

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

03 August 2017

Programme Director, Adv. Fay Mukaddam, former President of the JCCI;
Mr. Ernest Mahlaule, Current President of the JCCI;

JCCI Vice President Herman Breedt, CEO Ms Joan Warburton-McBride
and all Members of the Board;

His Excellency High Commissioner of Namibia, Mr. Veiccoh K.
Nghiwete;

Mr Willy Chavalala, Standard Bank Gauteng Head of Business Banking;

Mr Bongani Khuluse, the Chair of the JCCI Youth Commission

Mr Robert Williamson; President of the Special Tooling & Machining
Association and Director of Toolmaking Association of SA;

Members and Affiliates of the JCCI;

Friends from the fraternal country of Namibia;

Entrepreneurs and Business Leaders;

Ladies and Gentlemen:

On behalf of the government and the people of Gauteng, I hereby
convey our gratitude and congratulations to the Johannesburg Chamber
of Commerce and Industry (JCCI) for convening such an important
annual conference that looks at transformative partnerships to realise
inclusive growth.

It is always an honour to be invited to the activities of the JCCI. I attended your AGM in 2015 and your Conference in 2016.

You are, undoubtedly, the pre-eminent voice of business in South Africa's economic hub and you have footprints all over our continent.

The Gauteng Provincial Government deeply appreciates the partnership with the JCCI to re-ignite inclusive growth and propel the programme for transformation, modernisation and re-industrialisation of the economy of our Gauteng City Region.

At JCCI Annual Conference held in Sandton on 23 September 2016, I made an impassioned call for us to build a coalition for inclusive growth. I challenged the JCCI members and affiliated businesses to take a lead in building a new economy that will grow in a sustainable and inclusive manner. Without inclusion, there can be no sustainability and shared prosperity. Equally, without growth we cannot realise sustainability and shared prosperity because the cake will get a smaller. So we must grow and share this cake at the same.

Consequently, you signed a Memorandum of Understanding with the Gauteng Department of Economic Development to partner on inclusive growth. I hope this Conference will appraise us with the efforts and progress you have made since last year. I keenly await a positive report on the progress. The more than ten partnership initiatives reported by President Ernest Mahlaule are of great interest to me.

It is for this reason that I have decided to put an apology to the National Cabinet Lekgotla today in order to attend this Conference. The economy is my number one priority, together with education and skills

development for youth. I could not put forward my apology to this Conference.

Distinguished delegates, last week the Gauteng Provincial Government hosted the Second Biennial Infrastructure Investment Conference in which some of the JCCI affiliated businesses and entrepreneurs participated.

Driving investment in world-class infrastructure by the public as well as the private sector is part of our determined effort to build a globally competitive and inclusive economy that is at the cutting edge of the fourth industrial revolution in Africa.

There is ample evidence that 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.

In addition, sustained investment in public infrastructure can also serve as a major stimulus to growth, employment creation, spatial transformation and social integration especially during the economic downturn.

Between 2013 and 2016, the Gauteng provincial 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.

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 412 active infrastructure projects worth R200 billion on our Infrastructure Monitor, which are at various stages of development and implementation.

Our 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. We need the private sector, which accounts for more than 80% of gross capital formation in our economy, to invest in infrastructure in partnership with government.

Our province is a significant player in the economy of our country and our continent. We contribute 35% to our national economy as well as 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.

Our provincial economy continues to display resilience even in the face of difficult global and national economic conditions. According to the report of fDi Intelligence magazine, between 2011 and 2016, Gauteng attracted 460 foreign direct investment projects worth R152.79 billion, R66 billion of this investment was between 2014 and 2016.

The City of Johannesburg contributes 15-17% to our national economy and it is the financial nerve centre and technological hub of Africa. In the top 1000 cities that are major destinations for foreign direct investment, Joburg is number 104th. In Africa, Joburg is only second to Cairo. The quality of infrastructure, human capital and quality of governance.

It is important that we in government understand our responsibility in fostering a positive investment climate. We must govern with integrity and transparency. We must also foster constructive and mutually beneficial partnerships with the private sector. Government and business need each other to turn around the poor performance of our economy. Pointing fingers or insulting each other will not bring any benefits to citizens.

It is for this reason that we in Gauteng are spending time and resources to strengthen partnerships with industry in major sectors to unleash the

potential of our provincial economy. We continue to do regular visits to firms resolve issues raised by business leaders and discuss transformation initiatives and export opportunities. We also invite business leaders to join our trade and investment missions and conferences here at home, in the continent and overseas.

Last year, Gauteng businesspeople participated Namibia International Investment Conference both in Gauteng and in Namibia. We also took business delegation with during the visit to Ghana and Nigeria in May this year. We will host the Gauteng-Lagos Business Seminar in September and South Africa-Italy Business Summit in October as part of creating opportunities for our businesspeople to meet their counterparts and make deals that are mutually beneficial to help us achieve inclusive growth and shared prosperity across the continent.

