

**THE PROVINCE OF  
GAUTENG**



**DIE PROVINSIE VAN  
GAUTENG**

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**PROVINCIAL NOTICES • PROVINSIALE KENNISGEWINGS**

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**PROVINCIAL NOTICE 467 OF 2020****GAUTENG PROVINCIAL GOVERNMENT****GAUTENG DEPARTMENT OF ECONOMIC DEVELOPMENT****GAUTENG TOWNSHIP ECONOMIC DEVELOPMENT BILL, 2020****NOTICE: INVITATION TO SUBMIT WRITTEN COMMENTS OR REPRESENTATIONS**

The Member of the Executive Council responsible for Economic Development, Environment, Agriculture and Rural Development, hereby publishes the Gauteng Township Economic Development Bill, 2020 and the explanatory summary of the Bill for public comment.

Comments or representations should also address the following:

- (a) Proposal on Economic Sectors that should be reserved for citizens and persons with permanent residency status; and
- (b) Proposal on matters that to be addressed by Model Standard By-Laws for the developmental regulation of township-based enterprises.

Interested persons or organisations are invited to submit written comments or representations within 30 days of publication of this notice to Ms Reeva Welman in any of the following methods:

- (a) post to:  
Gauteng Department of Economic Development  
Private Bag X091  
Marshalltown  
2107
- (b) hand delivered to:  
Umnotho House  
56 Eloff Street  
Marshalltown  
Johannesburg
- (c) email to:  
[GDEDLegal.Services@gauteng.gov.za](mailto:GDEDLegal.Services@gauteng.gov.za)

A copy of the bill can also be obtained on the Gauteng Department of Economic Development website ([www.gauteng.gov.za](http://www.gauteng.gov.za)) under Township Economy. Alternatively, a request can be sent directly to the email address mentioned above.



**MS. MORAKANE WINIFRED MOSUPYOE (MPL)**  
**MEMBER OF THE EXECUTIVE COUNCIL**  
**ECONOMIC DEVELOPMENT, ENVIRONMENT,**  
**AGRICULTURE AND RURAL DEVELOPMENT**

DATE: 11/09/2020

PROVINCE OF GAUTENG

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**GAUTENG TOWNSHIP ECONOMIC  
DEVELOPMENT BILL**

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*(As introduced in the Provincial Legislature of the Province of Gauteng as  
a Government Bill in terms of Rule 192(1) of the Standing Rules of the  
Provincial Legislature (Version 5, Revision 8))*

*(The English Text is the official text of the Bill)*

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(Member of the Executive Council responsible for economic affairs in the  
Province)

**[B – 2020]**

## **B I L L**

**To provide for the promotion and development of township economy and to create a conducive environment for the attainment of that purpose; and to provide for matters connected therewith or incidental thereto.**

### **PREAMBLE**

**WHEREAS** section 9 of the Constitution guarantees the right of everyone to equal protection and benefit of the law, and empowers the State to undertake legislative and other measures designed to promote the achievement of equality by protecting and advancing persons or categories of persons disadvantaged by unfair discrimination;

**AND WHEREAS** section 22 of the Constitution guarantees the right of every citizen to choose his or her trade, occupation or profession freely, and empowers the State to regulate the practice of trade, occupation or profession by law;

**AND WHEREAS** the Gauteng Provincial Government recognises that the significant participation and meaningful inclusion of the people of the township into the mainstream economy of the Province through their own township enterprises that are supported by the Government and big business will be one of the game changers;

**AND WHEREAS** the Gauteng Provincial Government acknowledges that townships must be self-sufficient and vibrant economic centres,

**BE IT THEREFORE ENACTED** by the Provincial Legislature of the Province of Gauteng, as follows:—

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## CHAPTER 1

### PRELIMINARY PROVISIONS

#### Definitions

1. In this Act, unless the context indicates otherwise—

**"black people"** means a person of African, Coloured and Indian origin—

- (a) who is a citizen of the Republic by birth or descent; or
- (b) who became a citizen of the Republic by naturalisation—
  - (i) before 27 April 1994; or
  - (ii) on or after 27 April 1994 and who would have been entitled to acquire citizenship by naturalisation prior to that date,

and **"black person"** has a corresponding meaning;

**"co-operative"** means a co-operative registered in terms of section 7 of the Co-operatives Act, 2005 (Act No. 14 of 2005)

**"Constitution"** means the Constitution of the Republic of South Africa, 1996;

**"Department"** means the Department responsible for economic affairs in the Province;

**"enterprise"** means—

- (a) an undertaking or a business concern, whether formal or informal, which is engaged in the production of goods or provision of services; and
- (b) includes an entrepreneur;

**"entrepreneur"** means a person who starts or operates a business, or both, which includes identifying opportunities in the markets, taking risks with a view of being rewarded with profits;

**"market"** means a public place, whether opened or enclosed, which has selling sites in the nature of stores or stalls, among others, for the purpose of selling or buying;

**"provincial organ of state"** means—

- (a) a provincial department as defined in section 1 of the Public Finance Management Act, 1999 (Act No. 1 of 1999);

(b) a provincial public entity as defined in section 1 of the Public Finance Management Act, 1999 (Act No. 1 of 1999); or

(c) the Provincial Legislature;

**"people with disabilities"** has the meaning assigned in section 1 of the Employment Equity Act, 1998 (Act No. 55 of 1998);

**"prescribe"** means prescribe by regulation and **"prescribed"** has the same corresponding meaning;

**"Province"** means the Province of Gauteng referred to in section 103(1)(c) of the Constitution;

**"Provincial Gazette"** means the *Provincial Gazette* of the Province of Gauteng as published by the Government Printer;

**"Provincial Legislature"** means the Provincial Legislature of the Province of Gauteng referred to in section 104 of the Constitution;

**"Republic"** means the Republic of South Africa referred to in section 1 of the Constitution;

**"responsible Member"** means the Member of the Executive Council responsible for matters related to economic affairs in the Province;

**"small enterprise"** means a separate and distinct business entity, together with its branches or subsidiaries, if any, including a co-operative enterprise, managed by one owner or more, predominantly carried on in any sector or subsector of the economy mentioned in column 1 and classified as a micro, small or medium enterprise by satisfying the criteria mentioned in columns 3 and 4 of the Schedule to the National Small Enterprise Act, 1999 (Act No. 102 of 1996);

**"small enterprise organisation"** means any entity, whether or not incorporated or registered under any law, consisting mainly of persons carrying on small enterprise concerns in any economic sector and established for the purpose of promoting the interests of, or representing, small enterprise concerns, and includes any federation consisting wholly or partly of such association, and any branch of such organisation;

**"this Act"** includes any regulation made in terms of or under this Act;

**"township"** means an area contemplated in section 6, and includes an urban living area which—

- (a) at any time from the late 19<sup>th</sup> century until 27 April 1994, was reserved for black people; or
- (b) has been developed for historically disadvantaged person after 27 April 1994; and

**"township-based enterprise"** means a small enterprise which is based or situated in a township designated in terms of section 6, and which is owned and operated by a black person, and includes a small enterprise organisation.

