departmental budget breakdown.

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.

Furthermore, 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.

Madam Speaker,
Ladies and Gentlemen,

In conclusion, as the Gauteng Department of Economic Development we remain resolute and well on course to implement the GGT2030 plan of action so that,

ultimately, we build back better on our democratic gains, we deliver tangible socioeconomic progress, we partner for development, and we implement structural transformation which undoubtedly makes moral, political and economic sense.

Finally, allow me to pay a respectful tribute to the family, relatives and friends of departed comrades – Mr Mpho Mashinini from Soweto and Councillor Mpho Moerane from Alexandra.

I thank you. *Ke a leboga.*