

Budget Vote, 26 June 2017

Madam Speaker

Deputy Speaker

Honourable Premier

Members of the Executive Council

Honourable Members

Chairpersons of the GDED Boards

Members of the Media

Ladies and Gentlemen

1. Introduction

The current economic environment that we find ourselves in, as we gather in this August house today can best be defined by those perennially axiomatic words by Charles Dickens in his English literary classic *A Tale of Two Cities*, “It was the best of times, it was the worst of times, it was the age of wisdom, it was the age of foolishness, it was the epoch of belief, it was the epoch of incredulity, it was the season of light, it was the season of darkness, it was the spring of hope, it was the winter of despair.” Faced with the reality of ratings downgrades that make the work of economic development more complex and complicated than it should be, negative employment data as per a report released by the Statistician-General earlier this month, low business and consumer confidence, political risk, stunted growth as well as generally uncertain global political order one would be forgiven for feeling like the madman in Friedrich Nietzsche’s *Parable of the Madman*, who shouted publicly in despair, “Whither are we moving now? Away from all suns? Are we not perpetually falling? Backward, sideward, forward, in all directions? Is there any up or down left? Are we not straying as through an infinite nothing? Do we not feel the breath of empty space? Has it not become colder? Is it not more and more night coming on all the time?”

Madam Speaker, but as much as one may be tempted to such depths of despair, as revolutionary democrats who are committed to the transformation of society for the betterment of all people’s lives, ours remains to work at ushering in the “best of times”

amidst a sea of despondency and despair that might lead others to conclude that we are perpetually stuck in the “worst of times.” This is in line with the constructive, transformative politics that Premier Makhura spoke so eloquently about in his State of the Province Address earlier this year, a politics of hope, of change, of opportunity and growth.

Let us remind ourselves that we are celebrating the year of O.R Tambo, a visionary leader who gave his life in service to the masses of our people, without any attachment to pomp and ceremony and from this example let us recommit ourselves to serving our people loyally and putting them first in all that we plan and implement. Of course the month of June is also historically significant within our country as it is Youth Month, the month we celebrate the heroic generation of 1976 and their fearless battle against injustice and exclusion, their stand in advancement of the principles of the Freedom Charter, significant as today 26th of June 2017 we are celebrating the sixty first anniversary of the Freedom Charter.

Honourable Members, with this in mind, it behooves us to remind ourselves of the words uttered by Deputy President Cyril Ramaphosa, whilst addressing Youth Day commemorations in 2014, *“if SA can effectively address youth unemployment, not only will the country lift millions of South Africans out of poverty, but it also places the economy on a new trajectory of sustainable, inclusive growth...”*. Our drive to radically transform, modernise and re-industrialise Gauteng City region’s economy is driven by Freedom Charter ideals, by the desire to end the economic and social marginalisation of youth in honour of the 1976 generation and to grow an inclusive, equitable economy that offers opportunity to all.

2. Assessment of the state of the economy and its implications for Gauteng

Global Economic Outlook

Madam Speaker, the outlook for the global economy is much more positive in 2017 than it was at the end of 2016. Global GDP is forecast to go up 2.9% on the back of the expected acceleration in China’s growth as well as the upward revision of US growth reliant on stronger private sector consumption and investment.

On the back of a general uptick in global demand as well as improved labour markets in the developed world, the global economy is forecast to grow by 3% in 2017 and 3.1% in 2018 with economic performance amongst emerging-market economies expected to improve as higher commodity prices provide much needed relief.

Honourable Members, the rise in populism especially amongst Western countries does pose a threat to the global economic order though, with economic integration being trumped by increasingly nationalistic feelings and governments increasingly dealing with pressure from voters to respond boldly to low growth through a move away from fiscal austerity.

Other eminent threats to the health of the global economy, include Brexit, especially given the surprise results of the latest British election and the uncertainty about Brexit created by the political conundrum those results bring, the political uncertainty in Brazil which may create negative market sentiments towards emerging markets, the fact that the fiscal stimulus plan promised by President Donald Trump has yet to materialise and the reliance on governments around the world to stimulate economic activity via fiscal spending even though they are increasingly squeezed.