As the African Economic Outlook 2017 report points, with a dynamic, thriving private sector, the entrepreneurial spirit inherent in Africa's people and Africa's vast resources, the continent has the potential to grow faster and more inclusively. Africa's entrepreneurial culture is indeed vibrant with about 80% of Africans viewing entrepreneurship as a good career opportunity translating into our continent having the highest share in the world of adults starting or running new businesses.

As Gauteng province, we are privileged to be the home of small, medium and micro enterprises, the magnet of entrepreneurs and capital of innovators and start-up companies. Nearly half (46%) of South Africa's SMMEs and 31% of informal businesses are located in our province.

Over the past three years, we have embarked on bold and ground-breaking initiatives to support for SMMEs and township-based businesses and have drastically increased the participation of the historically disadvantaged individuals in the public procurement opportunities.

For instance, 91% of the R46 billion three-year public procurement spend goes to businesses owned by historically disadvantaged individuals – blacks, women, people with disability. This represents 10 000 out of the 12 000 companies that do business with the provincial government.

As part of supporting SMMEs and township businesses, we have increased procurement from township enterprises from R600 million to R7 billion in June 2017 – this represents 23% of the 30% target we have set for 2019. The number of township enterprises currently benefitting from public procurement has increased three fold from 800 in 2014 to more than 3 500 in June 2017.

There are two main problems that we must tackle and overcome, together because they undermine economic transformation initiatives.

One such problem is corruption and capture of public procurement by individuals and families who reduce empowerment to enrichment of the few who are connected.

In Gauteng, we have introduced an open tender system to ensure that all those who qualify are given equal opportunities to do business with government. We have been doing a lot of work to clean up the tender

process and fight corruption. We have suspended and fired several officials, including two Heads of Departments over the past two years.

Gauteng is serious about becoming a corruption-free province. You do not have to know me to do business with our government. You do not have to bribe me to get a tender. You do not have to give an official a brown envelope at night to get a tender. The systems have changed.

We have been improving audit outcomes quite substantially over the past three years. Please wait for the announcement of the Auditor General later this month. Gauteng is serious about accountability, transparency and clean.

Later this month, I will appoint a Civil-Society led anti-corruption watchdog that is going to watch over the entire Gauteng provincial government and municipalities to ensure that we run clean and corruption free government. There are too many state agencies that are dealing with corruption, with very limited success. We need to get civil society involvement in fighting corruption. I would like to invite the JCCI to participate in our anti-corruption and integrity promotion initiatives.

The second big challenge I would like to draw to the attention of this conference is that most of these black-owned, women-owned as well as the township-based businesses are not sustainable. If they do not get work from government, they will not survive for a year. This is due to the fact that many of them are not linked to or integrated in the supply chains of major private sector businesses which constitute more than 80% of the economy. The private sector is where the major chunk of the economy is.

It is therefore absolutely important that radical economic transformation is embraced by the private sector across different sectors of the economy bring in black-owned, women-owned and township-based businesses in the value chains and supply chains of medium-sized and big firms in our economy. I call on major private sector firms to take a lead in incubating and giving opportunities to black-owned, women-owned, youth-owned and township business opportunities in their value chains and supply chains.

In Gauteng, we are becoming path-finders in getting major private sector firms to open business opportunities for SMMEs.

Over the few years and months, we have come across major firms - in mining, automotive industry, iron and steel, food and agro-processing as well as in the capital equipment and machinery sectors – that are keen to work with us to provide enterprise development and supply chains opportunities for black-owned, women-owned and township enterprises.

I advocate an empowerment model that focuses on partnering with and giving opportunities to existing small township enterprises and medium-sized black businesses that have demonstrated potential than giving out shares to individuals who are not entrepreneurs.

I call on big business to empower SMMEs and cooperatives to grow and become more sustainable. The SMME sector is crucial to employment creation and inclusive growth.

As an African proverb says, if you want to go fast, go alone but if you want to far, go together. If big business wants to grow in a sustainable

way, it should grow with small business, especially those owned and managed by blacks, women, youth and township entrepreneurs.

I commend the big private firms and their leaders who have embraced economic transformation. Please use your enterprise development, incubation programmes and supply chains and value chains to give business to small businessman black business.

In addition, we are also working with more than 30 private sector partners on #Tshepo 1Million programme to open opportunities for young people by providing them with appropriate skills that linked to employment and entrepreneurship.

Over the past two-and-half years, we have already provide created employment opportunities for more than 100 000 young people and supported 10 000 youth to establish their own enterprises. This has created positive energy and passion among our youth, in the face of rising youth unemployment and the devastating scourge of drugs and crime.

I would like to conclude by calling all members and affiliated companies of the JCCI to take a lead in building this partnership for inclusive growth and shared prosperity.

The time to act is now.

Let us re-ignite inclusive growth!

The JCCI should take a lead!

I wish you a successful Conference.

Thank you!