



Midvaal Local Municipality
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**SPEECH DELIVERED BY EXECUTIVE MAYOR ALD. PETER TEIXEIRA
DURING THE MIDVAAL SMME SUMMIT, 14 OCTOBER 2022**

Speaker of Council, Cllr Alan McLoughlin

Programme Director and MMC for Development and Planning,

Cllr Mokete Motsamai,

MMC's,

Fellow Councillors,

Municipal Manager, Mr Anton Groenewald (in absentia),

HOD's,

Valued business stakeholders including those from the Small, Medium
and Micro Enterprise (SMMEs) sector,

Distinguished Guests,

Members of the Media,

Ladies and Gentlemen,

Good morning, Goeie more, Avuxeni, Sanibonani, Dumelang.

Thank you for granting me the opportunity to address the long-awaited first of its kind Midvaal SMME Summit.

THE ROLE OF SMMEs

Small, Medium, and Micro Enterprise (SMMEs) play a pivotal role in our country's economy.

SMMEs hold the key to economic growth, which assists to lower the levels of unemployment.

SMMEs are an important tool for creating an inclusive economy that will assist us to attain the social stability that this country needs.

We want all our people to have a vested stake in the economy and contribute toward the growth of our country.

In many developed countries, SMMEs generally account for 90% of all formal businesses and a large part of the Gross Domestic Product (GDP).

In South Africa, small businesses only contribute 34% to the country's GDP and employ between 50-60% of the workforce.

We must do our part to change this, so the percentages are higher.

A ROBUST SMME SECTOR WILL TRANSLATE INTO OPPORTUNITIES FOR OUR PEOPLE

A large part of achieving economic inclusion rests on SMMEs playing a more robust and significant role.

A robust SMME sector will not only grow the economy but will translate into more jobs for South Africans.

The creation of jobs will translate into more people from Midvaal and South Africa becoming less reliant on the government and able to support themselves and their families.

A robust SMME sector will play a significant role in alleviating poverty in our communities.

According to SARS, in 2010, there were 5.5 million taxpayers assessed; however, in 2019, there was a significant decrease to a total of 4.9 million assessed taxpayers.

A robust SMME sector will also broaden the tax base which has been shrinking in the past years.

Growth in the tax base will mean more revenue to implement government upliftment projects.

CHALLENGES THAT SMMEs FACE

Ladies and gentlemen, our country's SMME sector has been hard hit by the impact of the Covid-19 pandemic and the economic restrictions that were imposed.

Many businesses have had to shut down their establishment as they simply could not recover.

This led to a massive blow to the country's prospects of reducing the unemployment rate.

THE EFFECTS OF LOADSHEDDING ON SMMEs

To add to this, SMMEs have had to contend with an increase in rolling blackouts implemented by Eskom.

In the past months, we have seen an unprecedented increase in blackouts, going as far as Stage 6.

Just this week, Eskom has been rolling out Stage 2 of load shedding, which further exacerbates the negative impact this has on our SMME sector.

Last week, I read a post on social media, where a small business owner explained how he has to pay an additional R2000 a day toward buying diesel for his generator every time there is load shedding.

This led to him having to cut down on his staff so that he can cover the unbudgeted cost because of load shedding.

These are some of the painful decisions that people in this sector must make to keep their businesses afloat.

It is either this or watching the hard-earned money they invested in their business go down the drain.

Although Eskom might be failing to provide a consistent supply of electricity, we as a municipality will do our part to ensure that when there is no load shedding your businesses have access to a bulk electricity supply.

We are engaging with Independent Power Producers and those with innovative ideas in the energy sector to find collaborative ways to reduce the municipality's reliance on Eskom.

RISING COST OF FUEL

In addition to all these challenges, the SMME sector has also had to grapple with record-high fuel prices throughout this year.

The constant rise in fuel prices has led to a dramatic increase in the costs of products and services across the board.

There are many challenges, but with collaboration and engagements such as this, I am certain we can find solutions to many of them.

ADDRESSING THE LEGACY OF APARTHEID

Ladies and gentlemen, while our country has made tremendous strides in addressing the legacies of apartheid, there are still challenges that remain as a result of the spatial planning of the past.

Many enterprises and emerging small businesses still find themselves located far from business centres and economic hubs.

This leads to businesses being isolated and disconnected. In addition, SMMEs located in far-reaching areas such as townships also face unique challenges compared to their counterparts that operate in central business districts and cities.