African Economic Outlook

Madam Speaker, following a decade of sustained GDP growth above 5%, low commodity prices and reduced growth in the global economy saw an African growth slowdown in 2016. The continent's real GDP growth slowed to 2.2% in 2016 with East Africa being the fastest growing region at 5.3% real GDP growth followed by North Africa at 3%.

Growth in the other regions was anaemic with Southern Africa only growing at 1.1% as its biggest economy, South Africa only grew by 0.3%. However with increased private sector investment, the entrepreneurial spirit and vast natural resources the continent has the potential to grow much quicker and more inclusively, with growth of 3.4% expected in 2017 as commodity prices recover and as a stronger world economy emerges.

There is a need for Africa to raise her competitiveness and productivity in order to remove bottlenecks to us offering better employment opportunities to our people. We need to address the challenges of low human development and social exclusion as a continent.

South African Economic Outlook

Honourable Members, recently released data shows that the South African economy contracted 0.7% in the first quarter of 2017, after a 0.3% drop in the fourth quarter of 2016, meaning that we have entered into a technical recession as a country, our first since 2009. Returning to recession deepens investor concerns about our ability to tackle the deep-seated structural bottlenecks on growth that we keep experiencing, with unemployment having risen to its highest rate since 2003 at 27.7%.

Per-capita GDP has been declining for several years, with South Africa's economy having contracted in four of the previous eight quarters. Other pertinent challenges that we are faced with are: the risk of further credit downgrades with sub-investment grade status potentially translating into higher interest payments, a weaker rand, a higher cost of living, reduced fiscal space to address escalating spending pressures, lower confidence leading to low investment by the private sector and weak job creation; stagnant wages; high levels of deep indebtedness as well as low business and consumer confidence.

Madam Speaker, despite these challenges the Gauteng economy has remained relatively resilient and has recorded the largest nett gain in new jobs since the 2008 global financial crisis or meltdown, with 700 000 new jobs created between 2010 and 2016. In fact, since we came into office as the fifth administration in 2014 bi-annual employment has reached 317 000, breaking the ceiling of 300 000.

Our provincial economy also succeeded in attracting investment, despite the seemingly unfavourable investment climate. Between the years 2014 and 2016 Gauteng attracted R66 billion worth of foreign direct investment inflows, with the Gauteng Growth and Development Agency putting in a great effort to make Gauteng a desired investment destination.

The Gauteng Investment Centre (GIC) has created a platform for local businesses to interact with their international counterparts. The platform has been further extended through our partnership with Trade Invest Africa (TIA), an initiative of the DTI. This initiative is aimed at informing the Gauteng business community about the support services offered by TIA in facilitating trade and investment with the rest of Africa.

In addition, 2 732 businesses were assisted to access regulatory departments and entities through the GIC. Also, thirteen international delegations were jointly hosted with African trade agencies, i.e. engagements were with Germany, Gujarat, Delhi, Portugal, India, Nevada, Washington, Enterprise Florida, Italian Chamber, Thai Trade, Texas and the G20 young business.

3. Implementation of Economic Development Plan

Madam Speaker, the Gauteng Economic Development Plan (EDP) forms a core part of our strategy to transform, modernise and re-industrialise our city region's economy. Through the implementation of the EDP we want to broaden the ownership and control of the economy and increase employment through partnerships to unlock the potential of different economic sectors, revitalise the township economy and promote youth employment through strategic infrastructure investment.

The plan focuses on the following strategic sectors: automotive, machinery and capital equipment, mining and mineral beneficiation, business process outsourcing, construction, food and beverages (agro-processing), financial services, pharmaceuticals, furniture, plastic and chemicals, clothing and textile, tourism and hospitality, creative industry as well as wholesale and retail. The rationale for our intervention in these primarily manufacturing and services sectors is because they are labour absorbing and are linked to our re-industrialisation objectives. To achieve the goal of job retention, creating new jobs and transforming the various economic sectors we will need to be measured by the following variables: the extent to which they contribute to African economic integration; local production; access to public and private procurement; township economy revitalisation; skills development; black economic ownership and control as well as contribution to green economy and climate change mitigation.

