

ADDRESS BY THE MEC FOR FINANCE, ECONOMIC DEVELOPMENT AND TOURISM, MR SIKHUMBUZO KHOLWANE, MPL, DURING THE EHLANZENI DISTRICT CO-OPERATIVES DAY HELD IN MBOMBELA, MBOMBELA LOCAL MUNICIPALITY

Monday, 13 June 2016

- Programme Director, Councillor Shabangu;
- The Executive Mayor of Ehlanzeni District Municipality, Her Worship Councillor Letta Shongwe;
- The Speaker of Ehlanzeni District Municipality, Councillor, J Mavuso.
- MMC for Local Economic Development in Ehlanzeni District Municipality, Councillor BK Mokoena;
- Other Councillors present;
- Officials from the Provincial, District and Local Municipalities present here.
- The Co-operative Representatives and their members;
- Distinguished guests;
- Members of the media;
- Ladies and gentlemen;

Good Morning/San'bonani!

Programme Director;

1. Forty (40) years ago, the youth of our country heightened our struggle for freedom and liberation, when they resolved that **'enough is enough'**, and revolted against the oppressive laws of the apartheid government.
2. It is therefore befitting that we must **pay homage to them, for their selfless contribution to the realisation of the democratic and free South Africa**, all of us we are enjoying today.
3. The course for which the 1976 youth fought will continue to anchor our programme of building a truly democratic South Africa.
4. This is the foundation of the principles set by **Africa's oldest liberation movement, the African National Congress**, and we commit never to deviate from them.

Programme Director;

5. The **2016 Local Government Election Manifesto** of the governing party, the African National Congress, has re-affirmed our commitment to restore people's power and move the country towards total economic freedom.
6. On the 3rd of August this year, our people will go to the polls yet again, to confirm that they still have the power, by electing the political party that will continue to represent their wishes in the local sphere of government.
7. I have no doubt that our people still have confidence in the ANC-led government, as it has a proven track-record of delivering services to the people.
8. This is because since we took over government democratically in 1994, we have implemented various policies which were, and continue to be geared towards **strengthening local economies by providing support to small businesses and co-operatives**, amongst others.
9. We commit therefore, to continue to mobilise and lead our society to **strengthen local economies, create jobs and promote job placement especially for the youth.**

Programme Director; ladies and gentlemen;

10. All our progressive policies are geared towards dealing with the **triple challenges of poverty, unemployment and inequality** bedeviling our communities.
11. I am therefore honoured to address this, the third in a series of District events that recognise the invaluable contribution made by co-operatives in growing the economy of our Province, and the country at large.
12. This event is a build-up activity towards the main event, the **International Co-operatives Day**, which will be hosted by the Province at **Mbombela Stadium from the 1st to the 2nd of July this year**, under the theme: ***“Co-operatives: The power to act for a sustainable future”***.
13. We hosted the first successful build-up event in Middleburg, in the Nkangala District Municipality on the 2nd of June and on the 7th i.e last week Tuesday we hosted the same event at Ermelo in the Gert Sibande District Municipality, where our co-operatives responded positively to the work and support they are receiving from the ANC-led government.

14. ***Siyaqhuba! Sishodangawe Nje Kuphela!***

15. Through these events, we aim to **increase awareness on the role of co-operatives in the province's economy** and promote the movement's successes and ideals of international solidarity, economic efficiency, equality, and world peace.

16. We want to highlight the contribution being made by co-operatives in the growth of our economy, particularly in **job creation and poverty alleviation**.

Programme Director; Executive Mayor;

17. Our support to small businesses and co-operatives has been propelled by the realisation that they have a significant role to play in economic growth and development.

18. Accordingly, it is essential that as government, we must **firstly assess the requirements of the economy** with regards to the services to be provided by co-operatives, before establishing them.

19. We cannot continue to put the cart before the horse. Our interventions must respond to the needs of the economy, and not the other way around.
20. We therefore commit to do things differently henceforth, including **changing or amending our policies**, if they do not allow us to perform certain functions the way the market requires.
21. Accordingly, I have asked **MEGA to review their policies to become biased to small businesses and co-operatives.**
22. I want to see a situation whereby **MEGA can provides start-up grants** and not loans, to small businesses and co-operatives.
23. Like big businesses, the **image of co-operatives must be improved** and put at the same level, if not above that of big businesses, as it has been proven that together with small businesses, they are now the main job creators in the country.