The challenges include access to Information and Communications Technology.

As a municipality, we have the mammoth task to create conditions for SMMEs, especially those located in these townships, rural areas, and less developed areas to grow.

INFRASTRUCTURE AND PROVISION OF MUNICIPAL SERVICES TO SUPPORT SMMEs

It is our responsibility as a municipality and government to bridge the gap.

We must ensure that we have adequate infrastructure across Midvaal that will allow them to function and flourish as businesses.

We take our commitment to provide quality municipal services, seriously.

The provision of services and development of infrastructure includes the building and maintenance of our roads.

We want businesses to move their goods and provide services with ease on pot-hole free roads.

It is for this reason, that we have increased the budget for the improvement of roads by a further R25 million.

Good infrastructure will also encourage developed businesses and large corporations to invest in enterprises located far from economic hubs.

When SMMEs grow and partner with large businesses, they will have a more meaningful contribution to the economic growth of our municipality.

Let us remember this - **government does not create jobs, businesses create jobs.**

Midvaal simply does not have enough capacity and resources to hire every single job-seeking resident of this municipality.

Not even the National Government with its R6 trillion budget can meet the sheer demand for employment of every citizen.

Our mandate is to create an environment that is conducive to investments.

This is where SMMEs come into the fold, as they are essential to creating employment and other opportunities that will arise due to their growth.

ENCOURAGING LARGE AND BIG BUSINESSES TO INVEST IN SMMEs

A few weeks ago, I hosted large businesses and prominent industry leaders for a Business Breakfast.

This was done to foster relations and form collaborative partnerships with them.

Our municipality is taking a proactive approach to creating a conducive environment for investment and economic growth.

During the engagement with these big businesses, I made special emphasis on the need for them **to employ local people, buy local and source local goods** in their value chain.

Whilst we applaud efforts from big businesses who assist with programmes to mentor and coach SMMEs, the reality is that it is vital that big businesses integrate SMMEs into their supply chain so they too can thrive.

We will continue to push big businesses to partner with SMMEs and get them into their supply value chain.

Our administration remains dedicated to creating opportunities for all by leveraging partnerships we have built to benefit our local economy and the people of Midvaal.

LISTENING TO THE PEOPLE WE SERVE IS NON-NEGOTIABLE

Ladies and gentlemen, listening to the people we serve is non-negotiable.

This is why we arranged this platform and engagement so we can work together to find solutions plaguing the SMME sector.

One of the burning issues that was raised is the appointment of service providers who are from outside Midvaal, instead of prioritising local businesses.

Allow me to reiterate the sentiments that I shared in a previous radio interviews and public discussions.

Local government, in particular, municipalities are in a serious predicament and Midvaal is no different.

We are the most regulated of all three spheres of government. We are compelled by National Treasury to adhere to supply chain processes.

The supply chain management and procurement process awards tenders to the highest-scoring and lowest-price bidder. The definition of “local” covers the entire country, and not only our jurisdiction.

These are the legislation that are in place, and we cannot bypass or break them.

Yet, our communities demand that they be integrated into the supply of municipal goods and services value chain.

I urge all of us present today to focus on what unites us, not our differences.

I assure you that this administration is just as committed to finding workable solutions to empower our local SMMEs.

Midvaal's Local Economic Development (LED) section hosts various and regular workshops to address an array of skills shortages and to capacitate SMMEs.

The LED section conducted a total of 13 workshops during the 2020/2021 and 2021/2022 financial years.

The purpose of this was to also acquire information from businesses and to assess their training needs.

In June of this year, our LED section then held sessions on tendering to bridge the gap by assisting local SMMEs to understand how to tender and clarify how external service providers end up winning local bids.

The LED section also participates on the bid specification committee to advocate for the 30% local subcontracting on Labour intensive contracts.

There is a genuine effort on our part to try and strike a balance between following the legislature and empowering our local SMMEs.

The municipality's procurement processes also follow Black Economic Empowerment (BEE) and Exempted Micro Enterprises regulations, which are pre-requisite for some tenders.

The municipality is constantly engaging in Procurement Transformation Policies to ensure that we are inclusive of all our business stakeholders.

We do listen to the concerns you raise; we encourage you to continue to engage with us as we work to find solutions that empower your sector and grow our local economy.

I thank you.