Honourable Members, the EDP focuses on sector based radical economic transformation intended to deconcentrate the economy and broaden economic ownership, especially by historically disadvantaged individuals, black people, women, youth and persons with disability. The main thrust of the plan is the creation of opportunities for black people to play an active role in the productive sectors of the economy, as industrialists and local manufacturers.

A key element of the plan involves intensified engagements with key sector, industry and firm leaders in the priority sectors of the Gauteng economy. These engagements are aimed towards creating transformative partnerships to address the impediments that hinder the growth of sectors, unlock potential for employment creation, empowerment and manufacturing for export (opening up key value chains and supply chains in the SADC region, the rest of the continent and major world markets).

Madam Speaker, the sectoral focus of the EDP has led to the creation of the Gauteng Business Consultative Forum (GBCF). The GBCF was launched by the Premier in 2016 and is intended to be a mechanism through which dialogue can be entered into between the private sector, government and academia with the intention of building a working relationship aimed at increasing trust and confidence amongst all stakeholders.

The GBCF is a platform that meets on a quarterly basis with stakeholders from the sectors that have been identified as high priority in the Economic Development Plan.

Honourable Members, A sectoral approach allows for the opportunity to address sector specific issues, develop close working relationships between government and business at a sector level and also allows the provincial government to appoint a sector champion, who will use the opportunity to further enhance the sector engagement.

The Gordon Institute of Business Science, (GIBS), the business school of the University of Pretoria is the delivery partner of the provincial government in hosting the various sessions of the GBCF at the GIBS campus in Illovo.

To date four sector sessions have already been held. These are: Tourism, Capital Equipment, Mineral Beneficiation and Automotive. One Country engagement with the UK also took place.

Honourable Members, these sectoral engagements form a critical part of our implementation of the Economic Development Plan. The partnership between the capital equipment sector and government has already seen targets put in place to drive the sector forward. This entails: job creation and stemming job losses, skills development, developing a supply chain management programme to boost local procurement, the development of black industrialists and finally, the establishment of a trade-hub with Zambia to develop markets for export.

The provincial government has committed itself to backing this strategy and, in collaboration with industry has established actions labs in the different sectors of the economy as an implementation tool. The action lab's objectives include:

- Synergising interventions and initiatives
- Identifying opportunities for R&D
- Facilitating partnerships within the sector
- Developing a working plan to implement the strategy
- Monitoring and evaluation

Honourable Members, our interaction with the mineral beneficiation sector produced the following outcomes:

- The need to develop meaningful partnerships and have frank discussions.
- Skills development and addressing issues of productivity.
- The need to invest in technology.
- The importance of diversifying beneficiation efforts beyond minerals like gold, platinum and diamonds.
- A need to focus on developing a beneficiation strategy for each mineral, based on its unique properties and potential.
- Concerns around regulation, policy and implementation misalignment.
- Improve access to market for finished products.

Honourable Members we also engaged the automotive sector and addressed issues of skills, bridging and alignment between OEMs and suppliers, localisation and transformation of supply chain, issues of infrastructure bottlenecks etc. It has been brought to our attention that the steel sector that used to be the backbone of the Sedibeng Corridor has experienced an immense decline in output due to increased steel imports. We have therefore undertaken to ensure that we facilitate interactions with steel intensive sectors like the construction sector to leverage on public sector procurement to address primary input costs, issues of logistics and transport and compliance to steel designation policy. In pursuit of our agenda of saving and creating jobs, we conducted firm by firm visits to the steel industry and addressed the need for us as government to use our massive infrastructure spend over the next couple of years to revitalise and revive the sector. We will be engaging with the steel and construction sectors to address structural constraints in the two sectors.

Madam Speaker, A task team comprising, government, the private sector and academia has been established for each sector with a specific brief to develop an implementation plan that seeks to resolve issues identified at the respective sector session. This task team reports to myself as the MEC and the Premier and through this mechanism ensures that progress is made on challenges and opportunities identified.

The UK investor engagement was part of a host of country specific engagements which will be held, with the intention of identifying and resolving bottlenecks and red tape issues which if resolved can ease the cost of doing business in Gauteng and also promote trade and investment into the Province.