### **Guiding principles**

2. (1) This Act seeks to facilitate and promote inclusive economic growth along a transformative paradigm in order to build a cohesive and more equal society which is underpinned by—

- (a) a growing and inclusive economy that harnesses the potential of all citizens and persons with permanent residency status in the Republic;
- (b) diversify the ownership patterns; and
- (c) facilitates easier access by new entrants into all sectors of the economy.

(2) Without derogation from the provisions of subsection (1), organ of states within the Province must be guided by specific transformative principles driving township economic interventions, including interventions that—

- (a) focus on sectors of the economy with rapid growth potential, especially with regard to employment and exports;
- (b) are driven by an ethos and imperatives of transformation, modernisation and re-industrialisation;
- (c) are structured to include the social protection of vulnerable groups in society through the promotion of access to economic opportunity;
- (d) include a bias towards strengthening of the productive capacity of the township economy across all sectors and value chains;

- (e) promote productive activities and value addition and designed to prevent and eradicate fronting practices;
- (f) need to extract—
  - (i) maximum economic development value from planned levels of investment in infrastructure; and
  - (ii) maximum value from established and potential capacity of government departments; and
- (g) need to be implemented within the context of an effective, solution-oriented monitoring and evaluation system.

### **Object of Act**

**3.** The object of this Act is—

- (a) to provide a regulatory framework which makes it possible for people living in townships to establish viable and thriving business where they live;
- (b) to designate business activities within the township areas that are reserved for the exclusive and sole of citizens and persons who has permanent residency status in the Republic;
- (c) to promote the development and diversification of the economy of the Province through regulation of participation of township-based enterprises in certain sectors;
- (d) to introduce a enabling framework to ensure retail malls and supermarkets that are township-based partner with local township-based enterprises, including the sourcing of some of the products and services from local township-based producers, service providers and manufacturers;
- (e) to establish specific procurement rules and programmatic support which allow government and its main contactors—
  - (i) to buy from a large group or groups of township-based enterprises, with systems linking them so they can supply if they were one large enterprise; or

- (ii) to compel enterprises that get government contracts to spend a certain percentage of their procurement spent on town-based enterprises or entrepreneurs and cooperatives;
- (f) to provide an enabling environment for municipalities—
  - (i) to develop taxi ranks into micro central business districts and to support taxi economy to use its scale to grow supporting value chains and industries;
  - (ii) to support the development and promotion of township-based real estate development model to convert areas with high commercial densities into township high streets; and
- (g) to promote and support the development of representative associations of township-based enterprises and non-profit organisations.

#### **Application of Act**

4. This Act apply to every organ of state and, subject to section 27, every municipality within the Province.

#### **Non-derogation from, and conflict with, other law**

5. (1) This Act is—
- (a) cumulative; and
  - (b) in addition to; and
  - (c) not in derogation from,
- any other law for the time being in force.
- (2) In the event of a conflict between this Act and any other law in force which regulates township economic development or township-based enterprises in the Province and which is of general application, this Act prevails.

## **CHAPTER 2 DESIGNATION OF TOWNSHIP AREAS**

### **Designation of township area**

6. (1) The responsible Member must, after consultation with a relevant municipality and in consultation with the Provincial Legislature, by notice in the Provincial *Gazette*, designate an area within a geographic area of a municipality, determined in terms of the Local Government: Municipal Demarcation Act, 1998 (Act No. 27 of 1998), a township for the purposes of this Act.

(2) The designation in terms of subsection (1) must be fixed under in Table B of Schedule 1.

## **CHAPTER 3 ECONOMIC ACTIVITIES RESERVED FOR CITIZENS OF OR PERSONS WITH PERMENENT RESIDENCY STATUS**

### **Economic activities reserved for citizens of or persons with permanent residency status in the Republic**

7. (1) Subject to the provisions of subsection (2), every citizen of and every person with permanent residency status in the Republic has a right to practice his or her trade, occupation or profession of choice freely in the Province.

(2) The business activities that are designated in column 3 of Table A of Schedule 2 are, in a designated township, exclusively and solely reserved for ownership and operation by a citizen of, or a person who has permanent residency status in, the Republic.

(3) The responsible Member may, after consultation with the Cabinet members responsible for labour and employment and for trade and industry, and in consultation with the Provincial Legislature, by notice in the Provincial *Gazette*, amend the designation contemplated in subsection (2)

to add new or delete listed business activities, after taking into consideration or having regard to the following factors:

- (a) enhancement of strategic goals of the Province in particular and that of the Republic in general, including—
    - (i) affirming black people in general and Africans in particular, women, youth and people with disabilities;
    - (ii) growing the economy; and
    - (iii) increasing levels of the country's Gross Domestic Product;
  - (b) upstream production of primary resources or industrialisation;
  - (c) exploitation of readily available and developed expertise in the Republic;
  - (d) potential or capacity to absorb—
    - (i) a large number of people into employment;
    - (ii) the supply side of the value chain;
  - (e) opportunities for on-the-job training for the unskilled and unemployed and new graduates;
  - (f) opportunities for localisation;
  - (g) potential to create new streams of revenue to broaden the tax base and revenue of municipalities;
  - (h) create mobility efficiencies and allow for opportunities for just transition from fossil fuels to green technology;
  - (i) increase in levels of investment in gross capital asset formation, including—
    - (i) infrastructure; and
    - (ii) capital equipment;
  - (j) achieve universal access to basic services; or
  - (k) any factor that the responsible member considers important and necessary to achieve the object, principles and provisions of this Act.
- (4) Any person who or any enterprise which is—
- (a) not a citizen of or who has no permanent residency status in; or
  - (b) not wholly owned by a citizen of or by a person who has no permanent residency status in,

the Republic is, as the case may be, prohibited from owning or operating any of the business activities designated in column 6 of the Table in Part A of Schedule 1.

(5) Any person who or any enterprise which contravenes the provisions of subsection (4) commits an offence and is, on conviction liable to a fine or to imprisonment for a period not exceeding six months, or both such a fine and imprisonment.

## **CHAPTER 4**

### **LICENSING OF TOWNSHIP-BASED ENTERPRISES**

#### **Licensing of township-based enterprises**

8. (1) From the date of commencement of this Act, every provincial organ of state must assist every township-based enterprise which—

- (a) do not comply with a specific requirement; or
- (b) do meet with a specific requirement,

for obtaining such a licence from a relevant licensing authority, to obtain such a licence.

(2) Before the grant or issue of such a licence for the relevant licensing authority, every provincial organ of state must regard the township-based enterprise as a formal business enterprise: Provided that an original copy of receipt of application issued by the relevant licensing authority is produced as sufficient evidential proof of an application for a licence.

(3) In this section, a "**licence**" includes a written licence, registration, approval, recognition, permission, consent, certificate, exemption or any other authorisation granted and issued in accordance with any law in force for the purpose of establishing or operating a business enterprise.

#### **Display of licences**

9. Where a licence is issued in respect of any premises, the licence holder must ensure that such licence is displayed at all times in a prominent position on such premises.

