



GAUTENG PROVINCE

OFFICE OF THE PREMIER
REPUBLIC OF SOUTH AFRICA

SPEECH

**KEYNOTE ADDRESS BY GAUTENG PREMIER DAVID
MAKHURA AT THE JOHANNESBURG CHAMBER OF
COMMERCE AND INDUSTRY ANNUAL CONFERENCE.**

IDC AUDITORIUM, SANDTON

23 September 2016

Programme Director, Adv Fay Mukaddam, former President
of the Johannesburg Chamber of Commerce and Industry;

MEC for Economic Development in Gauteng, MEC Lebogang
Maile

Current President of the Johannesburg Chamber of
Commerce and Industry, Mr Ernest Mahlaule;

CEO of the JCCI, Ms Joan Warburton-McBride;

Members and Affiliates of the JCCI;

Leaders of Business and CEOs of Companies;

Trade union representatives;

Senior Government officials and Managers of State-owned
Enterprises;

Our host, IDC Executive, Ms Zama Luthuli;

Ladies and Gentlemen:

Once more thank you for affording us the opportunity to address this Annual Conference of the JCCI, an important voice of Captains of Industry and network of entrepreneurs in our great City of Joburg.

For us in the Gauteng Provincial Government, a sound relationship and transformative partnership between government and business is a necessary precondition if we are to succeed in reigniting inclusive and sustainable growth of our economy.

In order deliver sustained growth and meet our citizens' aspirations of decent employment and meaningful empowerment of those historically excluded, we need each other. We are neither enemies nor rivals. We must be genuine partners who share a common goal of building a globally competitive economy that grows in an inclusive and sustainable manner.

The Johannesburg Chamber of Commerce and Industry, has been the voice of business and a proactive partner for economic development in the City of Joburg, South Africa's economic powerhouse.

I have no doubt that the JCCI has become our powerful partner in transformation. You are a key player in shaping the future of Johannesburg and in the reconfiguration of its social, economic and spatial landscape so that it is more inclusive for all its residents.

Writing in the Chamber's 2014 Integrated Annual Report, coinciding with the 125th Anniversary of the Chamber, the then President Adv. Fay Mukaddam had this to say:

“As we steer into the next 125 years, we will certainly be confronting some new business challenges and opportunities. The Chamber will continue to be at the heart of these conversations and will be unwavering in steering the conversation towards effective transformation.”

Ladies and Gentlemen, we too as the Gauteng Provincial Government are unwavering in our commitment to the transformation, modernisation and re-industrialisation of the entire economy of the Gauteng City Region.

To this end, we convened an Economic Indaba in June this year wherein we worked with all stakeholders to develop and adopt the New Provincial Economic Development Plan, GEDP 2030, which is in line with the National Development Plan.

The primary thrust of our Provincial Economic Development Plan is that we have identified key sectors and industries within the Gauteng economy through which will reignite growth and inclusion. We have also identified work that we must undertake together as effective partners across society in order to usher in a virtuous cycle of rising confidence, rising investment, higher employment, rising productivity and income can be generated.

The Gauteng Economic Development Plan will be driven on two primary sectors - manufacturing and services. Within each of the two sectors, there are priority sub-sectors and industries that have the potential to achieve higher rate of growth, increased employment and empowerment: Food and beverage; Furniture and timber; pharmaceuticals, plastics, and chemicals; Machinery and equipment manufacturing; Automotive and components; Finance; Information and Communication Technologies; Retail; Tourism and Hospitality; Transportation and Logistics; Business and Professional Services with a focus Business Process Outsourcing; Construction; Mining and beneficiation; as well as the Creative sector.

I call on you to join us in building an economic coalition to achieve the vision of a transformed, modernised and re-industrialised Gauteng City Region. This will be a coalition for an inclusive growth.

As Team Gauteng, we are working hard to mobilise all sectors of the economy in our province around the urgency with which we must deal with the crisis of unemployment, poverty and inequality. We are also putting the issue of youth unemployment as an emergency around which all leaders of government, civil society and the economy must rally.

MEC Maile and I have been engaging all local and foreign business chambers and associations on our strategic agenda

to build an economic coalition around the Programme for Transformation, Modernisation and re-industrialisation.

Equally, I am leading government engagements with firms and industries that are critical to our goal of re-igniting our economy. Specifically we have engaged with firms and clusters of firms in the automotive and components; machinery and capital equipment manufacturers; aviation, aerospace and defence industry; food and beverages; Business Process Outsourcing and ICT as well as mining.

We are building an economic coalition for an inclusive and growing economy in order to tackle unemployment and youth unemployment in particular. We have a strategic agenda to make Gauteng a leading economy in Africa. This is an agenda to promote Gauteng as a preferred destination for foreign direct investment in all priority sectors of our Economic Plan.

Programme Director, we are doing all of these things because as South Africans cannot afford to have all talk and no action. We must work together more closely. We must be pro-active. We must get our hands dirty. We must collaborate. Government must implement and execute its plans. Business must put its money where its mouth is. Government must also take firm and demonstrate action against corruption. We need to ensure that State-owned enterprises are managed properly.

I want to assure you that we in Gauteng are doing exactly all these things. This is particularly important since we are facing extremely difficult economic times. Even the most optimistic of forecasts predict that our national economy will not grow by more than 1% this year.

About two weeks ago, Stats SA released second quarter economic growth figures which offered some glimmer of hope. They indicated that our economy grew at a rate of 3.3% in the second quarter of 2016. However, while this was the strongest economic expansion in six quarters, it came off a low base and when compared to the same quarter last year it does not represent much progress.