4. Agencies

4.1 Gauteng Enterprise Propeller (GEP)

Honourable Members, township communities are predominantly characterised by high levels of unemployment, poverty and inequality thus making it more difficult for SMMEs and Cooperatives to make a meaningful contribution to the mainstream economy.

The National Development Plan (NDP) focuses on the development of an inclusive and prosperous economy, aims to eradicate poverty, increase employment and reduce inequality. The Gauteng Enterprise Propeller's role in stimulating economic development in the province thus finds expression in the NDP which advocates for the creation of 11 million jobs by 2030, with 90% of these jobs envisaged to be created through sustainable SMMEs.

Madam Speaker, In the 2016/17 financial year, through the GEP, 4609 SMMEs and 1413 Co-ops were supported through financial and non-financial (Business Development Support) interventions within the sectors identified by the Economic Development Plan. Jobs created during this same period totalled 8 672. The Agency also provided support to 80 small businesses in the Manufacturing, Services, Automotive and Creative Industries sectors which are in the following industrial parks - sustaining 267 jobs:

- Mohlakeng Hub: Western Corridor
- Orlando Industrial Park and Riversands/Diepsloot Hub: Central Corridor
- Sebokeng Industrial Park: Southern Corridor
- Ekandustria Industrial Park: Northern Corridor

Honourable members, the GEP continues to support the Gauteng Informal Business Upliftment strategy (GIBUS) to uplift and propel businesses within the informal economy through both financial and non-financial support. It is for this reason that we supported 746 township-based informal businesses in 2016/17.

Madam Speaker, debt collection remains a challenge for most development finance institutions. Despite this challenge, there was an improved collection rate in the 2016/17 financial year with the agency managing to exceed its annual budgeted R10 million collection amount by over R4 million as reflected below:

- 2015/16: R8.5m
- 2016/17: R14.9m

The stringent measures taken to improve collections included: improved due diligence processes, continuous client visits, implementation of a debit order system, as well as the blacklisting of defaulting clients (on merit). The GEP debt collection team continues to work tirelessly and the agency thus anticipates a further improvement in the overall collection rate for the 2017/18 financial year.

Honourable Members within the 2017/18 financial year the agency the agency is looking forward to the following major, impactful projects:

Establishment of the Township Local Producer Incubation and Wholesale Site:

This incubation seeks to assist 100 Gauteng local producers secure accreditation in order to access the formal market in the retail sector. Furthermore, the incubation will be linked to the wholesale site will allow local producers to sell their completed products directly to market. The project seeks to transform the wholesale and retail sectors and the GEP is currently working with various partners (including the Wholesale and Retail SETA) to raise more funds for the implementation of this ground-breaking project.

Construction Eco-System Centre:

The centre will house all construction manufacturing competencies with a focus on township contractor development and support (e.g. accreditation and formalisation of construction SMMEs). The project will contribute towards the transformation of the construction Sector. During the 2017-2019 period, at least 50 enterprises will be incubated in the ecosystem,

linked to the Department of Human Settlements' construction of RDP houses. It is envisaged that more than 2,000 direct jobs will be created during the implementation of this programme.

Siyeza Pitching Campaign:

Madam Speaker, this campaign is aimed at bringing business funding opportunities and business development support directly to township SMMEs and Cooperatives – providing a platform for pitching original business ideas to a panel of business experts and potential investors.

Incubation of Automotive Sector Informal Businesses:

This three year incubation programme is continuing with 75 backyard mechanics having been taken through training that will see them accredited and given equipment to help kick start their businesses.

Central to the implementation of these programmes, is the development and acceleration of sustainable SMMEs and Cooperatives as engines of economic growth and employment creation.

4.2 Gauteng Growth and Development Agency (GGDA)

Honourable Members, infrastructure investment has been proven to have a direct impact on job creation, growing the economy and advancing economic empowerment. Infrastructure investment must support the priority economic sectors and help to redress spatial imbalances in the five corridors to spread the benefits of re-industrialisation, employment and empowerment equitably across Gauteng.