#### **Information required for tax purposes**

10. Subject to the Income Tax Act, 1962 (Act No. 58 of 1962), every provincial organs of state must—

- (a) for the purposes of this Act, require a township-based enterprise to provide proof of a valid tax certificate; and
- (b) on the authority of every township-based enterprise, assist the township-based enterprise to obtain a valid tax certificate from the South African Revenue Service.

## **CHAPTER 5 PROMOTION AND DEVELOPMENT OF TOWNSHIP-BASED ENTERPRISES**

### **Part I**

#### **Role of responsible Member and other organs of state**

#### **Policies and programme by responsible Member**

11. (1) Within the limits prescribed by law, the responsible Member must—

- (a) formulate, coordinate and implement policies and programmes for promoting and developing township-based enterprises;
- (b) monitor the efficiency and performance of township-based enterprises having regard to the purpose for which they are established;
- (c) establish a data base of facilities and sources of finance, technology, raw materials, machinery, equipment and supplies with a view to promoting accessibility to township-based enterprises;
- (d) provide marketing support services to township-based enterprises;

- (e) register, collect, research and disseminate information relating to township-based enterprises;
- (f) register, monitor and coordinate activities and programmes of promotional agencies engaged in township-based enterprise development;
- (g) assist in the development and upgrading of appropriate productive technologies for township-based enterprises;
- (h) locate and develop industrial estates and common facilities for use by township-based enterprises;
- (i) develop township entrepreneurship;
- (j) arrange for independent training, management and consulting services to township-based enterprises at such fee as determined by the Minister of Finance.
- (j) provide financial services specified under Part III through the Fund established thereunder; and
- (e) do all such other things as are necessary or incidental to the attainment of the object of this Act.

(2) In addition to the provisions of subsection (1), the responsible Member must facilitate the development and implementation of multisectoral policies and programmes.

### **Plans and strategies by provincial organs of state**

**12.** (1) Subject to the provisions of this Act and other applicable law, every provincial organ of state must—

- (a) formulate plans and strategies to support the development of township-based enterprises;
- (b) develop and implement programmes and projects in pursuance of the plans and strategies contemplated in paragraph (a), including programmes and projects intended to contribute directly or indirectly to—
  - (i) the establishment, development, support and promotion of township-based enterprises; and

- (ii) the economic prosperity of township-based enterprises;
- (c) plan, direct, manage and implement programmes and projects to improve the business environment in the Province, including programme and projects—
  - (i) to support township-based enterprises, business associations, conferences, studies, consultations, trade shows, demonstration projects and market research; and
  - (ii) to improve business communication and cooperation; and
  - (iii) related to the development of business opportunity data banks and networks; and
- (d) promote and advance the mainstreaming of youth, women and persons with disabilities in all township-based enterprise programmes and projects;
- (e) do all such other things as are necessary or incidental to the attainment of the purpose of this Act.

(2) Without derogating from the provisions of subsection (1), the benefits and incentives include those that are mentioned in Part II.

## **Part II**

### **Benefits and incentives for township-based enterprise**

#### **Financial assistance**

**13.** Every provincial organ of state must, in order to facilitate the flow of financial resources to sector township-based enterprises—

- (a) either on its own or in cooperation with other small enterprise development agencies, identify sector township-based enterprises and projects which require financial assistance;
- (b) provide information on sources of finance and promote local investment for sector township-based enterprises;
- (c) assist sector township-based enterprises with the preparation of business plans, project proposals and other loan application

documents with a view to promoting accessibility to financial resources;

- (d) design and establish standards for loan administration and monitor effective use of loan funds and repayment mechanisms by sector township-based enterprises so as to curb misuse of financial resources;
- (e) either on its own or with other financial institutions, establish venture capital funds to promote investments registered in terms of this Act; and
- (f) secure incentives through relevant authorities for any financial institution which undertakes to develop or finance sector township-based enterprises.

#### **Development of infrastructure**

14. Every provincial organ of state must take reasonable measures to facilitate the provision of suitable infrastructure, including worksites, social amenities, business information centres, model centres of excellence, common usage facilities and other facilities, necessary for development of sector township-based enterprises.

#### **Industrial and commercial estates**

15. Every provincial organ of state must, on such terms and conditions as may be agreed, assist sector township-based enterprises with the provision of buildings or premises on which township enterprises may undertake designated business activity.

#### **Letting of buildings or premises**

16. Every provincial organ of state may, on such terms and conditions, enter into agreement with any person, institution, organisation or company, let out any building or premises for use by sector township-based enterprises as an industrial or commercial estate for—

- (a) the first three years of operations for an enterprise operating in an urban area; or
  - (b) the first five years of operations for an enterprise operating in a rural area,
- without any payment.

### **Capacity building programmes**

17. Every provincial organ of state must, in partnership with the public and private training institutions, as the provincial organ of state may deem necessary—

- (a) promote and provide business development services for sector township-based enterprises;
- (b) promote technological modernisation and development of sector township-based enterprises; and
- (c) develop and administer certified demand-driven capacity building and entrepreneurship programmes for sector township-based enterprises.

### **Development of markets and provision of marketing services**

18. (1) Every provincial organ of state must—

- (a) establish or identify markets for products generated by sector township-based enterprises;
- (b) provide linkages between sector township-based enterprises and potential markets;
- (c) organise trade fairs and shows in order to promote products generated by sector township-based enterprises;
- (d) conduct market research, survey and analysis and share findings, conclusions and recommendations thereof with sector township-based enterprises; and
- (e) provide all such matters and things as may be necessary for the convenient use by sector township-based enterprises, including payment of stallages, rents, fees and tolls in respect of the use by any sector township-based enterprises at any market.

**Technology transfer or acquisition**

19. Every provincial organ of state must, in order to promote technology transfer, acquisition and adaptation of new and modern technology—

- (a) encourage innovation and transfer of technology in order to increase competitiveness of township-based enterprises products and services;
- (b) facilitate the registration and protection of intellectual property rights for sector township-based enterprises;
- (c) provide incentives to encourage invention and innovation by sector township-based enterprises;
- (d) establish—
  - (i) regional and other centres of excellence to enhance utilisation of locally available knowledge, skills and resources; and
  - (ii) technology parks for graduating sector township-based enterprises;
- (e) identify, collect, develop, modify, package and disseminate technology and products to sector township-based enterprises;
- (f) facilitate sector township-based enterprises to access relevant equipment either through purchasing, leasing or franchising;
- (g) conduct research on available technologies with a view to improving such technologies;
- (h) import modern and appropriate technologies for use by sector township-based enterprises;
- (i) develop, in collaboration with relevant institutions, programmes—
  - (i) in standardisation and product development for different subsectors within sector township-based enterprises; and
  - (ii) for improving credit access and other financial services by sector township-based enterprises;

- (j) develop programmes to enable sector township-based enterprises comply with legislation, including in particular, environmental legislation; and
- (k) mobilise funds and resources for the development of appropriate technology in relevant research institutions and enterprises that develop technology for small enterprises.

