

**OPENING ADDRESS BY GAUTENG PREMIER, HON. DAVID MAKHURA ON THE OCCASION OF THE SECOND GAUTENG INFRASTRUCTURE INVESTMENT CONFERENCE. GALLAGHER CONVENTION CENTRE, JOHANNESBURG.**

**27 July 2017**

Programme Director, Ms Nozipho Mbanjwa;  
The Minister of Economic Development, Hon. Ebrahim Patel;  
Members of the Executive Council and Executive Mayors;  
President of SALGA and United Cities and LG, Cllr Parks Tau;  
Ambassadors and High Commissioners;  
Delegation from the State of Lagos in Nigeria;  
Representatives of regional and city governments from other countries;  
Business leaders, investor and entrepreneurs;  
Leaders of Civil Society organisations  
Researchers, policy makers and academics;  
Fellow Africans:

Welcome to the 2017 Gauteng Infrastructure Investment Conference. This is the second biennial Conference that is convened by the Gauteng Provincial Government in order to showcase a full portfolio of our provincial infrastructure projects so that we can solicit private sector partnership and mobilise other sources of funding for infrastructure.

Ladies and gentlemen, world-class infrastructure contributes significantly to the quality of life of citizens as well as the competitiveness and attractiveness of countries, regions and cities.

State-of-the-art infrastructure serves as the veins and arteries of any modern economy and prosperous society. Sustained investment in public infrastructure can also serve as a stimulus to growth, employment creation, spatial transformation and social integration by connecting communities and linking producers to markets.

It is on this basis that infrastructure investment is among the top priorities of our Provincial Government's programme for transformation, modernisation and re-industrialisation of the Gauteng City Region, in line with South Africa's National Development Plan, Vision 2030.

We meet at a time when the South African economy is in technical recession. Our sovereign rating has also be downgraded. We therefore need major interventions to re-ignite inclusive growth. Over many decades, infrastructure development and investment has played a major role as a stimulus for growth in many countries.

As the economic engine of our country, Gauteng must take a lead in turning around SA's economic fortunes. We must take action now as social partners - government, business and labour working together. If Gauteng works better, 35% of SA's economy will work better.

Between 2013 and 2016, the Gauteng government has invested R30 billion in infrastructure development, the largest rate of growth in infrastructure investment by any provincial authorities in our country.

A KPMG study has demonstrated that the R30 billion infrastructure investment has contributed 92 000 direct jobs into the Gauteng economy; R15 billion to support household incomes; R6 billion to government revenue; generated additional economic activity worth R26 billion to the provincial economy. The study further indicates that, for every R1 spent we have spent on infrastructure, an additional 92 cents was added to the Gauteng economy.

Furthermore, our infrastructure spend is the key driver of economic transformation – 91% spent on Black-owned companies, especially in construction and professional services.

In the next three years, the Gauteng provincial government will spend R42 billion on infrastructure development, while our municipalities will spend R95 billion on social and economic infrastructure. We have a total of 412 active infrastructure projects worth R200 billion on our Infrastructure Monitor, which are at various stages of development and implementation.

The three-year infrastructure investment referred to in the above will contribute about R55 billion into the Gauteng economy; create 190 000 direct jobs and 140 000 indirect and induced jobs; contribute R12.4

billion to government revenue and add about R 31 billion to household income, an estimated R5.4 billion of which will go to lower income households.

All these infrastructure investments are part of the Gauteng City Region's fifteen-year Infrastructure Master Plan, which will cost R1.6 trillion over the next decade and half.

The Infrastructure Master Plan is the backbone of our vision of building Gauteng into a globally competitive City Region that is characterised by seamless spatial integration, economic inclusion and social cohesion; a dynamic African city region which is at the cutting edge of the fourth industrial revolution, whose economy is underpinned by smart, green, innovation-driven and knowledge-based industries.

Our province is a significant player in the economy of our continent. We contribute 8-10% to Africa's GDP. Together with the State of Lagos, we are the sixth largest economy in Africa, bigger than forty-nine of the fifty-four national economies in our continent.

Gauteng is the financial nerve centre and the technological, industrial and advanced manufacturing hub of Sub-Saharan Africa. Due to the competitiveness of our infrastructure, we are a major destination of foreign direct investment (FDI) and business tourism. According to the report of fDi Intelligence magazine, between 2011 and 2016, Gauteng attracted a total of 460 FDI projects worth R152.79 billion.

Let me take this opportunity to convey a special word of welcome to the delegation from Lagos State in Nigeria. In September, Governor Ambode and I will sign a memorandum of cooperation between Gauteng and Lagos. The two sub-national economies are the key drivers of Africa's industrialisation and are centres of innovation. We are also the two most cosmopolitan and indeed Afropolitan city regions in Africa.

This year's Conference will also pay specific attention infrastructure challenges and investment opportunities in our continent. Africa's \$100 billion per annum infrastructure deficit is a golden opportunities for African investors, developers, construction companies and professional services firms.