As part of our accelerated drive during this second wave of empowerment that we are in, we have been rolling out strategic economic infrastructure with a catalytic impact on the township economy. It is for this reason that the GGDA focused on planning and implementing six economic infrastructure programmes comprising of twenty one (21) projects in the 2016/17 financial year:

- Township Hubs (9)
- The Innovation Hub (4)
- Gauteng Industrial Development Zone (3)
- Constitution Hill (2)
- AIDC (2 Projects)
- Special Economic Zone (1)

Honourable Members, during the 2016/17 financial year eight state owned industrial parks were refurbished across the five development corridors at a total budget of R44, 102,876.30. These eight industrial parks were in the following areas: Orlando (phase 2), Pennyville, Sebokeng, Eldorado Park, Mamelodi, Vosloorus, Toekomsrus Beehive 1, Toekomsrus Beehive 2, Lesedi landfill site

Madam Speaker, accordingly, in keeping with its mandate, the GGDA has identified and proposed five new developments which should be undertaken in the townships in the 2017/18 financial year. To this end the following sites have been identified for development in the 2017/18 financial year:

- Pennyville Industrial Park Phase 2 and Alexandra ICT Phase 2 in the Central corridor
- Khutsong South Industrial and Chamdor in the Western corridor
- Vosloorus Industrial Park Phase 2 in the Eastern corridor

These projects will cost an estimated R52 million and are a further demonstration of our belief that township enterprises will benefit from investment in catalytic economic infrastructure such as township industrial hubs, broadband connectivity, eKasi Labs for technology start-ups as well as training and skills development for township enterprises and SMMEs.

Honourable Members, the GGDA undertook missions to various markets in the year 2016-17, which were conducted in pursuit of our provincial trade promotion goals in particular to increase Gauteng's trade with Africa and advance our agenda to take the lead in Africa's industrialisation. The missions aimed to achieve the following objectives: Creation of a platform on which companies from Gauteng that are ready to explore the export market can utilise to reach the regional markets through direct contacts with potential partners, to facilitate a pipeline of project opportunities for Gauteng based companies in trade and

investment areas, regional trade and investment dialogues focusing on sectors (seminars on the corridors and project development workshops)

Madam speaker, countries such as Kenya, Rwanda, Ghana, and Namibia were visited creating trade and investment opportunities for Gauteng firms. During the 2016/17 period we managed to facilitate twenty six investments successfully (twenty FDI and six domestic) bringing in two billion rand worth of FDI and one billion rands worth of domestic investment. We are busy putting in place a Gauteng incentive framework in order to make the province an even more investment friendly destination.

4.3 The Innovation Hub

Honourable Members, as part of our township economy revitalisation drive, The Innovation Hub initiated the eKasiLabs programme in the different townships of Gauteng. The eKasiLabs are micro innovation facilities set up to develop and support entrepreneurs in various sectors of the provincial economy.

During 2016/17, four eKasiLabs were initiated in Sebokeng, Tembisa, Alexandra and Mamelodi to bring the total number of eKasiLabs so far to seven in the various corridors of Gauteng. During 2016/17, a total of a hundred and fifty township based start-up companies were accepted and supported in eKasiLabs incubation programmes. Twelve of these are already trading and have created seventeen permanent and twenty two temporary jobs. The start-up weekends and boot camps run in the eKasiLabs have to date impacted a total of two hundred and forty five entrepreneurs who have been trained in workshops and boot camps. During the 2017/18 financial year, The Innovation Hub will establish three additional eKasiLabs in Carletonville, Katlehong / Vosloorus and the Midvaal.

4.4 Automotive Industry Development Centre (AIDC)

Madam Speaker, The South African automotive industry has become integrated into the global auto manufacturing environment. During the 2016/17 financial year the industry produced 599 004 units contributing 7.4% to the GDP. Gauteng has 200 automotive component supplier companies currently supplying the industry. The province produces 32% of the total South African light vehicles manufactured and 34% of the vehicles exported.

The AIDC has actively supported the automotive industry in 2016/17 and has had some notable successes, specifically targeting township economy revitalisation. The Winterveld Enterprise Hub development is a significant project towards this goal. The successful development of this hub has resulted in ten SMMEs now successfully operating. In this process eighty students have been trained in various automotive skills. It should be noted that during the year a hundred and twenty nine vehicles were repaired. Of significance is that twenty seven of these vehicles were from various government departments including the South African Police, Department of Labour and the Department of Health.

