

ADDRESS BY DEPUTY PRESIDENT CYRIL RAMAPHOSA AT THE GAUTENG  
ECONOMIC INDABA CEDARWOODS, JOHANNESBURG 08 JUNE 2016

Premier of Gauteng, Mr David Makhura,  
Leaders of government, business and labour,  
Distinguished Guests,  
Ladies and Gentlemen,

It is a great pleasure to have been invited to speak at the Gauteng Economic Indaba.

This initiative places inclusive economic growth at the centre of our efforts to build a better society.

It is about building enduring partnerships between government, business, labour and communities for long term growth and employment creation.

It is about realising the goals of the Freedom Charter, which our forebears adopted in this province on the 26th of June 1955.

The Freedom Charter remains our nation's lodestar and guide to a life free of discrimination, deprivation and want.

Among the most profound statements to come out of the Congress of the People was that South Africa belongs to all who live in it, black and white.

This statement was a declaration that all South Africans have a right to an equal share of the country's natural resources.

They must share in the ownership, control and management of the means of production.

They must all have a fair share of national income and public resources.

As the Freedom Charter proclaims:

"The national wealth of our country, the heritage of South Africans, shall be restored to the people."

This Indaba seeks to advance this objective by unlocking the province's potential for inclusive growth.

The Gauteng provincial government has recognised that this can only be achieved through partnership and collaboration; through a shared vision and a common programme for growth.

We applaud the Gauteng government for this initiative.

By involving all stakeholders, by bringing such energy and rigour to this task, the province is forging a new economic path for Gauteng.

Ladies and Gentlemen,

This Indaba aims to give effect to the National Development Plan.

In doing so, it recognises that the NDP is a plan for the nation, not just government.

It reflects our shared aspirations and provides a course of action that we can together pursue.

The NDP identifies the creation of employment as the most important instrument for tackling poverty and inequality.

To achieve this, we need faster, more inclusive growth.

We need an economy that serves the interests and meets the needs of the people.

Investment in infrastructure is key to this.

Today, we are in the midst of the largest infrastructure build programme yet undertaken in the history of this country.

We are investing in water, energy, transport, logistics and information technology.

We are investing in hospitals, universities, colleges, schools and clinics.

Not only does this investment create work opportunities and stimulate economic activity.

It also reduces the cost of doing business and improves our capacity for faster growth.

The NDP also calls for support to those economic sectors with great growth potential and which will create jobs in significant numbers.

These sectors include mining, agriculture, manufacturing, tourism and the green economy.

Through measures like the Industrial Policy Action Plan, government is working to develop and diversify the economy's productive capacity.

Government is committed to supporting domestic manufacturing and developing the country's supplier base.

While it is essential that government creates a conducive environment for business, there is much that government can – and is – doing to provide direct support to key sectors.

Building on successes in areas like the automotive sector, government is looking at establishing manufacturing hubs and incentive programmes in other sectors.

Alongside this work, we have undertaken an intensive campaign to massively expand local procurement.

Initiatives like the Local Procurement Accord provide a platform for social partners to agree to a common set of commitments.

Government departments and state owned companies are implementing the buy-local campaign for specific designated goods.

The black industrialist programme is being introduced to unlock the potential of black entrepreneurs and contribute to the reindustrialisation of our economy.

We have significantly expanded our focus on small business development.

We are working to improve financial and other support, broaden access to market opportunities, and remove regulatory obstacles to their growth and sustainability.

Central to the economic future of our country is the development of the skills of its people.

Ensuring access to quality education is therefore the most significant, effective and enduring investment that we can make.

This is particularly important in a country with such a young population.

Our youth are our greatest resource.

It is only through effective education and skills development that the vast potential of our nation will be realised.

Ladies and Gentlemen,

We meet here under difficult economic circumstances.

As we work to overcome the dreadful legacy of colonialism and apartheid, we must confront the immediate challenges of weakened global demand, lower commodity prices and the impact that these have on the growth of our economy.

We must also contend with electricity supply challenges, the effects of a devastating drought and constrained public finances.

The extent of these economic challenges is underscored by the announcement this morning that South Africa's economy contracted by 1.2% in the first quarter of the year.

This highlights the singular importance of decisive action to strengthen the economy, stimulate growth and increase employment.

In support of the nine-point plan announced by President Jacob Zuma in the State of the Nation Address last year, government is working with business and labour on several critical interventions in the economy.

These include significant investment in small business, strengthening of state-owned enterprises, improving the labour relations environment and mobilising private sector investment in infrastructure.

Significantly, we have been speaking with one voice as South African business, labour and government.

We have demonstrated common purpose and a shared sense of urgency.

We have it in us – as a nation – to build consensus, to find solutions and ultimately to prevail.

Ladies and Gentlemen,

Gauteng has a clear economic development plan.

With a gross domestic product valued at R1.3 trillion, Gauteng generates over 34% of South Africa's GDP.

