

Soweto Business Engagement Session

20 October 2008

Speech by the Executive Mayor of Johannesburg, Councillor Amos Masondo, on the occasion of the Soweto business engagement session, Ubuntu Kraal, Orlando West, Soweto – Johannesburg

Programme Director: Mr Caesar Molebatse

MMC for Finance and Economic Development: Clr Park Tau

Members of the Mayoral Committee

Fellow Councillors

City Manager: Mr Mavela Dlamini

Managers and Officials of Council

University of Johannesburg Center for SMMEs Development Programme Director:

Thami Mazwai

Soweto Chamber of Commerce and Industry Representative: Ms Nxumalo

Distinguished Guests

The Media

Ladies and Gentlemen

Programme Director, this engagement takes place at a time of great uncertainty in both the international and local financial markets. There can be little doubt that the economic mood in South Africa and abroad has become less confident in recent months following the collapse of some of the biggest banks in the world and the sharp decline in commodity prices.

South Africa has not been immune to these global trends. The local situation was to some degree also aggravated by the restraints in the electricity supply and a number of bottlenecks in the construction sector.

However the country is also now reaping the benefits of very prudent financial and fiscal policies over the past few years and a well-regulated yet complete it is already clear that, compared to many of the other economies of the world, South Africa will eventually emerge from the current crunch to borrow a sporting phrase – "bloodied, but unbowed."

In this regard it is important to note the recent remarks by President Kgalema Motlanthe that "in a turbulent political economy, we will remain true to the policies that have kept South Africa steady, and that have ensured sustained growth.

"We will intensify the all-round effort to accelerate the rate of growth and ensure that the benefits of growth are equally shared by all our people.

I would like to believe, Programme Director, that this commitment to continuity and steady economic growth will again be emphasised by Finance Minister, Trevor Manuel, when he delivers his Medium Term Expenditure Framework in Parliament tomorrow (21 October).

Ladies and Gentlemen, Johannesburg as the economic engine room of Southern

Africa is, obviously, directly affected by decisions taken at the macro level. And you as the business community are always the first to feel the pinch of an economic downswing.

As you are aware we have set ourselves an economic growth target for Johannesburg of at least 50% above the national average. If the national growth rate moves up to about six percent it means that Johannesburg's economy must grow by nine percent to achieve our medium term objectives to reduce poverty and create sufficient employment opportunities by 2014.

Despite the current climate we remain optimistic that these targets can be met. The sectoral composition of the City is such that challenges that slow down growth in one sector may well create opportunities for other sectors to move in and fill the gaps.

We are confident that the City will emerge stronger than before if we continue with our approach of balanced and well-managed growth that is supported by the appropriate policies and interventions.

We are not chasing after economic growth for its own sake. As a local government with a developmental mandate we recognise that the benefits of growth must be shared in an equitable manner among all Joburg's citizens. This will enable us to make a meaningful impact on the standards of living of our communities.

Programme Director, government cannot achieve these targets on its own. The current trying times have again emphasised the fact that we are all in this boat together – government, business, labour, communities, and civil the society. None of us will escape the consequences if the boat sinks – but also together, we will be able to survive and share in the fruits of a prosperous future.

It is for this reason that we welcome this first engagement with business in Soweto. This engagement demonstrates a commitment to a common objective that goes beyond the narrow interests of individual businesses and looks at society from a much broader perspective.

It is also heartening to know that we have with us a group of businessmen and women who have been tempered in the struggle for political and economic rights. There was time, not long ago, when the words "Soweto" and "business" were never used in the same sentence.

A time when laws and regulations dictated your every move. When opportunities for advancement never came your way and when your entrepreneurial horizons were severely limited.

I think that you will agree with me that one of the striking success stories of South Africa over the past 14 years has been the blossoming of commercial and economic activities in Soweto.

Just by driving through Soweto you can see the tell-tale signs of a remarkable turn-around. This part of the City is experiencing strategic investments made by the City of Johannesburg, supported by private sector initiatives and other stakeholders. It is estimated that over R3, 5 billion is being invested in this area and that the momentum will grow as

we come closer to the 2010 FIFA Soccer World Cup.