Honourable Members, the expansion of the Nissan Incubation Centre created an opportunity to develop and support incubatees that will form part of the value chain in the automotive sector. The incubation centre is fully operational with eight incubatees contracted.

Going forward, we will be expanding the Automotive Supplier Park (ASP) to accommodate more component manufacturing activities. We will also be supporting the Black Industrialists Programme with the target to establish four successful industrialists integrated into the OEM value chain. SMME development will continue in support of the OEMs in Gauteng with an additional focus on the Chamdor hub construction in partnership with West Rand Municipality

4.5 Gauteng Tourism Authority

Honourable Members, The Gauteng Tourism Authority continued with a dedicated focus on drawing an increasing numbers of tourists to the townships over the past year. This is in keeping with the spirit of township economy revitalisation. In the past financial year, various township enterprises tagged along on missions to promote Gauteng tourism products and experiences in key Southern African Development Community source markets such as Botswana and Mozambique.

Furthermore, we provided financial and non-financial support to lifestyle markets and events in the townships across the city region. The annual Makhelwane Festival in Mzimhlophe, Soweto, the Soweto Wine Festival and the Tshwane Township Weekend Experience, covering Garankuwa and Mamelodi, were some of the headline occasions in this regard. The idea behind supporting these township events is to incubate them and grow them to the level of signature events in the province such as the Standard Bank Joy of Jazz, DSTV Delicious Food and Music Festival, and the Gauteng Sansui Summer Cup.

For the 2017/18 financial year six township events that will be incubated into significant events have been identified across the province. These will take place in different townships across Gauteng including in Tembisa, Soweto, Eesterus, Hammanskraal and Mamelodi. GTA has mapped out growth paths for these events and will monitor that in line with the incubation plan.

4.6 Dinokeng and Cradle of Humankind

Madam Speaker, the Dinokeng Project continues to play a significant role in contributing to the growth of local economies of the northern corridor of Gauteng and in improving the lives of ordinary communities living in these areas. In the past financial year, despite the adverse economic realities, the Dinokeng Game Reserve alone provided more than six hundred permanent jobs.

The Dinokeng Project is facilitating the development of a beehive business (Dinokeng branded honey making project) in Hammanskraal, along the western border of the DGR. The project is being piloted and members of the community are being trained. This project envisages promoting the DGR brand. This project will be 100% owned by members of the community.

In addition, the Dinokeng Project continues to contribute to township economy revitalisation. It continues to provide non- financial support to 15 SMMEs and 9 Cooperatives all from the local community. The support includes skills development as well as enterprise development. The Dinokasi Arts and Crafts Centre has been developed and we continue to support it.

The process to establish the Dinokeng Game Reserve Community Development Trust is at an advanced stage. This will be launched on the 6th of July 2017. The purpose of the Trust is to contribute to government's objectives for community empowerment and beneficiation. The existence of the Trust will contribute to the improvement of the socio economic conditions of the surrounding communities.

4.7 Constitution Hill

Honourable Members, Constitution Hill is a unique and compelling, mixed-use human rights precinct. It aspires to offer 'an informed and engaging educational and tourism

experience related to constitutionalism, human rights and democracy while using its resources wisely and sustainably to provide professional and excellent service in preserving, and promoting Constitution Hill as a global heritage destination.

Constitution Hill tells a compelling story of the political history of South Africa and continues to attract visitors globally attracting over 185 000 people, contributing towards the tourism economy of the province during the period under review.

Declared as a National Heritage Site during the financial year 2016/17 the site attracted major film production projects – nationally and globally thus positioning Constitution Hill as an iconic site that continues to tell the story of South Africa authentically in a way that no one else can. Constitution Hill is pursuing a World Heritage status and has started processes towards this.

Madam Speaker, We are implementing signature programmes that have a significant role to play in providing inspiring, engaging and educational experiences, promoting a sense of historical perspective for all who visit, live and work in the precinct and contributing to Gauteng City Region's economic development through growth in the visitor economy. Constitution Hill is simultaneously also a catalytic regeneration project rooted in Gauteng's central corridor that will stitch together affluent Parktown, a regenerating Hillbrow and gateway Braamfontein as a more equitable and integrated urban node while unlocking employment creation, investment and growth, and strengthening the educational and knowledge production capacities of the area.