## **CHAPTER 6**

### **Gauteng Township Economic Development Fund**

#### **Establishment of Gauteng Township Economic Development Fund**

**20.** There is hereby established a Fund to be known as the Gauteng Township Economic Development Fund.

#### **Purpose of Fund**

**21.** (1) The main purpose of the Fund is to support the development of township-based enterprises.

(2) Without derogating from the generality of subsection (1), the Fund must—

- (a) provide affordance and accessible credit or loans to township-based enterprises;
- (b) guarantee the repayment of, or provide loan insurance or credit insurance of financial obligation undertaken by township-based enterprises;
- (c) finance—
  - (i) capacity building of township-based enterprises; or
  - (ii) finance research, development, innovation and transfer of technology.

#### **Funds of Fund**

**22.** (1) The Fund consists of—

- (a) monies as may be payable or transferred to the Fund pursuant to this Act or any other law;
- (b) monies or assets as may accrue to or vest in the Fund under this Act;
- (c) monies received by way of donations, gifts or grants given or made for the purpose of the Fund;
- (d) interest accruing from loans and other forms of investment for the purpose of the Fund; and
- (e) moneys from any other source provided or lent to the Fund.

(2) The responsible Member may, in consultation with the Members of the Executive Council responsible for finance, by notice in the *Provincial Gazette*, fix the size of the Fund sufficient to facilitate the promotion and development of township-based enterprises.

(3) Monies constituting the Fund must be placed in an account to be used for the promotion and development of township-based enterprises, and—

- (a) the surplus monies must be invested in interest-bearing financial products; and
- (b) any income from the investments referred to in paragraph (a) must be credited to the Fund.

### **Management of Fund**

**23.** (1) The Fund must be under the administration and control of the GEP, which must be appointed by and be responsible to the responsible Member for the purposes of this Act.

(2) The Board is, in accordance with the Public Finance Management Act, 1999 (Act No. 1 of 1999), the accounting authority for the Fund.

(3) The Board is responsible for—

- (a) opening and managing an account in the name of the Fund with a registered bank in the Republic;
- (b) depositing in that account any money received by the Fund;
- (c) supervising and controlling the administration of the Fund;

- (d) approving of all township-based enterprises development and financing proposals;
- (e) entering into agreement with any person for the purpose of providing services to the Fund;
- (f) entering into agreements with financial institutions for the purpose of administering affordable and accessible credit to township enterprises; and
- (g) investing or depositing any money of the Fund that is not immediately required for contingencies or to meet current expenditure—
  - (i) on a call account or short-term fixed deposit account with any registered bank or financial institution in the Republic; or
  - (ii) in an investment account with the Corporation for Public Deposits established in terms of section 2 of the Corporation for Public Deposits Act, 1984 (Act No. 46 of 1984).

#### **Accessing the Fund**

**24.** (1) Any township-based enterprise may, on application, access funds by way of credit or loan, factoring, guarantee and micro-insurance from the Fund.

(2) In this section, "**factoring**" buying of invoices at a discount and taking the responsibility of collecting the payment due on them.

#### **Accounts of Fund**

**25.** (1) The GEP must—

- (a) cause full records to be kept of the receipts and transactions of the Fund; and
- (b) as soon as possible, but not later than three months after 31 March in each year, cause the books and accounts relating to such receipts and transactions to be balanced as at that date and thereafter prepare a statement showing in all necessary detail—
  - (i) the income and expenditure of the Fund during the preceding financial year; and

- (ii) a balance sheet showing assets and liabilities of the Fund as at the end of that year,

in accordance with the Public Finance Management Act, 1999 (Act No. 1 of 1999).

(2) The accounts and balance sheet of the Fund referred to in subsection (1)(b) must be audited by the Auditor-General.

(3) As soon as possible after the accounts and balance sheet for any financial year have been audited, the GEP must submit a copy of the accounts and balance sheet to the responsible Member.

(4) The responsible Member must table a copy of the audited accounts and balance sheet in the Provincial Legislature—

- (a) within 30 days after the audited accounts and balance sheet have been received by the responsible Member if the Provincial Legislature is then in ordinary session or, if the Provincial Legislature is not then in ordinary session, within 30 days after the commencement of its next ordinary session; or
- (b) if so determined by the responsible Member, together with the annual report of the GEP in respect to the period concerned.

(5) For the purposes of this section, "financial year" means a period extending from 1 April in any year to 31 March in the next succeeding year.

### **Annual report of Fund**

**26.** (1) The Board must—

- (a) within three months after the end of each financial year, prepare and a report of the Fund for the immediate preceding year; and
- (b) within five months after the end of each financial year, submit the annual report contemplated in paragraph (a) to the responsible Member.

(2) The annual report must provide information regarding the activities and plans for the Fund during the year to which it relates sufficient

to impart an accurate understanding of the nature and scope of its activities and its plans and priorities and without limitation, must include—

- (a) details of the performance of the Fund against key performance indicators;
- (b) report on the overall status, progress, impact and challenges or impediments in the implementation of the township-based development policies and programmes as well as the appropriate measures to address any challenges that must be taken by the responsible Member, including the Board's projections;
- (c) report on the growth and development of township-based enterprises in the Province;
- (d) such information and other material as the Board may be required by this Act; and
- (e) such additional information or other material as the responsible Member may request in writing.

(3) The annual report—

- (a) must, in addition to what is required by or in subsection (2), include financial statements of the Funds for the year which the report relates; and
- (b) may be part of the annual report required in terms of section 31(2) of the Gauteng Propeller Act, 2005.

(4) The annual report must be tabled in the Provincial Legislature within one month of its report by the responsible Member.

## **CHAPTER 7 MUNICIPALITIES**

### **Application of Act to municipalities within Province**

27. (1) This Act applies, with the necessary changes required by context, to municipalities within the Province.

(2) In such application, a reference in the Act to—

- (a) every provincial organ of state, must be construed as a reference to—

- (i) a municipal entity as defined in section 1 of the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000);  
and
  - (ii) a municipality as described in section 2(a) of the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000);  
and
- (b) the responsible Member, must be construed as a reference to the executive Mayor or Mayor of the municipality concerned.

### **Model Standard By-laws**

**28.** (1) Within six months from the date of commencement of this Act, a municipality must—

- (a) pass by-laws that substantially conform to the matters provided for in Schedule 3; and
- (b) in the event the by-laws already exists, revise and if, necessary, amend the by-laws to make them substantially conform to the matters provided for in Schedule 3.

(2) The provisions of sections 12 and 13 of the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000), apply in respect of the passing of by-laws by a municipality in terms of subsection (1)(a).

## **CHAPTER 8 GENERAL PROVISION**

### **Regulations**

**29.** The responsible Member—

- (a) within six months from the date of commencement of this Act, must make regulations prescribing any matter which in terms of this Act is required or permitted to the prescribed;

- (b) may, generally, make regulations regarding any matter which may be necessary or expedient to prescribe in order to achieve the objects of this Act.

### **Guidelines**

**30.** (1) The responsible Member may, in consultation with the Member of the Executive Council responsible for finance in the Province, determine guidelines regarding—

- (a) categories of township enterprises to be assisted under this Act; and  
(b) the kind of assistance to be rendered.

