



Honourable Chairperson

Honourable Deputy Chairperson

Honourable Minister of Small Business Development

Honourable Members

Honourable MECs responsible for Small Business / Economic Development

Special Delegates

I greet you all,

We meet at a time when our country and the global community at large is being decimated by the novel COVID-19 pandemic, which has posed a threat not only to lives, but to livelihoods. Life as we know it has been altered in a way never before imagined. It is safe to say that the change brought about by the pandemic will be permanent longer after we have defeated the pandemic. This will no doubt will be a turning point in history.

What has been contentious in the midst of this crisis, not only for our government, but for all other countries around the world, has been striking a balance between protecting lives and protecting livelihoods. As government, we've had to face the unenviable responsibility of making difficult decisions around this issue. So delicate is the balance that is it virtually impossible to appease all sides of the spectrum.

The pandemic has further brought into sharp focus the deep and chronic inequalities bedeviling our country. While these structural inequalities were prevalent pre-COVID, they have nonetheless become more glaring during the pandemic. It is therefore incumbent upon all of us to use this crisis as an instigator of transformation and in the

process create a new, inclusive economy that works for all. This is a once in a lifetime opportunity that should not be missed. As the saying goes, “in every crisis lies an opportunity...and the deeper the crisis, the better the opportunity.”

As a frontline sphere of government, local government has been called upon to provide leadership in the COVID-19 response efforts, and it gives me great pleasure to say that we have responded fairly well under the difficult circumstances. As a sector, nothing could have prepared us for what lied ahead when the lockdown was announced by the President on the 23rd of March 2020. Within a short space of time, we were able to galvanise, reprioritise resources and coordinate with other spheres of government, all in an endeavour to ensure COVID-19 relief reaches even the most remote areas of our land. In many cases, we undertook interventions that fall outside our Constitutional mandate, such as providing food and shelters for the homeless, to mention but a few.

Since the lockdown began SALGA has been working hand in hand with the Department of Small Business Development in relation to providing primary data in relation to informal traders and spaza shops. The data in question was to assist the Department identify qualifying small businesses and disburse relief packages accordingly. Though there were a number of challenges experienced, particularly as it pertains to the credibility of completeness of the data, I am happy to say that we were able to employ our limited resources in gathering as much data as possible. Our partnership with the Department of Small Business Development has been invaluable during this unprecedented period, and it can only grow in strength going forward. What we accomplished with the COVID-19 relief efforts was particularly significant because the relief packages in question were targeted at the most vulnerable sectors who do not have the luxury of emergency reserves or access to business loans to augment their COVID-19 induced losses.

Beyond the relief efforts, we have already set our sights on an economic recovery trajectory that is predicated on harnessing local government’s unique position as the frontline sphere of government. Our economic recovery plan is based on the premise that the country’s economic prospects hinge on a functioning local government, hence

the urgent need to play a more proactive role. It is about continuing our relentless pursuit of getting the basics right and inculcating a culture of good governance. More importantly, however, it is about supporting small enterprise development. Global trends point to a continued upsurge of small businesses as generators of employment, and this trend is likely to be accelerated by the pandemic as more people opt to self-employment. Through our MOU with SEDA, we have set out to strengthen the national SMME support capacity through, among others, adopting an ecosystem facilitation approach that is re-purposed for the District Delivery Model (DDM).

It is a known fact that as a result of COVID-19, municipal revenues have fallen sharply, and in the process constraining the ability of municipalities to finance planned projects and maintenance. A number of municipalities have reported significant revenue losses for the fourth quarter of the 2019/20 financial year. Since municipal revenues are intrinsically linked to the economic vitality of the country, any prospect of a recovery in this regard hinges of the improvement in the economy. Compounding the current quagmire is the latest StatsSA data which show a decline in building construction in metros and large towns, a tell-tale sign of a subdued economic environment, likely to put even more pressure of municipal revenues.

Honourable Chairperson, while we acknowledge that the economic challenges are overwhelming, we remain mindful of not falling into the temptation of trying to do everything at once. Rather, we intend to focus on a fewer interventions that have the potential to yield greater outcomes, such as:

Leveraging partnerships: SALGA acknowledges that many of the resources do not lie within, but elsewhere. We are solidifying existing partnerships while creating new ones, including drawing on the vast expertise of the private sector;

Creating a data repository for small businesses and informal traders: through the SALGA data analytics unit, we intend to create a data portal that makes it possible to input, extract and analyse data;

Creation of a decentralised economy of smaller, job creating enterprises: this will be done through, among others, the employment of municipal procurement as a key lever for driving local economic development, and the creation of an enterprise ecosystem that is underpinned by locally embedded value chains. This will counter the current state of a market that is heavily concentrated and untransformed;

Investment promotion and Red tape reduction: Through SALGAs trade and investment programme, we are supporting municipalities to expedite investment decisions as to avoid any undue delays that may jeopardise new investments;

Land Use Management: South Africa is synonymous with restrictive planning. The post COVID economy will require municipalities to adopt less restrictive and more facilitative and experimental land use models.

Honourable Chairperson, the COVID-19 pandemic presents us with an opportunity to usher in a new economic model that works for all. We need to forge a new, more resilient economy; one that is more durable and human-centric; one that is less susceptible to the anarchy of the global market. More importantly, an economy that not only facilitates, but expedites restorative justice. We need to shore up the economy against future shocks by gradually building in self-containment – through in part, local manufacturing – in key sectors as to guarantee resilience and in the process ensure that exposure to external factors is minimised.

Honourable Chairperson, never before has there been a greater obligation on all of us to build local government and recalibrate the economy. I have no doubt that through partnerships and cooperation, we shall triumph, and out of this long period of darkness, a brighter day will come.

I thank you.