In Gauteng for the second quarter of this year our economy grew at a rate of 2.9%, also from a low base. We also made some progress in the area of job creation as we added more jobs especially in manufacturing.

Notwithstanding these recent numbers, the reality confronting us is that the rate at which our economy is expanding is far below the 5% growth target we have set in the National Development Plan.

This means we still have a long way to go before we can even begin to make any significant dent on the challenges we face, key among them is youth unemployment which in Gauteng stands at an uncomfortable 40%.

Our goal is to ensure that the Gauteng economy leads the pack by creating 500 000 jobs per annum. We can achieve this goal with greater collaboration, partnership and purpose. In 2015, our economy created 200 000 formal sector jobs and 151 000 informal sector jobs. However, most of the jobs were wiped out in early this year.

I am more confident that the current sector and industry-level engagements we are having with firms will unlock the full potential of our economy. There is a lot of goodwill and determination on the part of business and government leaders that the economy must come first.

We have also been going overseas to engage investors in every major economy to come and invest in Gauteng and open doors for Gauteng-based businesses to access new markets in the continent and overseas.

Next month we will unveil our new Economic Development Plan for the Gauteng City Region. This Plan is a product of extensive research work and consultation with stakeholders.

The Plan was further refined at our Economic Indaba in June this year. The Indaba drew the participation of organised labour, business, civil society as well as government at all levels. (The current President of the JCCI Mr Mahlaule made a presentation at the Economic Indaba).

We are encouraged that in a number of these sectors Gauteng already has a competitive edge. For instance, in 2015, Gauteng accounted for 36.5% of all vehicle production in South Africa – the City of Tshwane is the undisputed home of the automotive sector in South Africa.

Equally, the City of Ekurhuleni is the hub of machinery and equipment manufacturing in our country. The metals, metal products, machinery and equipment sub-sector is the largest source of manufacturing Gross Value Added, accounting for 32% of total manufacturing employment in Gauteng.

The township economy has enormous value that we seek to unlock through our township economy revitalisation strategy. The Township Stock Exchange will go a long way in easing the burden of access to finance carried by most township entrepreneurs. This intervention, which we are undertaking jointly with the private sector, will also help us turn our townships into centres of production and manufacturing. We are also pleased to announce that in October next month we will launch the township stock exchange.

We will also intervene to unlock the potential of the Business Process Outsourcing industry in Gauteng, hence our engagements yesterday with the BPO sector. We are determined to position Gauteng as a leading BPO destination in South Africa. Our goal, over the next three years, is to attract 25 Fortune 1000 BPO operations to locate in Gauteng.

Currently, the Western Cape is the leading BPO destination in our country. We however believe that here in Gauteng we have the skills, the people, the resources, the infrastructure and the will to work together as various stakeholders to change this status quo.

Also within services we will pay particular attention to the creative industries, including film production, music and fashion. We believe strongly that Gauteng is the home of the creative industries. It is here, in Gauteng, where creative juices of our dancers, filmmakers, poets, musicians, designers, publishers, painters and sculptors flow in abundance. It also here, where we can create opportunities for the creatives to flourish and become economically empowered.

It is estimated that directly and indirectly, the creative industries contribute in excess of R33.3 billion to the Gauteng economy and employs over 182 000 people.

We are also working to strengthen the tourism industry in Gauteng. Our specific focus will be on ensuring that those who come to our province to do business are also encouraged to explore Gauteng. This includes exploring the township tourism experience.

In our Economic Development Plan we also identify cross cutting areas of focus which include infrastructure development, innovation, skills development, the empowerment of youth, women and people with disabilities as well as the mainstreaming of the township economy.

Programme Director, we are alive to the reality that, in order for us to attract investment into our province we must continue to pay attention to the important matter of ensuring the ease and reducing the cost of doing business. Linked to this is the need to strengthen the integrity of our systems, eliminate corruption and improve transparency and efficiency.

Accordingly we have appointed a Task Team led by MEC Paul Mashatile whose mandate is to develop innovative ways of cutting red tape and improving the ease of doing business with the Gauteng City Region. This Task Team will soon be reporting on its work and we look forward to implementing its recommendations. We remain steely in our determination to moving the Gauteng City Region away from red-tape to smart tape!

We are also proud that, without cutting corners, we are now able to finalise applications for Environmental Impact Assessments (EIA's) in 90 days. Our goal is to do this in 30 days.

Furthermore our Gauteng Investment Centre continues to offer valuable assistance to all those companies seeking to

locate in our province. This includes those companies seeking opportunities elsewhere on our Continent.

We are hard at work to eliminate corruption, maladministration, bureaucratic inefficiencies and to promote good governance. In this regard we are delighted that all our provincial government departments and agencies received clean audit outcomes for the 2015/16 financial year. It is also a matter of pride that 11 of our 14 departments now pay 95% of their service providers in 30 days, while 9 out of 14 departments pay 70% of their service providers in 15 days.

We reiterate that as this government we are determined not to be party to activities, such as non-payment of service providers on time, that lead to the destruction of especially small businesses that do business with government!

As part of our overall commitment to eliminating corruption, improving transparency and strengthening the integrity of our systems we are proud to announce that we are already implementing the Open Tender System in all departments of the provincial government. Gauteng is a pioneer in this area of work!

Let me conclude by assuring all of you that Gauteng is open for business. We regard you as our partners in development. We look forward to your contribution in the pursuit of our common goals.

Let the conversation continue but more importantly let us emerge out of this engagement with five key things that as the industry and government we will do together and report progress in the next six months.

For media enquiries contact Premier's spokesperson Phumla Sekhonyane on 071 860 4496 or Phumla.Sekhonyane@gauteng.gov.za