



Keynote Address by the MEC, Parks Tau (MPL), at the BMF Gauteng Gala Dinner, Soweto

Topic: *“Reimagining, Revitalising, Bringing Agility to the Development of the Township Economy in a New Normal”*

01 April 2022

Master of Ceremonies,
BMF Gauteng Chairperson,
BMF Executives and Members,
Distinguished Guests, and
Ladies and Gentlemen:

Allow me to begin by expressing my sincere appreciation to the Black Management Forum (BMF), for having invited me to this illustrious Gala Dinner. It is an opportune platform to share a few words on the topic of *Reimagining, Revitalising, Bringing Agility to the Development of the Township Economy in a New Normal*.

As the Gauteng Department of Economic Development (GDED), we welcome such platforms to explore areas of convergence and partnership with the BMF which has, historically, served as a catalyst for socio-economic transformation, creation of inclusive growth and human capacity development, especially for the wretched of the earth.

Of course, this engagement with the BMF takes place a wee after the tabling and passing of the Township Economic Development Bill which is now awaiting the signature of the Premier of the Province in order to become an implementable Act. Why do I single out this Bill as undeniably a game-changer and an important milestone for the province?

This Bill is a new deal for Gauteng townships since it is an enabling legislative and binding policy mechanism to, inarguably, positively change the township economic geography and transform the spatial landscape of informal settlements.

As you would surely agree, whilst notable progress has been, by successive post-1994 administrations, to deliver on basic public goods in townships and informal settlements (T&IS), nevertheless, meaningful economic emancipation remains a deferred dream for many citizens and communities.



As such, the Bill is welcomed and should deservedly be supported widely since it is an unprecedented opening and window to genuinely reimagine, revitalise and bring agility to the development of the township economy in this post-pandemic period.

Ladies and Gentlemen,

As the broader Gauteng Provincial Government (GPG), we stand full-square and unapologetic behind the implementation of the Township Development Bill for several reasons.

It is a binding legislative instrument to successive governments to make it possible for people living in townships and informal settlements to establish viable businesses and thriving enterprises in a less bureaucratic environment so that they participate in both the formal and informal economies.

The Bill introduces policy certainty and framework to ensure that for instance, retail malls and supermarkets, that are township-based, sizeably partner with local township-based enterprises, in the sourcing of products and services from local township-based producers, service providers and manufacturers.

The Bill establishes specific procurement rules and programmatic support that allows government and its main contractors to spend a certain percentage of their procurement-spend on township-based enterprises, entrepreneurs and co-operatives.

In this regard, we will need industry to honestly partner with us to empower and capacitate township enterprises. As the GPG, our message to private sector enterprises is clear that, instead of being extractors of resources in the townships, we invite them to become part of an economic ecosystem which is about tangible development and meaningful transformation.

We encourage the private sector to come on board to explore and maximise opportunities in the backyard shacks economy which is home to 4-million people so that they can build flats and small businesses that eventually become township high-streets.

Master of Ceremonies,

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

Given the influx of people at taxi ranks, the Bill 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 Bill 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 Bill introduces a different realm of regulation to allow township enterprises to access operating licenses and opportunities like access to funding. For example, when we introduced the grant in 2021 for businesses that were impacted by the July riots, the challenge we had was that many small businesses did not have a verification mechanism.

This Bill 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 Bill introduces a new form of discrimination against businesses run and owned by foreign nations, let me state upfront that this progressive Bill is not intended to exclude. 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 are illegal 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 Bill 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 structural disadvantage.

The cumulative outcome from these interventions is 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.

After all, it should be an indictment that, by and large, 28 years after democracy, townships and informal settlements remain dormitories for labour and catchment spaces for consumption of commercial goods and services. Surely, this outcome from apartheid social engineering needs to change so that, eventually, townships become places of reasonable spatial and wealth equality.

Fellow Compatriots,

Revitalising and, bringing agility to the development of the township economy, for the GDED, it also speaks to converting townships and peri-urban areas into truly diversified economies, including developing them as industrial clusters.

It is disconcerting that at present, it is estimated that 9 out of 10 township-based businesses do not use a business bank account. Instead, they operate outside of regulated spaces. As you know, the multiple shocks from last year's July civil unrest hit these township businesses – and their workers – the hardest.

It is worrying that informal workers have no eligibility for the TERS scheme. Cash-only, uninsured businesses have no recourse to SASRIA. Given this status quo, the Bill seeks to create an appropriate regulatory environment to unleash the economic potential of our townships, informal settlements and our abandoned CBDs.

How is this to be done and accomplished with this new deal for townships? Working with our sector partners, we plan to take unused lands, the abandoned buildings, and the forgotten industrial estates across the GCR and use them to integrate our townships into the value chains of all ten of the high growth sectors this government has committed to in order to turbo-charge the growth of Gauteng.

To make this realisable, encapsulated under the Growing Gauteng Together 2030 (GGT2030) plan of action, we will create a new kind of economic geography, namely the township enterprise zone.

For those living in these new township enterprise zones who dream of starting new businesses, of any size, across our 10 high-growth sectors, this Bill will make it easier to do conduct their businesses such as accessing new kinds of funding and enabling them up to new markets linked to government and big business.

Ladies and Gentlemen,

What are the other specifics that this Bill will do to drive township economic revitalisation in this post-pandemic period?

Specifically, we have now legislated the principles for special bylaws for these zones which cut red tape and create more inclusive ways to register and run a business legally.

These new bylaws will make it easier to build flats and businesses where backyard shacks now stand, a policy known as infill residential and commercial development.

The new bylaws will incentivise the installation of broadband in the township enterprise zones and the empowerment of township-based internet service providers. This is key to the facilitating employment opportunities in the gig economy and in global business services.

In addition to all these benefits the new bylaws and business regulations will bring, we will prioritise businesses in the new township enterprise zones for access to funding, including from our new Township Economy Partnership Fund.

You will be pleased to know that this Fund works with smart platforms or intermediaries that can run portfolios of loans to small-, medium and micro-firms operating at all levels of our township economy.

The first round of the fund is capitalised at half a billion Rand. We already have applications from 16 intermediaries we are reviewing, many of whom will bring matching funding with them.

With the new Bill, we are deliberately mobilizing a whole-of-government approach to developing the township enterprise zones. For example, we will be working with national and local government to provide special kinds of tax treatment and rates treatment to these zones.

We are drawing inspiration from the wide and deep approach to community-based enterprise development we have taken as part of the build phase for the first phase Tshwane Automotive Special Economic Zone.

We have used a combination of community facilitation, developmental contracting conditions and smart systems to make sure 45% of the value of this nearly R4-billion build programme goes to procuring from – and developing – local companies from



Mamelodi. We will soon be doing the same across all of the new township enterprise zones.

You will also be pleased to know that, as the GDED, we are working with ESKOM, the Presidency and the IDC on deploying microgrids that will allow clusters of township SMMEs to supply power to underserved areas.

Fellow Compatriots and Master of Ceremonies,

In conclusion, the revitalisation and development of the township economy in this post-pandemic period, is indeed realisable and we encourage the BMF and the private sector to partner with us in government. Such partnerships are not only a moral imperative, but they make sound economic sense for the short- to long-term survival and ultimate triumph of South Africa Incorporated.

I thank you.