

Address by the Economic Development MEC, Hon. Parks Tau, at the 1st National Social Entrepreneurship Development Colloquium

Topic: *“The Role of Government in Fostering and Propelling Vibrant Township and Rural Economies”*

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Programme Director,
Minister of Social Development, Ms. Lindiwe Zulu,
Statistician-General, Mr. Risenga Maluleke,
CEO of the Social Enterprise Management Corporation, Mr. Xolani Qubeka,
CEO of the Wholesale and Retail Sector Education and Training Authority (W&RSETA), Mr. Tom Mkhwanazi,
Distinguished Guests, and
Ladies and Gentlemen:

I am honoured to participate in this 1st National Social Entrepreneurship Development Colloquium.

This is an important Colloquium, for us to come together, to craft an implementable Master Plan Framework for programmes linked to food security major value chains.

This Master Plan is an urgent intervention not only to shape policy, but it is an instrument, to create jointly practical solutions for social enterprises, NGOs and CBOs to become self-sustaining agents in stimulating employment opportunities whilst delivering sustainable livelihoods for communities.

I was asked to speak on the role of the provincial government in fostering and propelling vibrant township and rural economies.

As the Gauteng Department of Economic Development (GDED), our mandate is clear in re-industrialising the economy, fostering economic inclusion and including marginalized individuals in the mainstream economic activities.

As part of the Department's mission to propel vibrant township and rural economies, we are implementing two structural interventions, namely, the Township Economic Development Bill and the Township Economy Partnership Fund.

For the Department and indeed for the provincial government, social entrepreneurship development is important since it is understood not only as altruistic entrepreneurship but as conducting business to support meaningful social causes.

Ladies and Gentlemen,

The objective of the Bill, which is undergoing final revisions, is to change how commercial activities are governed and supported in township areas. It is aimed at expanding existing township businesses and enabling creation of new ones so that they drive forward mass-scale job creation.

Undoubtedly, it is a game-changing regulatory framework to make it easier, faster and cheaper for people in townships to start and operate a business.

We anticipate that this Bill will assist greatly to develop a real commuter economy around the 6-million people that use our taxi ranks every day and by turning these taxi ranks into micro-CBDs. Moreover, we project that this Bill will turn the 4-million backyard shacks, in the Gauteng City-Region (GCR), into sites for new flats and commercial shops that converge as township high streets.

In the process, we see townships being converted into spaces where services, light manufacturing and other businesses can be set up as elaborated in the Growing Gauteng Together 2030 (GGT2030) Blueprint document.

The Bill will also enable small township businesses to become formalized so that they gain a foothold to access markets, funding, insurance and other support measures that will enable them to become profitable, sustainable and transform inherited apartheid geography and economies.

Another advantage with this Bill is that it establishes specific procurement rules that allows government and its contractors to buy from township-based enterprises. It also compels enterprises that obtain government contracts to spend a percentage of their procurement on township enterprises and co-operatives.

Ladies and Gentlemen,

The existential significance of this Bill is underlined by the recent announcement, by Statistics South Africa (StatsSA), that the official unemployment rate now stands at 34.9%. This is an indictful figure and does not augur well for our programmes geared towards engendering social cohesion and nation formation.

In particular, the recent July civil unrest and its underlying structural causes, of endemic poverty and food insecurity experienced by many families, cannot be underestimated.

As such, the provincial government stands full square in support of this Colloquium and its intention to produce a Master Plan framework to empower NGOs and CBOs to be, ultimately, self-reliant agents to address sovereign food security and to increase household incomes.

Such a Master Plan is supported by the provincial government since we are confronted with the paradox whereby, we live in a nation deemed food secure at a national level but is nonetheless, experiencing severe food insecurity at the household level. This is because food security, particularly in Gauteng, is driven not by how much food is available but how much people can afford. Hence, in Gauteng we have more than 816,000 households, or an estimated 3-million people, who go hungry at least some of the time.

Clearly, the onus falls on all of us as social partners to address this damning situation since indeed as the old maxim says, a hungry stomach is an angry person.

Part of our efforts to respond to the Master Plan involve the upscaling of the programme to develop subsistence food production support to communities. These initiatives are located in schools, organized communities such as NGO's, Churches, Clinics and in households. Through the Department of Agriculture and Rural Development, we have set targets to have about 10 000 new household gardens, and 5000 new community gardens between now and 2024.

Programme Director,

In direct response to small businesses impacted by the July civil unrest and the COVID-19 pandemic, the Gauteng Department of Economic Development through the Gauteng Enterprise Propeller (GEP) and in collaboration with the IDC, launched a Township Rebuilding Fund. This Rebuilding Fund is meant to support small businesses which were mostly not insured or serviced by the current commercial banking system.

This Township Rebuilding Fund is providing affordable and accessible credit or loans as well as grant funding to township-based small businesses. We urge you to approach the Gauteng Enterprise Propeller to enquire on how you can apply for this Rebuilding Fund.

We encourage you to tell deserving others about this Fund. The Gauteng Enterprise Propeller is at an advanced stage to establish Township Partnership Fund with IDC and other private sector players to leverage more funds to support more township enterprises.

Along with this Fund, the Department of Economic Development is focusing on transformation of value chains across the retail and property sector and building internal networks of SMME black industrialists running warehousing and logistics that service all levels of business in townships.

The provincial government is also working towards transforming and growing township economies through the implementation of Township Enterprise Zones as envisaged in the Township Economic Development Bill.

Growing township and rural economies make common and business sense since there is an opportunity to make impact investment that accommodates the thousands of township enterprises not adequately serviced by the banking system. This is possible through for example, product lines including purchase order financing, working capital loans, stock credit financing and cash flow support.

Ladies and Gentlemen,

Fostering and propelling vibrant township and rural economies also speaks to our programme to accommodate the thousands of young people funded by the Presidential Employment Stimulus Programme.

The aim here is to deploy these young people to support the implementation of a new deal for townships and also empowering them with online learning that capacitates them when they leave the Stimulus Programme.

In conclusion, it is possible to convert townships, informal settlements and rural areas into spaces and sites for shared economic growth and acceleration. It is a task that requires the support and input from everyone in government, in the private sector and in civil society to do this for the greater benefit of society, especially the poor and marginalized. This task is made possible through strategic and sectoral social compacting highlighted by this Colloquium to craft a Master Plan framework that enables Gauteng and South Africa to become an agro-processing mecca and to transform our peri-urban regions into an ecosystem which drives both food security and a massive expansion of the food economy, scaling towards export.

I thank you.