Gauteng plays a key role in the South African economy in every major sector except agriculture, mining and quarrying.

Gauteng is excellently positioned in that 40% of South Africa's manufacturing is done here, and nearly a third of its electricity, gas and water output is consumed here.

Gauteng accounts for around 33% of the country's construction, 43% of its finance, real estate and business activity, 31% of its wholesale, retail, motor trade and accommodation, 36% of transport, storage and communication, and 40% of general government services.

The Gauteng economy itself is dominated by tertiary industries.

The finance, real estate and business services sector makes up around 23% of the province's gross domestic product, with manufacturing contributing 14%, government services 18%, and the wholesale, retail, motor trade and accommodation sector 12%.

Gauteng's economic plan clearly draws on the resources and capabilities that reside in the province.

It seeks advantage in Gauteng's location, its population, its heritage and its history.

Significantly, the plan identifies those sectors which have the greatest potential to drive growth and employment creation – and directs the bulk of resources and effort towards developing them.

Backed by rigorous research and clear evidence, the province has chosen to privilege manufacturing, services, agro-processing, mineral beneficiation and the creative industries.

It recognises that a thriving, integrated economy requires a cooperative, mutually-beneficial relationship between big and small business.

Small business is a key driver of growth and the creation of employment. It is a powerful instrument for reducing inequality and increasing economic inclusion.

Gauteng has become the centre of the revitalisation of the township economy.

I was particularly pleased to note that MEC Barbara Creecy, in her 2016 budget speech, announced funding to upgrade nine centres in Gauteng's townships into proper industrial parks or business hubs.

These are located Orlando, Saulsville, Residentia, Khutsong, Hammanskraal, Mabopane, Ennerdale, Alexandra and KwaThema.

MEC Creecy said that she heard the cry from small business during the Ntirhisano Programme for financial and non-financial support to boost the township economy.

Through this initiative the Gauteng government is proving that it does respond to the needs of its people. This is the people's government at work. Established business is important too.

It provides economies of scale, access to markets, a wealth of expertise and the ability to mobilise capital.

It has both a responsibility to, and an interest in, supporting the development of emerging small business through procurement opportunities, access to finance, skills development and strategic partnerships.

Gauteng is unique in that it is home, within a relatively small area, to three major metros, each a hub for specific economic activity.

Johannesburg is a hub for financial and ICT industries.

Ekurhuleni metro is a manufacturing, logistics and transport hub, while Tshwane is a hub for the automotive sector and research and innovation.

This provides the basis for differentiated, but complementary, economic development trajectories.

Gauteng is also the beneficiary of significant inward migration.

While this places substantial strain on the provision of social infrastructure and services, it does mean that the province has a young, enthusiastic and growing workforce.

The density of its population – while it can present social challenges – lends itself to greater innovation and productivity.

This underscores the province's emphasis on the integration of economic opportunities, transport corridors and human settlements.

Ladies and Gentlemen,

As we meet at this Indaba, we must pay particular attention to the challenge of youth unemployment.

Until the young people of Gauteng are able to acquire skills and find employment, the economic potential of this city region will remain unfulfilled.

Our challenge is not only to help young people to find jobs but also to support those who want to create them.

We must harness young people's ingenuity, energy, courage, impatience and appetite for progressive change.

We must recognise young people as dynamic agents of change who are capable of finding diverse, innovative and creative solutions to problems.

We must encourage innovation and entrepreneurship.

We must build an economy in which all may meaningfully participate.

We must build an economy that brings relief, hope and sustenance.

We must build an economy that restores the wealth of this province – and this country – to its people.

Premier, I want to leave you with just one thought – it is common knowledge that governments play a determinant role in the generation of economic growth because the state is often the only entity that can provide a stimulus to economic growth through a variety of instruments.

Gauteng has a number of interesting opportunities and possibilities. It is the manufacturing hub of the country. There are great opportunities for upgrading the contribution of manufacturing to the GDP of Gauteng beyond the 16% to 25% and beyond.

Manufacturing is practically the only sector with the capacity to coherently lead a sustainable economic recovery that can result in the creation of jobs on a meaningful scale.

There is considerable evidence that manufacturing production almost never really expands unless there is strong government support.

I am glad to note is that the Gauteng government is determined not only to support business but also to have a close partnership with business so as to engender economic growth and create jobs, especially for young people.

It is through supporting the manufacturing sector that we will be able to crowd in the private sector to invest and to create mutually beneficial opportunities for small and medium enterprises.

This calls for boldness – the type of boldness for which the Gauteng government has very clearly demonstrated it has an appetite.

I have no doubt that the deliberations at this Indaba – and the actions that will necessarily flow from here – will once again confirm that Gauteng is not only the economic hub of the country but it is indeed the centre of everything that happens in South Africa.

Gauteng therefore carries the future of South Africa on its shoulders.

Gauteng, therefore, dare not fail.

I thank you.

Website: [www.thepresidency.gov.za](http://www.thepresidency.gov.za)