We will be refreshing and developing new exhibitions, using world class technology and innovation. We have also repurposed the space to accommodate 25 creatives on site, giving them access to markets and assisting in the development of their SMMEs and thus creating jobs for young people in the creative sector.

4.8 Gauteng Liquor Board (GLB)

Honourable Members the Gauteng Liquor Board has intensified its work of regulating the liquor industry, ensuring compliance (we have even automated and modernised our systems in this regard) and promoting responsible liquor consumption through its liquor awareness campaigns.

Revenue collected over the 2016/17 year amounted to R47 million and over the 2017/18 year it is expected to be in the range of R50 million, owing largely to reviewed tariff-structure fees. GLB has committed to ensuring that a hundred and twenty liquor education and awareness programs take place for the 2017-2018 financial year. Thirty workshops take place per quarter over four quarters translating to 120 activities per financial year.

The Gauteng Liquor Board received 4088 applications during the 2016/17 financial year. 1840 applications of these applications were processed and finalised. The balance of applications have either been declined or are awaiting more documentation from applicants. These would normally include tax clearance certificates or municipality zoning and consent use documents.

4.9 Gauteng Gambling Board (GGB)

The Gauteng Gambling Board continues to play a critical role in the regulation of the gambling industry as well as collection of revenue for the provincial fiscus. Revenue collected for the 2016/17 financial year amounted to R991 million and for the 2017/18 financial year we are expecting to collect R1.105 billion.

The Gauteng Gambling Board will continue implementing its mandate by attracting tourists to ensure a sustainable revenue collection including intensifying the responsible gambling awareness campaign in the domain. The GGB will continue with its programmes as planned and the baseline will not be reduced moving forward.

4.10 Gauteng Industrial Development Zone (IDZ)

Madam Speaker, In 2016/2017, development of the OR Tambo Industrial Development Zone gained further traction, with the bulk infrastructure build programme rolled out during 2015/2016 being intensified. The build programme which is now nearing completion will be finalised during July 2017, paving the way for top structure development on the Zone to proceed.

With the strategic intent of positioning OR Tambo IDZ as a catalytic programme of both the province and Ekurhuleni Municipality's development plans, the OR Tambo IDZ promotes the manufacturing of high value light weight products for export through OR Tambo International Airport. The IDZ programme, which is a sub-set of the National SEZ programme, is aimed at contributing to the country's exports, growth of the economy and sustainable job creation.

In support of these objectives, we are pleased to announce that an anchor tenant for OR Tambo IDZ that will manufacture and package food products for export through OR International has been secured. The tenant has come to an agreement with us for leasing of fifty percent of the space available at the Zone. Through this strategic agreement, two hundred permanent jobs will be created. Concurrently, through the knock-on effect of increased product demand by the tenant's major customer – a leading food retailer with a defined export growth trajectory, an extra five thousand employment opportunities will be created.

Consumer Affairs

Madam Speaker, the mandate of the Consumer Affairs Office is to create a sound business environment for economic growth in Gauteng by proactively regulating, promoting, and sustaining fair and legal business practices through empowering and providing redress to consumers. In terms of the Consumer Protection Act (CPA), a Consumer includes any business with an annual turnover or net asset value of less than R2 million. In this case, such a person can file a complaint under the CPA and the office will investigate the matter to ensure SMME's are provided with redress free of charge and there is no need to incur legal cost to resolve consumer issues. Should these cases not be resolved, they may be referred to the National Consumer Tribunal for adjudication. We have conducted consumer education workshops for SMMEs in our pursuit to create awareness of their consumer rights and responsibilities, and the extent to which they could comply with relevant legislation.

Honourable Members, one of our interventions in support of fair and legal business practices was a submission we made to the Competition Commission's enquiry into the retail sector. Research shows that only a handful of large chains hold over seventy percent of the national market share. This limits the alternative options that suppliers and consumers have, and confers substantial market power to the major supermarket chains. The high levels of concentration in the retail sector are indicative of the barriers to entry and expansion faced by new entrants. This diminishes the propensity for effective competition

which has far-reaching implications for consumers, suppliers as well as emerging small township entrepreneurs. The high level of concentration is also indicative of barriers to entry affecting mostly historically disadvantaged individuals.