(2) In determining the categories of township enterprises or small enterprise organisations to be assisted, the responsible Member must consider the potential and viability of the enterprise or organisation.

### **Amendment of laws**

**31.** The laws mentioned in Schedule 1 are hereby amended to the extent provided for in that Schedule.

### **Short title and commencement**

**32.** This Act is called the Gauteng Township Economic Development Act, 2020, and comes into operation on a date determined by the Premier by proclamation in the *Provincial Gazette*.

**SCHEDULE 1  
PART A  
ECONOMIC ACTIVITIES RESERVED FOR SOUTH AFRICAN CITIZENS AND PERSONS WITH PERMANENT  
RESIDENCY STATUS IN THE REPUBLIC**

List of Economic Sectors					
Column 1	Column 2	Column 3	Column 4	Column 5	Column 6
Major division	Division	Major group	Group	Sub-group	Reservation for SA Citizens and Permanent residents
		Growing of Crops; Market Gardening; Horticulture	Growing of Cereals and Other Crops n.e.c.		
			Growing of Vegetables, Horticultural Specialities and Nursery Products		
		Farming of Animals	Growing of Fruit, Nuts, Beverages and Spice Crops		
			Farming of Cattle, Sheep, Goats, Horses, Asses, Mules and Hinnies; Dairy Farming; Other Animal Farming; Production of Animal Products n.e.c.		



<b>2. Mining and Quarrying</b>		Mining of Coal and Lignite	incidental to Oil and Gas Extraction, excluding Surveying	Service Activities incidental to oil and Gas Extraction, excluding surveying			
		Mining of Gold and Uranium Ore	Mining of Iron Ore				
		Mining of Metal Ores, except Gold and Uranium	Mining of Non-Ferrous metal Ores, except Gold and Uranium	Chrome			
				Copper			
				Manganese			
				Platinum Group Metals			
		Other Mining and Quarrying	Stone Quarrying, Clay and Sandpits	Other Metal Ore Mining, except Gold and Uranium			
				Dimension Stone (Granite, Slate and Wonderstone)			
				Limestone and Limeworks			
				Other Stone Quarrying, including Stone Crushing and Clay and Sandpits			
Mining of Coal and Lignite	Mining of Diamonds (including Alluvial Diamonds)		Mining of chemical and fertiliser minerals	Phosphates Other chemical and fertiliser mineral mining			
			Extraction and evaporation of salt				

			Other mining and quarrying n.e.c	Mining of precious and semi-precious stones, except diamonds Asbestos Other minerals and materials	
		Mining and Quarrying N.E.C			
	Service Activities incidental to Mining of Minerals				
			Production, processing and preservation of meat and meat products	Slaughtering, dressing and packing of livestock, including poultry and small game for meat Manufacture of prepared and preserved meat, including sausage; by-products (hides, bones, etc)	
			Processing and preserving fish and fish products	Production of land and other edible fats Manufacture of canned, preserved and processed fish, crustacea and similar foods (except soups)	

	<p>Manufacturing of Food Products, Beverages and Tobacco Products</p>	<p>Production, Processing and Preservation of Meat, Fish, Fruit, Vegetables, Oils and Fats</p>	<p>Processing and preserving of fruit and vegetables</p>	<p>Manufacture of canned, preserved, processed and dehydrated fruit and vegetables (except soup), including fruit juices, juice extracts and potato flour meal</p> <p>Manufacture of crude oil and oilseed cake and meal</p> <p>Manufacture of compound cooking fats, margarine and edible oils</p>	
			<p>Manufacture of vegetables and animal oils and fats</p>	<p>Processing of fresh milk (pasteurising, homogenising, sterilising and vitaminizing)</p> <p>Manufacture of butter and cheese</p> <p>Manufacture of ice cream and other edible ice,</p>	

whether or not containing cream or chocolate	Manufacture of milk powder, condensed milk and other edible milk products, e.g. ghee, casein or lactose			
				Manufacture of Dairy Products
	Manufacturing of textiles, clothing and leather goods	Manufacture of wood and of products of wood and cork, except furniture;	Manufacture of articles of straw and plaiting materials; Manufacture of paper products; Publishing, printing and reproduction of recorded media	
		Manufacture of coke, refined petroleum products and nuclear fuel;	Manufacture of chemicals	











Recycling of non-metal waste and scrap n.e.c
Recycling N.E.C
Recycling
<b>3. Manufacturing</b>



5. Construction	Building Installations	Other building installation n.e.c.			
		Building Completion	Painting and decorating		
			Other building competition n.e.c.		
	Renting of Construction or Demolition Equipment with Operators				
6. Wholesale and Retail Trade: Repair of Motor Vehicles, Motor Cycles and Personal and Household Goods; Hotels and Restaurants	Wholesale Trade on a Fee or Contract Basis	Wholesale trade in agricultural raw materials and livestock	Sales by commission agents		
			Sales by commodity brokers		
			Sales by auctioneers		
			Other wholesale trade on a fee or contract basis		





	Cycles; Repair of Personal and Household Goods	Retail Trade in Food, Beverages and Tobacco in Specialised Stores	Retail trade in pharmaceutical and medical goods, cosmetics and toilet articles	Retail trade in beverages (bottle stores)	
		Other Retail Trade in New Goods in Specialised Stores	Retail trade in textiles, clothing, footwear and leather goods	Retail trade in men's and boys' clothing Retail trade in ladies' and girls' clothing Retail trade by general outfitters and by dealers in piece goods, textiles, leather and travel accessories Retail trade in shoes	
			Retail trade in household furniture, appliances, articles and equipment Retail trade in hardware, paints and glass		







<b>7. Transport, Storage and Communication</b>	Other land Transport	Other non-scheduled passenger land transport	Other passenger transport, including the renting of motor cars with drivers		
			Freight transport by road	Transport of furniture	
				Other freight transport by road	
	Water Transport	Transport via Pipelines			
			Sea and Coastal Water Transport	Coastal shipping	
	Air Transport	Inland Water Transport		Ocean shipping	
	Supporting and Auxiliary Transport Activities;		Cargo handling		
			Storage and warehousing		
				Parking garages and parking lots	
				Salvaging of distressed vessels and cargoes	
				Maintenance and operation of harbour works, lighthouses, etc., pilotage	







				Activities of attorneys, notaries and conveyancers	
			Legal activities	Activities of advocates	
				Activities of accountants and auditors registered in terms of the Public Accountants and Auditors Act	
				Activities of cost and management accountants	
				Bookkeeping activities, including relevant data processing and tabulating activities	
				Consulting engineering activities	
				Architectural activities	
				Activities of quantity surveyors	
Research and Experimental Development on Social Sciences and Humanities					
			Legal, Accounting, Bookkeeping and Auditing Activities; Tax Consulting; Market Research and Public Opinion Research; Business and Management Consultancy	Accounting, bookkeeping and auditing activities; tax consultancy	