I think, Programme Director, that the Johannesburg Council deserves significant credit for this boom. Since the advent of democratic local governance the City of Johannesburg has prioritised a number of key projects directed at Soweto that had a direct and measurable impact on the economic growth of the area.

Please allow me to remind you of the following:

- Orlando-Ekhaya, mentioned above, is a more than R1 billion project with mixed-use residential development comprised of townhouses, lakeside flats, shops, office buildings and entertainment facilities all contained within one precinct.
- The Jabulani central business precinct which will add a change in the skyline of Soweto with buildings arranged around open spaces and an emphasis on pedestrians and leisure activities. This will include the new Soweto Theatre, one of our 2010 legacy projects.
- Lufhereng will be the biggest mixed-use, mixed-income housing to be located at Doornkop, the largest development ever undertaken in any township.
- The Walter Sisulu Square of Dedication.
- The Kliptown housing development.
- The modern new SAFA Headquarters.
- The implementation of the Gcin'amanzi water project.
- The upgrading of the ageing water reticulation and electricity network has resulted in a more reliable infrastructure environment, which is conducive to business development and growth.
- The R150 million Baralink Transport facility which will further facilitate the movement of commuters and also open up new opportunities for informal traders and emerging entrepreneurs and;
- One of our proudest service delivery achievements is in the roads project. We have tarred 314km of roads here in Soweto, to full service standards with kerbing; storm water drains and ensured proper signage at the cost of R485 million.

In a few months we will launch a far-reaching new property scheme aimed at arresting urban decline while at the same time supporting the objectives of Broad Based Black Economic empowerment through a structured property transaction. Through this scheme the bulk of the City's property portfolio will be sold to private sector who will, in turn, commit themselves to the refurbishment of the buildings and the effective management of the urban environment.

There can be no doubt that this will be one of the largest and most effective economic empowerment projects ever launched in South Africa. This will have significant ripple effects for small and emerging entrepreneurs, contractors, artisans and labourers.

Through partnerships and joint ventures the City is investing in training and strengthening of the skills base of its residents. Together with the University of the Witwatersrand we run the "Grow Your Business Project" which, in this quarter alone, produced 550 graduates.

Together with the Johannesburg Chamber of Commerce we are providing training and mentoring to small, medium and micro enterprises especially with a view of

expanding into the export markets. About R1, 4 million has been invested in training programmes since 2006 to help entrepreneurs identify export opportunities and to assist them with trade promotion, infrastructure and knowledge about prospective markets.

The City's Economic Development Department is also taking initiatives to design projects to promote investment and the empowerment of black businesses in the City.

The University of Johannesburg recently launched its Centre for Small and Medium Enterprise Development to provide budding entrepreneurs with training and practical advice on starting and running businesses.

Programme Director, the 2010 FIFA World Cup will present the business community with a number of opportunities. I am aware of the concerns raised that the larger contracts associated with 2010 will be allocated to FIFA's big corporate partners.

However, there will definitely be a number of local opportunities opening up which the astute businessman or women will be able to recognise and take advantage of.

The tourism and hospitality industry are key growth sectors for the City because of their ability to create employment and they provide easy access to small businesses.

Other opportunities abound in the Information and Communication and Technology sector. We will be promoting Johannesburg as a key destination for investment in Business Process Outsourcing as well as skills development in software design and training.

Programme Director, please allow me to call on the business community of Soweto to play an active part in the economic activities of the City. Within the Johannesburg Department of Economic Development there are a large number of programmes and initiatives that run concurrently and which may provide opportunities for your participation. There are also dedicated funds, investment incentives and support programmes for skills development and training that you may be able to access.

In this City we remain committed to the principles of developmental local government. We will intensify our fight against poverty and underdevelopment. We will pursue strategies that will create employment and economic growth and ensure that we take care of marginalised communities.

In these objectives we consider the business community to be our primary social partner. We call on you to join us in a social compact where we have a shared vision around issues such as economic growth, the reduction of poverty and inequality, and the creation of opportunities for all.

I trust that this engagement will lead to fruitful discussions. And that you will continue to engage the City on the best options and strategies that will take us into the future.

I thank you

