

ADDRESS BY THE MEC FOR FINANCE, ECONOMIC DEVELOPMENT AND TOURISM, MR SIKHUMBUZO KHOLWANE, MPL, DURING THE NKANGALA DISTRICT COOPERATIVES DAY HELD AT THE NKANGALA DISTRICT MUNICIPALITY OFFICE COMPLEX, MIDDELBURG, STEVE TSHWETE LOCAL MUNICIPALITY

Thursday, 02 June 2016

- Programme Director, Councillor Radebe;
- The Executive Mayor of Nkangala District Municipality, His Worship Councillor Thomas Ngwenya;
- Speaker of the Nkangala District Municipality, Councillor Refilwe Mahlobogoane;
- Other Councillors present;
- Acting Head of Department of Economic Development and Tourism, Mr JS Mgidi;
- Municipal Manager of the District Municipality, uMma MM Skosana;
- Distinguished guests;
- Members of the media;
- Ladies and gentlemen;

Good Morning/Lotjani!

Programme Director;

1. This month, 40 years ago, the young battalion of freedom champions from various part of the country, intensified the struggle against the apartheid system.
2. The 1976 generation established their niche - that is fight inequality in education and determination of Afrikaans as a medium of instruction - in a wide ranging programme of mass mobilisation that our fore bearers started more than a century ago.
3. Their noble action demonstrated the extent to which young people in our country have internalised the provisions of the Freedom Charter, especially the desired state where *education is free, compulsory, universal and equal for all children; where higher education and technical training opportunities are opened to all by means of state allowances and scholarships awarded on the basis of merit;*
4. We will never betray the Freedom Charter.

5. The course for which this generation fought will continue to anchor our programme of building a truly democratic South Africa.
6. The allocation of significant budget to education and skills development programmes at both national and provincial government signifies the importance that this government attaches to delivering an inclusive education for all.
7. Programme Director, our people will go to the polls on the third (3rd) of August 2016 to elect the organisation that will **advance people's power**.
8. 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 economic freedom by mobilising and leading our society to **strengthen local economies, create jobs and promote job placement especially for the youth**.

9. It is a blue print of how the local government can contribute to national efforts to deal with the **triple challenges of poverty, unemployment and inequality in our communities.**
10. Since we took over government democratically in 1994, the ANC-led government has 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.
11. Chief amongst them, is the **Broad-Based Black Economic Empowerment** which is aimed at ensuring that the historically disadvantaged individuals benefit from the country's wealth and participate meaningfully in the economy.
12. I am therefore honoured to address this, the first in a series of District events that recognises the invaluable contribution of Co-operatives in growing the economy of our Province and the country at large.

13. This event is a buildup 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”***.
14. Through these build up events and the main event, 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.
15. In a nutshell, 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;

16. The small business sector, including co-operatives, plays a significant role in boosting our economy, and this is supported by the fact that the sector continues to be the highest revenue contributor in the national fiscus.

17. According to the latest revenue collection figures, **more tax was collected from small businesses** and co-operatives than from big businesses in the 2015/2016 financial year.
18. We have taken a stern stance that small businesses and Co-operatives can no longer be relegated to just supplying toilet paper, stationery and catering, amongst others.
19. 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.
20. We want to ensure that small businesses and Co-operatives too, like big businesses, **truly benefit from the wealth of the country.**

Programme Director;

21. The development of Co-operatives in our Province has not met the enthusiasm and the hope that was expected.

22. They continue to experience many challenges in all fronts, given that they are in most cases, not well established enterprises because of inadequate passion and determination by members, but by the unfortunate desire to make a quick buck due to the realisation that government is biased towards supporting them.

23. Members of co-operatives tend to regard these enterprises as their hand-to-mouth daily source of sustainability, and forget or rather, conveniently, choose to forget that they are businesses and thus require to be nurtured.

24. In this regard, it is essential that all of us, most significantly the members of co-operatives, should note the following principles with regard to **why Co-operatives are established**:

- 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.
25. However **comprehensive, integrated and timely** support is necessary for co-operatives to play a meaningful role in realising the objectives of the Mpumalanga Economic Growth and Development Path (MEGDP).
26. As government, at all spheres, we must nurture them and support them fully if they are play a meaningful role in our local economies.

27. 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.
28. 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?
29. 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.
30. In order to address this challenge, as government, 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.

31. Through the strategy, we are also encouraging small businesses and co-operatives to work together and master the art of bulk buying.
32. To this end, the Provincial Government has set aside funding to the tune 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.
33. On the other hand, we are also collaborating with **NAFCOC through their Family Best Bulk-buying initiative** which will offer co-operatives an opportunity to benefit from lower prices through bulk-buying.
34. The second major challenge facing small businesses and co-operatives is the **safety and quality of their products**.
35. Their products unfortunately **do not meet standards of the South African Bureau of Standards (SABS)** hence they are unable to operate in the formal sector of manufacturing, for example.

36. If we do not address these issues, small businesses and co-operatives will continue to be left out and will never benefit meaningfully.

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

Programme Director; Executive Mayor;

38. 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.

39. Consumer cooperatives are autonomous associations of consumers united voluntarily to obtain their requirements of consumer goods and services, on terms of greatest advantage through jointly-owned enterprises.

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

41. Experience in other countries shows that consumer co-operatives are able to claim a fair share of the retail market.

Programme Director;

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. Small businesses and co-operatives are the future for economic growth and job creation.

Together we move Co-operatives in Mpumalanga forward.

I Thank You/ Ngiyathokoza