				Activities of land surveyors	
				Geological and prospecting activities on a fee or contract basis	
				Activities of non-registered architects, e.g. Tracers and draughtsmen of plans for dwellings	
				Other activities – engineering and other commercial research, developing and testing – e.g. SABS	
				Activities of advertising agents	
				Sign writing and industrial and commercial artistry	
				Other activities – window dressing, etc.	
				Activities of employment agencies and recruiting organisation	
				Hiring out of workers (labour broking activities)	
			Architectural and engineering activities and related technical consultancy		
			Technical testing and analysis		
		Architectural, Engineering and Other Technical Activities			
		Advertising			
			Labour recruitment and provision of staff		
			Investigation and security services		
			Building and industrial plant cleaning activities		



Other business activities n.e.c.
Business Activities N.E.C.
Other Business Activities

<b>9. Community, Social and Personal Services</b>	Public Administration and Defence Activities	Central Government Activities Provincial Government Activities Local Government Activities South African National Defence Force South African Police Service Correctional Services	Educational Services	Pre-primary education and activities of afterschool centres	
				Primary and secondary education	
				Special education and training of mentally retarded children	
				Education by technical colleges and technical institutions	
				Education by technicians	
				Education by teacher's training colleges and colleges of education for further training	
				Education by universities	
				Education by correspondence and private vocational colleges	







	Other Service Activities	Other Service Activities	Other Service Activities	Men's and ladies' hairdressing Beauty treatment		
						Hairdressing and other beauty treatment
						Funeral and related activities
						Other service activities n.e.c.
<b>10. Private Households, Exterritorial Organisations, Representatives of Foreign Governments and Other Activities Not Adequately Defined</b>	Other Service Activities	Private Households with Employed Persons				
		Exterritorial Organisations				
		Representatives of Foreign Governments				
		Other Activities Not Adequately Defined				

**PART B**  
**DESIGNATED TOWNSHIP AREAS**

## SCHEDULE 2 AMENDMENT OF LAWS

### **Amendment of Gauteng Finance Management Supplementary Act, 2000**

1. The Gauteng Finance Management Supplementary Act, 2000 (Act No. 1 of 2000), is hereby amended by the substitution of subsection (1) of section 30 of the following subsection:

#### **"Treasury instructions**

**30.** (1) The Provincial Treasury may issue treasury instructions applicable to provincial **[departments and provincial public entities]** organs of state regarding—

- (a) any matter in terms of which the Provincial Treasury considers necessary or expedient to prescribe to ensure the uniform and efficient of this Act;
- (b) subject to the Public Procurement Act, 2000, measures—
  - (i) that advance the development of township-based enterprise;
  - (ii) for preference to set aside the allocation of contracts to township-based enterprises; and
  - (iii) that empower small enterprise organisations to mobilise resources and supply as a whole single unit at a price, scale and quality level that is acceptable to provincial organs.
- (c) steps to facilitate credit line for town-based enterprises allocated short- to medium set aside contracts by suppliers, including guarantees to pay their invoices directly.

**Amendment of Gauteng Enterprise Propeller Act, 2005**

2. The Gauteng Enterprise Propeller Act, 2005, is hereby amended by the substitution for the definition of "Small Enterprise" in section 1 of that Act of the following definition:

**"small enterprise"** means a separate and distinct business entity, together with its branches or subsidiaries, if any, including cooperative enterprises **[and non-governmental organisations]**, managed by one owner or more and which **[, including its branches or subsidiaries]** is predominantly carried on in any sector or sub-sector of the economy mentioned in column 1 of the Schedule and classified as a micro, a very small, a small or a medium enterprise by satisfying the criteria mentioned in columns 3, 4 and 5 of the Schedule opposite the relevant size of class mentioned in column 2 of the Schedule.

**SCHEDULE 3**  
**MUNICIPAL STANDARD BY-LAWS**

**Matters that must be covered in Municipal By-laws for developmental  
regulation of township businesses**

## MEMORANDUM OF OBJECTS ON THE GAUTENG TOWNSHIP ECONOMIC DEVELOPMENT BILL

### 1. INTRODUCTION

Premier David Makhura, during the 1 July 2019 State of the Province Address, held at the Soweto Campus of the University of Johannesburg, made an undertaking that—

“Within 200 days, I will announce the total number of jobs each sector and company will contribute towards our five-year job creation target, including the contribution of the township economy, cooperatives and SMMEs.

....

We believe more jobs can be created by small and medium-seized businesses if they get appropriate support from the whole of government.

We have learnt important lessons from supporting township businesses through infrastructure development and access to markets through government procurement worth over R20 billion.

Going forward, we will intensify the following the following forms of support:

- Targeting and enforcing **procurement from businesses in townships to the value of 30% of Gauteng Provincial Government’s procurement** budget.

- Ensuring that all SMMEs and township businesses contracting with the Gauteng Provincial Government are paid within 15 days to boost their sustainability (this is already possible through the e-invoicing platform which expedites payments).
- Continuing **to invest in infrastructure that supports clusters of township businesses** to expand, access markets and prosper. This will include rejuvenating township industrial parks, agri-hubs and local produce markets.
- Releasing **land and unutilised buildings** to allow those who can create real jobs and **businesses in our townships to apply for leases from the provincial government for properties** where they can start those businesses. We challenge municipalities to work with us.
- The 9 Ekasi Labs will be expanded to provide hot-desks with desktops and high-speed broadband in all townships where young people can practice new digital trades and learning through existing programmes such as Tshepo 1 Million.
- In **partnership with the Taxi industry and municipalities** we will transform taxi ranks facilities to become vibrant economic nodes in all townships and CBDs.
- Giving township enterprises, SMMEs and cooperatives the opportunity to maintain and repair government facilities, equipment, furniture and infrastructure. Such SMMEs will employ and train young people in technical trades.
- Repositioning the **Gauteng Enterprise Propeller to provide funding and business development support** for the growth and sustainability of SMMEs and cooperatives.
- We will also set up a joint **township economy innovation fund** with the private sector. This is in line with the announcement by

President Ramaphosa of the establishment of the Township Entrepreneurial Fund.”

Premier Makhura continued—

“... to better enable the functioning of these government interventions in the township economy, I will, as the Premier, champion **a new model by-law for a more developmental regulation of township businesses**.

Accordingly, I challenge all of you to work with us to support the promulgation of the new Gauteng Township Economy Development Act which will make it easier, more affordable and quicker to register, **open and operate a business** in a township.”

Finally, Premier Makhura declared that—

“Gone are the days when township businesses will be harassed by government and police. Government needs to create an enabling framework.”

Again, during the 25 February 2020 State of the Province Address, Premier Makhura stated—

“In keeping with the commitment we made in July 2019, the provincial government will introduce Township Economic Development Bill in the Provincial Legislature in June this year.

This new law will nullify all bylaws that inhibit, frustrate and suppress the operations of SMMEs and informal businesses in our province.

This new law will create new conditions of SMMEs and township businesses to create wealth and employment as they grow and prosper.

Sufficient work is being done with the Taxi Industry and municipalities to rezone and develop taxi ranks into retail and commercial hubs that will create markets for local mechanics, panel-beaters, retailers, food sellers and manufacturers.”

To give effect to the Premier’s undertakings, the Gauteng Department of Economic Development in partnership with the Office of the Premier began a process of formulating a Policy Statement, whose intention was to resolve regulatory failures which have impeded achievement of the objectives of the Gauteng Township Economy Revitalisation Strategy.