It is estimated that 645 million people in Sub-Saharan Africa have no access to reliable energy and clean water; only a third of rural dwellers live within 2 kilometres of proper road compared with two thirds in developed regions. Travel and communication within Africa is more expensive and cumbersome than travel and communication between Africa and the rest of the world.

We know that infrastructure investment also plays a central role in integrating Africa's markets – improving connectivity as well as facilitating the movement of goods, services and people across borders. Economists estimate that a 1% point increase in infrastructure investment will raise Africa's GDP by about 1.3% and employment by

0.7%. The conference will explore more details on Africa's infrastructure story tomorrow.

For us in Gauteng, our infrastructure story is increasingly getting told by citizens themselves. In the last Gauteng City Region Observatory's Biennial Quality of Life Survey released in July 2016, infrastructure achieved the highest rating by citizens, among all government services – 80% satisfaction level. Access to piped water has reached 92% of our residents; sanitation is 91%; electricity is 90%; refuse removal on a weekly basis is 88%; formal housing has reached 86% of residents and household internet connectivity is at 65%. Despite the challenges of immigration and rapid urbanisation, educational infrastructure is also highly rated by Gauteng residents.

However, access to reliable public transport and mobility remains one of the major problems of our City Region. Water security has become one of the major concerns of Gauteng citizens and business alike.

We also need to invest much more in industrial infrastructure in all five development corridors in line with the priority sectors of our Provincial Economic Development Plan.

We also count among our progress, the work we are doing to build economic infrastructure in the townships, including the expansion of the Gauteng Innovation Hub, the building of the Jewellery Manufacturing Precinct at OR Tambo IDZ, refurbishment of township industrial parks

and Agri-parks, establishment of ekasi labs for technology start-ups as well as training and skills development for township enterprises and SMMEs.

We are rolling out more than 1 500 kilometres of network fibre, connection of 8 core sites, 800 access sites to the Gauteng Broadband Network and connectivity to 12 economic development zones. We are well on track to reaching the target of 3000 connected sites by 2019.

With regards to the modernisation of public transport, the Gautrain is our source of pride. We are now procuring additional rolling stock for the Gautrain. With private sector partnership, we want to expand the Gautrain to new routes in different parts of the province, especially townships. We are also building new logistics hubs and new highways in Sedibeng and West Rand and the Aerotropolis footprints in Ekurhuleni, Tshwane and Johannesburg.

On Human Settlements, Gauteng has delivered the most RDP houses in the country with a total of 1.3 million, accounting for 31% of the total nationally. However, we continue to face major human settlement backlogs as a result of among others in-migration – 4.95 million Gauteng citizens live in informal dwellings.

In order to respond to the high levels of in-migration, we are now focusing on mega human settlements and post-apartheid cities. We are

doing this as part of changing the face of our province and building inclusive communities.

To date 18 mega human settlement projects have achieved technical readiness status of which 12 are planned for implementation by 2019.

Since 2014, 19 new schools have been completed and all our public schools have access to electricity and sanitation. We are also forging ahead with our programme to modernise our public education system through the introduction of ICT in education. To date more than 1800 Grade 12 classrooms had been converted to smart classrooms.

As we implement our infrastructure programmes, we have been deliberate in ensuring that our initiatives deliver on empowerment, localisation, modernisation and that they contribute to economic transformation as well as spatial justice.

I would like to conclude by dealing with three major obstacles and problems, which hamper or undermine infrastructure development.

Firstly, inadequate budgets. Government will never have enough money to meet all the infrastructure requirements of a modern economy and society. Public-Private Partnerships are therefore very important. It is for this reason that we convene this Conference to mobilise off-budget resources to meet our infrastructure needs. However, the private sector

needs an enabling environment to be created so that they can participate and get their return on investment.

This takes me to the second obstacle and problem, which is bureaucratic red tape. We need to cut red tape and streamline all planning and approval processes so that there is no undue delay. We know that approval processes take too long. It is for this reason that we have set up the Provincial Cabinet Infrastructure Steering Committee led by the Premier and a Task Team on Cutting Red Tape led by MEC Paul Mashatile to streamline planning and approval as well as monitoring of infrastructure delivery on time and on budget.

The third obstacle and problem is corruption. Major infrastructure projects are prone to bribery and corruption scandals. We have adopted the Open Tender process in order to ensure probity and transparency in the awarding of tenders by the Gauteng Provincial Government. This policy has improved integrity of the decisions on tenders and improved public trust.

As part of promoting transparency and fighting corruption, I will next week appoint a Civil Society-led oversight committee that will be an anti-corruption watchdog in Gauteng. We want clean and ethical governance.

Lastly, as part of creating a climate to attract private sector investment into our province, our Provincial Cabinet approved a set of provincial and municipal incentives - administrative and technical incentives; incentives

for business expansion and retention; assistance on research and development; cluster and export development incentives and incentives for township based incentives. These incentives are in addition to those provided by the Department of Trade and Industry.

Gauteng is ready for business!

Africa is ready for greater levels of intra-Africa trade and investment!

Let us get down to business!

Thank you! Asante sana!