Honourable Members, the retail sector, unlike other industries, does not have a transformation framework which sets out targets to be achieved by particular dates in order to facilitate transformation, most sectors have initiated charters in accordance with the BBBEE regulation and targets. This represents a strategic defeat for working class consumers whose bulk of income is spent on food and consumables. Over the years the retail sector has been linked to the supplier-producers value chain that has been found guilty of price collusion either on bread or butter or cooking oil.

Madam Speaker, the supermarket industry in Gauteng is large with numerous production and distributions channels across the value chain. Supermarkets can become an important route for locally produced goods for suppliers of food and household consumables. Moreover, supermarkets tend to stimulate food processing and light manufacturing thereby contributing significantly to the industrialisation agenda. Certain barriers to entry result from inherent characteristics of supermarkets, which relates to compliance standards. Often new entrants are expected to make substantial financial investments in basic infrastructure to be able to compete effectively with the incumbents in the sector who benefit from economies of scale.

Honourable Members, powerful supermarkets have made it difficult for new entrants to succeed through the practice of exclusivity clauses in long-term lease agreements between anchor supermarkets and property developers in shopping malls. The lease conditions stipulate that no rival supermarket can take up tenancy in the mall and they often span over decades and such lease conditions are dictated by the anchor supermarket. In some instances retailers like butchers and bakers are sometimes prevented from renting a space in malls as they are perceived to be a competitor to the anchor supermarket. This practice reduces product and retail diversity and deprives consumers.

Madam Speaker, we called on the Commission to consider several variables when instituting a fully-fledged investigation: by-laws associated with mall infrastructure investment, budget re-allocation for bulk infrastructure from other community social needs, monetary loss for local vendors or compensation, local procurement and futurist approach. The technical recession that we currently find ourselves in signals a need for a different model of development and investment in working class communities. It is not

acceptable that black townships have become consumption centres for monopoly capital goods without tangible developmental outcomes. Communities where malls are located have become an epitome of unemployment, poverty and social inequality.

Honourable Members, perpetually building the township economy on the back of consumption or debt driven economy amounts to economic racism. The manufacturing industry is the bedrock of any economy and we must forge strategic partnerships to revive the productive capabilities of our townships. As well as calling for a Charter for the sector, we will be looking at using our powers within the sphere of provincial and local government to approve developments to set in place measures to put a stop to these unfair business practices.

5. Budget allocation

Madam Speaker, our commitment remains to prioritise the deracialisation of the economy and ensure that more historically disadvantaged groups are integrated into the mainstream of the economy through our public procurement policy and other measures in partnership with the private sector.

Ours remains to develop a new, smart, knowledge based economy and industries that are responsive to the triple policy imperatives of job creation, an inclusive economy and equality with a skilled and capable workforce that supports an inclusive growth path.

The 2017/18 budget allocation for the department and its agencies is R1.4 billion. The department will transfer an amount of R950 000 000 to its agencies and subsidiaries to ensure the implementation of the departmental mandate. The mandate has placed the Department in a key position and driver in stimulating economic growth and coordinating job creation opportunities across the GPG Departments, Entities and Subsidiaries within the Province. Projects of a larger scale with a bigger impact are required to make a notable difference. The job creation numbers and youth employment figures in particular will need to drastically increase for a tangible difference to be made.

6. Conclusion

To conclude, let me thank Honourable Premier David Makhura, colleagues in the Executive Council, the Honourable Chairperson and all members of the Portfolio Committee, the Head of Department Ms Phindile Mbanjwa, CEOs of all agencies and subsidiaries, our senior

managers and all the public servants who contribute significantly to the achievement of our TMR objectives.

Let us continue to work together to build a more just, equitable, inclusive Gauteng society and economy and each make our contribution to moving Gauteng City region forward. We therefore table the Gauteng Department of Economic Development's budget for 2017/18 for consideration by this August House.

Thank you.