The first iteration of the Policy Statement was submitted to the Executive Council during October 2019, and the Executive Council identified certain key areas to be addresses in the Policy Statement prior to resubmission to the January 2020 Cycle of the Executive Council.

The Policy Statement was revised based on the Executive Council’s resolutions and, following consultations with representative stakeholder bodies, municipalities, state entities and relevant parties, including groups of experts, was resubmitted to the Executive Council for consideration and approval. The Executive Council approved the Gauteng Township Economic Development Policy on 5 February 2020.

Subsequent to the Executive Council’s approval of the Gauteng Township Economy Development Policy, the process of drafting the Bill commenced in earnest and, following collaboration between the Gauteng Department of

Economic Development and the Office of the Premier, the draft Bill was submitted by the Member of the Executive Council for Economic Development, Agriculture, Environment and Rural Development, Ms Morakane Mosupyoe, at the meeting of the Executive Council held on 17 July 2020 for consideration and approval for the purposes of external consultations and public participation. The Executive Council obliged and granted its approval.

## **2. BACKGROUND**

Despite the development and implementation of the Gauteng Township Economic Revitalisation Strategy and progress made since 2014 to date, township economy remains in the margins of the mainstream economy with high levels of poverty, unemployment and inequality. Key amongst the main causes is the regulatory failure or lack of enabling legislation to enhance the potential and growth of township enterprises.

The enactment of enabling legislation is proposed as a vehicle through which the Gauteng Provincial Government will drive economic development of township enterprises as one of the major programmes for the Gauteng economy to grow at a rate of 3,5% and drive down unemployment rate to at least 20% by 2030.

The Gauteng Township Economic Development Policy is designed to operate in tandem with the enabling legislation – the Gauteng Township Economy Development Act — incorporating Model Municipal By-laws to be adopted by municipalities for the developmental regulation of businesses in designated township areas in the Province.

Therefore, the primary objective of the enabling legislation is to seek to empower the Executive Council to introduce programmes and projects that are geared at addressing the following constraints:

- The regulatory failures which drive and re-enforce these conditions can be clearly identified.
- The market fails townships because almost all township firms offering goods and services that big businesses and government could potentially buy are small, informal SMMEs who cannot access formal markets and financing for the goods and services they could provide.
- Lack of proper commercial districts and high streets limits businesses to operate from homes or pavements – a situation understood by all financial service providers (including those distributing funding on behalf of government) as illegal and therefore as preventing these small, informal SMMEs from funding the expansion and/or growth of their businesses so that township streets do in fact become high streets.
- The township real estate market faces its own specific version of this market failure. There is no affordable financing to expand these into formal commercial and residential buildings and no support available to work through the legal issues (title, ownership, zoning, compliance, et cetera).
- The programmatic failure on the part of government at all levels has been the misdirection of funding and programmes that were designed to solve these problems.
- The Regulations which set aside 30% of sub-contracting value on any government contracts over R30 million for emerging businesses provide no meaningful opportunities for over 9 out of 10 firms actually based in townships.
- The funding targeted at SMMEs is not available to most township businesses, in large part because the rules on how formal lending

works cannot recognise informal businesses and have no data on how risky (or not risky) it is to lend to these firms.

- Commercially viable land available in townships is not released and not used commercially on account of rule governing how land can be used and failure by all the three spheres of government as well as the private sector to package and release land for use by township businesses.
- Failure to position transport nodes as enablers of economic development, e.g. taxi routes and taxi ranks should be the backbone of a provide-wide network of commercial districts, high streets and real estate providing housing to commuters.
- Failure to support the backyard real estate market to drive township high streets. An informal real estate market serving 1 in 4 residents which remains informal is a massive opportunity cost and is currently an unrealised opportunity.

Accordingly, the Bill seeks to address these constraints and to give life to the principle encapsulated in the undertakings made by Premier Makhura during the 2019 and 2020 State of Province Addresses.

### **3. SUMMARY OF THE BILL**

In the main, the Bill seeks to provide for the promotion and development of township economy, to create a conducive environment for the attainment of that purpose and to provide for matters connected therewith or incidental thereto.

*Clause 1* defines certain terms or key words that are used in the Bill. Most of the definitions are aligned to definitions provided for in various Acts dealing with trade and empowerment of Black people.

*Clause 2* provides for the guiding principles of the proposed legislation which seek to facilitate and promote inclusive growth by providing for inclusive economy that harnesses all citizens of the Republic, diversity of ownership patterns of the economy and facilitate easier access by new entrants in all sectors of the economy as well as transformative principles driving township economic interventions. The focused interventions will be on sectors of economy with rapid growth potential, transformation, modernisation and re-industrialisation interventions, inclusive of social protection of vulnerable groups in the society.

*Clause 3* provides for the objects of the proposed legislation, including the designate business activities within the township areas that are reserved for the exclusive and sole participation of citizens and persons who have permanent residency status in the Republic.

*Clause 4* provides for the application of the proposed legislation in respect of provincial organs of state and, subject to clause 27, municipalities.

*Clause 5* provides that in the event of conflict between the proposed legislation and any law which regulates township economic development or township-based enterprises in the Province, the legislation will prevail.

*Clause 6* provides for the designation of township areas by the responsible Member after consultation with a relevant municipality and the Provincial Legislature. The designated areas are fixed in Part B of Schedule 1 to the proposed legislation.

*Clause 7* provides for the reservation of certain economic activities for South African citizens or persons with permanent residency status in the Republic. The economic activities will be listed in Column 6 of the Table in Part A of Schedule 2 to the proposed legislation. The legislation further empowers the MEC for Economic Development to amend the by notice in the *Provincial Gazette* after consultation with Provincial Legislature and Cabinet members responsible for labour and employment and trade and industry.

Certain factors that the MEC must take into consideration include affirming black people, women, youth and people with disabilities, growing economy, upstream production of primary resources or industrialisation, exploitation of readily available and developed expertise, a potential to absorb a large number of people into employment, opportunities for localisations, on the job training for skilled and unemployed and new graduates and increase in infrastructure investment and capital equipment.

*Clause 8* requires provincial organs of state to assist township-based enterprises in obtaining businesses licences where possession of such a licence is a specific requirement for business undertaking or carrying on business, and for the receipt issued by any relevant licensing authority to be regarded as sufficient evidential proof for the formalisation of the township-based enterprise.

*Clause 9* requires that, where a license is granted and issued in respect of business premises, such a licence be displayed in a prominent place within the premises.

*Clause 10* requires provincial organs of state to request the information for township-based enterprises for tax purposes and, where the tax affairs are

not in order, to make every endeavour to assist township-based enterprises to obtain valid tax certificates.

*Clause 11* provides for the formulation and monitoring of policies and programmes and requires the MEC for Economic Development to implement such policies and programmes for the promoting and developing township based enterprises, monitor efficiency and performance of township based enterprises, establish data base of facilities and sources of finance, technology, raw material to promote accessibility to township based enterprises, develop township entrepreneurship and arrange for independent training, management and consulting services to township based enterprises as determined by the Minister of Finance.