24. We want co-operatives in our country to be also recognised as **primary and significant contributors to economic growth**, and not as mere suppliers of toilet paper, stationery and catering, amongst others.
25. To this end, we will continue to put in place measures to develop small businesses and co-operatives, from historically marginalised communities, to enter into the supply chain of major industries.
26. They too, must **truly benefit from the wealth of the country**, as espoused in the people's *Freedom Charter*.

Programme Director;

27. Co-operatives continue to **experience many challenges** in all fronts given that they are in most cases, not well established enterprises because of the weak passion and less determination by some members.
28. In some cases, **members of co-operatives have the unfortunate desire to make a quick buck**, instead of sharing the long term sustainability goal of existence.

29. Consequently, as members of co-operatives, it is essential that you should note the following **principles with regard to the rationale behind establishing co-operatives:**

- Co-operatives are established to enable individual members with a **common purpose** to organise themselves to further their economic, social, cultural or environmental interests;
- Co-operatives must be planned, managed and run on **business principles** that guarantee their survival on an independent and sustainable basis;
- Members of Co-operatives must invest their **own equity**, resources and time into these business structures;
- Co-operatives must be governed by **democratic and accountable** principles in compliance with international conventions and the prescripts of the South African Co-operatives Amendment Act.

30. As government, at all spheres, we must nurture them and fully support them, if they are to play a meaningful role in our local economies.

31. In this regard, we have made available an amount of **R80 million to MEGA, to support small businesses and co-operatives** in the Province.

32. We have also allocated an amount of **R50 million to support township retail and ware-housing initiatives** which will see small businesses and co-operatives in our townships, benefitting from cheaper commodities, made possible through bulk buying.

Programme Director;

33. This year's theme for the International Co-operatives Day ("**Co-operatives: The power to act for a sustainable future**") therefore urges us to evaluate how we conduct business.

34. It requires us to evaluate whether it is sustainable for humanity in the long run, and whether we have a concern for communities where we do business?
35. All our efforts are however, frustrated by the fact that family businesses that were traditionally dominant in our villages and townships are fast disappearing, due to the competition from major retailers and foreign entrepreneurs who have mastered the art of bulk buying.
36. In mitigation this, we are in the process of finalising the **Township Economy Development Strategy**, which is meant to stimulate townships economy where the majority of black people are participating.
37. Our government has also **transferred the function of 'Local Economic Development'** to our Department (Economic Development and Tourism), and this will centralise and improve the support to co-operations and small businesses.
38. Of concern also, is the **safety and quality of the products** being produced by small businesses and co-operatives.

They **do not meet standards of the South African Bureau of Standards (SABS)** hence they are unable to capture a significant market share of the formal sector.

39. As government, we have thus **partnered with the SABS to get their products tested and certified for safety and quality.**

Programme Director; Executive Mayor;

40. Consumer co-operatives are being suggested as a solution to change the game in propelling economic growth and dealing with the **triple challenges of poverty, unemployment and inequality.**

41. This type of co-operative distributes consumer goods and necessary provisions to the public at large, through wholesaling and retailing, and in South Africa this retail market is estimated to be R800 Billion.

42. We are also investigating the possibility of turning **stokvels into co-operatives.** What is challenging, however, is that we do not have the exact number of those in existence.

43. We will appreciate if those in existence could approach their local municipalities to register their names, so that we know how many would require our support.

44. As we move towards the celebration in July, let us join hands and channel all our efforts towards ensuring the success and sustainability of co-operatives, so that they too, can enjoy the same opportunities as other businesses.

Programme Director; Ladies and Gentlemen;

45. Co-operatives are the future for economic growth and job creation in our Province and South Africa at large.

46. They must be supported and nurtured, and as government, we commit to do just that.

47. ***Siyaqhuba! Sishodangawe Nje Kuphela!***

48. ***Together we move Co-operatives in Mpumalanga forward.***

I Thank You/ Ngiyabonga!