*Clause 12* provides for the formulation and development of plans and strategies by provincial organs of state to support township-based enterprises with specific focus programmes and projects intended to contribute directly or indirectly to the establishment, development, support and promotions of township based enterprises and economic prosperity of township based enterprises, promoting and advancing the mainstreaming of youth, women and persons with disabilities in all township based programmes and projects.

*Clause 13* provides for provincial organs of state to facilitate financial assistance through the flow of financial resources to sector township-based enterprises. This includes providing information on sources of finance and promotion of local investment, assistance with preparation of business plans, project proposals and other loan application documents, designing and establishing standards for loan administration, establishing venture capital funds and securing incentives through relevant authorities

*Clause 14* provides for the development of infrastructure and other facilities necessary for the development and promotion of sector township-based enterprises which includes worksites, social amenities, business information centres, model centres of excellence, common usage facilities and other facilities necessary for development of sector township-based enterprises.

*Clause 15* provides for the provision of industrial and commercial estates to township-based enterprises by provincial organs of state. These include building or premises on which township enterprises may undertake designated business activity.

*Clause 16* provides for the letting of buildings or premises by provincial organs of state for use by sector township-based enterprises as an industrial or commercial estate.

*Clause 17* provides for the promotion of capacity building projects in partnership with the public and private training institutions by providing business development services, promoting technology modernisation and developing and administering certified demand driven capacity building and entrepreneurship programmes for township-based enterprises.

*Clause 18* provides for the development of markets and provision of marketing services for sector township-based enterprises by provincial organs of state, by establishing or identify markets for products generated by sector township-based enterprises, providing linkages between sector township-based enterprises and potential markets, organising trade fairs and shows in order to promote products generated by sector township-based enterprises, conducting market research, survey and analysis and share findings, conclusions and recommendations thereof with sector

township-based enterprises and providing all such matters and things as may be necessary for the convenient use by sector township-based enterprises, including payment of stallages, rents, fees and tolls in respect of the use by any sector township-based enterprises at any market.

*Clause 19* provides for the promotion of technology transfer, acquisition and adaptation of new and modern technology by encouraging innovation and transfer of technology in order to increase competitiveness of township-based enterprises products and services, facilitating the registration and protection of intellectual property rights for sector township-based enterprises, provision of incentives to encourage invention and innovation by sector township-based enterprises; establishment of regional and other centres of excellence to enhance utilisation of locally available knowledge, skills and resources and technology parks for graduating sector township-based enterprises.

The clause further provides for the identification, collection, develop, modification packaging and disseminating technology and products to sector township-based enterprises, facilitation of sector township-based enterprises to access relevant equipment either through purchasing, leasing or franchising, conducting of research on available technologies with a view to improving such technologies, importing modern and appropriate technologies for use by sector township-based enterprises, developing, in collaboration with relevant institutions, programmes in standardisation and product development for different subsectors within sector township-based enterprises and for improving credit access and other financial services by sector township-based enterprises, developing programmes to enable sector township-based enterprises comply with legislation, including in particular, environmental legislation and mobilising funds and resources for the development of appropriate technology in relevant research institutions.

*Clauses 20 to 23* deals with the establishment, purpose, funds and governance of the Gauteng Township Economic Development Fund.

*Clause 24* provides for the procedure to be followed by township-based enterprises in accessing the Fund, which can be by way of credit or loan, factoring, guarantee and micro-insurance from the Fund.

*Clause 25* provides for the keeping of records and the financial accounting by GEP to the Fund. This clause is aligned to the financial accounting as prescribed by the Public Finance Management Act, 1999 (Act No. 1 of 1999).

*Clause 26* provides for the preparation and submission of the annual reports of the Fund by the Board.

*Clause 27 and 28* provide for the application of the proposed legislation to municipalities within the Province subject to necessary changes required by the context, and enjoin municipalities to adopt by-laws which are in line to the matters to be provided for under Schedule 3 to the proposed legislation, following the process of stakeholder consultations and public participation.

*Clause 29* empowers the MEC for Economic Development to make regulations prescribing any other matter which may be necessary or expedient to be prescribed in order to achieve the objects of the proposed legislation.

*Clause 30* provides for the determination of guidelines regarding categories of township enterprises to be assisted and kind of assistance to be rendered in terms of the proposed legislation by the MEC for Economic Development,

in consultation with the Member of Executive Council responsible for finance in the Province.

*Clause 31* deals with the amendment of laws as mentioned in Schedule 2 to the proposed legislation.

*Clause 32* deals with the short title and commencement of the proposed legislation.

Schedule 1 to the proposed legislation incorporates Part A and Part B. Part A contains a Table with a list of sectors, subsectors groups and subgroups of the economy from which certain activities will be reserved for citizens and permanent residents following stakeholder consultations and public participation. Part B is reserved for a list of township areas to be designated by the MEC for Economic Development for the purposes of the proposed legislation following stakeholder consultations and public participation.

Schedule 2 contains a table with a list of consequential amendments proposed through clause 30 of the proposed legislation.

Schedule 3 will provide for matters to be covered by Municipal Standard By-laws for the developmental regulation of township-based enterprises for adoption by municipalities, pursuant to written comments and submissions made following the process of stakeholder consultations and public participation.

#### **4. ORGANISATIONAL AND PERSONNEL IMPLICATIONS**

The proposed legislation will be implemented within the existing capacity of the Gauteng Department of Economic Development, in conjunction with national and local government structures.

## **5. FINANCIAL IMPLICATIONS**

The Gauteng Department of Economic Development will make provision for the budget in the implementation of this Bill once it is signed into law and is ready for implementation.

## **6. CONSULTATION WITH OTHER BODIES/DEPARTMENTS/AGENCIES**

An internal consultation process has to date been followed in the drafting of the Bill. The post Executive Council stakeholder engagement and public participation will include—

6.1 Internal stakeholder consultations undertaken will relevant State departments in the national and provincial spheres of government, State-Owned Entities and municipalities.

6.2 External consultations covering a range of stakeholders, including focus groups (technical, constitutional law experts, municipalities and so forth) and the community.

## **7. CONSTITUTIONAL AND LEGAL IMPLICATIONS**

The Province has concurrence legislative competence to enact the kind of legislation that the Bill seeks to introduce as the matters sought to be addressed falls within those functional areas that are listed under Part A of Schedule 4 to the Constitution.

Furthermore, the Province has a constitutional obligation to monitor, support and promote the development of local government through legislative and other measure in terms of section 155(6) and (7) of the Constitution, and to ensure the performance by local government of its functions in respect of the matters listed in Part B of Schedules 4 and 5 by regulating the exercise by local government of its executive authority referred to in section 156(1) in terms of section 155(6) and (7) of the Constitution.

The Local Government: Municipal Systems Act, 2002 (Act No. 32 of 2002), in section 14(2) provides for this constitutional obligation of the Province to the extent that it empowers the Province to design and adopt Standard Draft By-laws relating to the affairs listed under Part B of Schedules 4 and 5 to the Constitution.

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