

SEDIBENG BMF MAYORAL DIALOGUE

INPUT BY THE LESEDI EXECUTIVE MAYOR CLLR LERATO MALOKA

Theme: Invigoration of the township economy dialogue

Date: 27 October 2017.

Greetings to the organizers of this inaugural session of the Black Management Forum in our region under the theme ***“Pathways to Socio-Economic Development and Investment Opportunities in the Sedibeng Region”***.

The Chairman of BMF Gauteng Mr. Langa Manqele

The Executive Mayor of the District Cllr Busi Modisakeng

Executive Mayor and the Regional Leaders of the Ruling party Cllr Mahole Mofokeng

Executive Mayor of Midvaal Cllr Bongane Baloyi

Distinguished Guests

Councilors present today

Ladies and Gentlemen

It is an honor to be given an opportunity to be part of the panel and I will be focusing on **Invigorating the Township Economy**. What makes this opportunity honorable is the fact that it is such an important conversation on this historically important day. Today 100 years ago a giant, a dynamite, an all-round academic and leader of our revolution OR Tambo was born. Tambo’s life is a living legacy of humbleness and serving the people.

It must be appreciated that the Black Management Forum is launching a series of engagements with a conversation between the Executive Mayors and the audience from across the region. Let me from the beginning wish BMF all the best and commit our municipality to working together in the production phase of quality leadership. BMF is indeed our hope in this regard.

Programme Director, let me start from the democratic beginnings of 1996 with the constitution of the Republic. The South African Constitution (Chapter 7, 152(c) mandates local governments **“to promote social and economic development”**. It is therefore expected that local government has to balance the need for job creation, in both formal and informal parts of the economy, with the need for orderly management of the city and of residential areas.

To successfully invigorate the township economy, one has to realise the radical need to embark on the activity of giving **vitality and vigor** to the township economy and the behavior of all role players or stakeholders.

The philosophers have only interpreted the world, in various ways; the point is to **change** it said Karl Marx and **YES** indeed today we having this conversation just to change the world.

Dear brothers and sisters in gathering thoughts about the activity of vitality and vigor, I looked at how countries who have the same character of the economy like ours, where localized production and retail are the drivers of the economy. We read about Belarusian-Slovenian economic cooperation. Vladimir Makei and Karl Erjavec, leaders of both countries respectively discussed the current state of their economies and resolved that the invigoration of trade, economic, and investment ties between Belarus and Slovenia should be a focus.

The key pillars of this focus are:

(1) allowing locals to be innovative

(2) government to improve investment on telecommunications

(3) a programme to produce civil engineers

(4) make agriculture and processing of food products a community project for both survival and economic growth

(5) financial lending to be easy to access and repay.

The two leaders committed a 3 year execution plan for these pillars. And believed that the rest will just follow after these pillars. Of course they have not finished the three years agreement. What I like about this model is that it is collective, seeking to advance on competitive advantages and radical intervention subjected to peer review.

Coming back to home ground, we understand township economy as reference to enterprises and markets based in the historical townships designed within the apartheid spatial framework. These enterprises are operated by township entrepreneurs to primarily meet their needs within families and therefore can be understood as 'township enterprises' as distinguished from those operated by entrepreneurs outside the township. Township enterprises are diverse, with high rate of informality and provide a range of goods and services to meet the needs of township communities.

The services on offer range from retail dominated by spaza shops, services such as salons, sewing and tailoring, event management i.e. hiring of tents, toilets to constructions and rental of backyard dwellers wherein in suburbs are called "tenants in cottages" and in transport. Now of late we include tourism and the hospitality industry.

Many have no profits to show but have educated their children, paid off bonds, able to pay for municipal services and their general wellbeing. I did not manage to verify as to how much contribution does local economy makes to GDP. A matter I think should constitute our discussions today.

Programme Director another important matter of discussion are the challenges. Let me put a disclaimer, I will not impose myself as an authority on the matter, since I have not actively participated. However the following could be some of the challenges.

- Lack of understanding on the concept of competitive advantage.
- Lack of collaboration and solidarity on which growth of the township economy is largely depended on.
- Lack of Access to finance.
- Compliance with business regulations including the tax regime.
- Weak management systems, leadership, communications and marketing strategies.

Furthermore according to the Gauteng Township Revitalization Strategy 2014-2019 other challenges includes

- Lack of entrepreneurial and productive activity.
- Poor understanding of the abilities and value of township enterprises.
- Little hard evidence to demonstrate the impact and value-add of township enterprises.
- Limited account taken of the particular characteristics and needs of township economy enterprises within an enabling framework.
- Complexity and lack of coherence within township combined with widely varying skills and knowledge bases.

Given the few challenges listed and many more to come, government intervention is vital. I must state that I don't believe that government has a one size fits all solution. What we should be doing is to give leadership and set few basic pillars like in the case of Belarus-Slovenian relations.

Ladies and gentlemen the Transformation, Modernization and Reindustrialization programme of the 4th term provincial government becomes the base to invigorate local economy.

Firstly, the 4 pillars of transformation include the radical transformation of the economy, apartheid geography, society and the state.

Secondly the 4 pillars of modernization include modernization of the economy, the public service, human settlements, urban development and infrastructure; and lastly the 2 pillars of re-industrialization talk to the re-industrialization of Gauteng and to take a lead in Africa's new industrial revolution.

If we embrace this 4-4-2 as they say in football I have no doubt that the base will be correct.

To give more meaning to this, the Gauteng Premier Hon David Makhura during the state of the province address in June 2014 said *"The significant participation and meaningful inclusion of the people of the township into mainstream economy of Gauteng through their own township enterprises that are supported by the government and big business will be one of the key game changers...The townships must be self-sufficient and vibrant economic centers."*

Then what we do as municipalities is to build a conducive environment for striving business. Local government has to promote the principle of cooperation and solidarity. Cooperation will mean working together, like sharing transport

costs instead of all driving to the same markets, and solidarity will be an on-going commitment to buy and get services from locals first. This is not an easy task but it must be done.

During the Lesedi state of the municipality address of 2017, I pronounced that *Lesedi Municipality prides it-self as a city of possibilities. We are a small municipality with a big heart. We strive for big and we have a strategy of building partnerships to ensure the growth and development of our city. Our economic and social development strategy is driven from a broad perspective of working together.* This is a clarion call we make to everybody that the local economy can and will grow with all of us cooperating. Government to government, government with the big and small private sector, funding institutions, local entrepreneurs and institutions of learning.

The Agricultural sector is one of our biggest sectors in Lesedi. It would be interesting to get into a discussion on how we can best capitalize on it that it somehow works to our advantage in the township economy. Surely if the locals interested in farming are skilled, we could have more of small scale farmers in townships. The Provincial government is always searching to seasonally source from small scale farmers for Food Banks in Gauteng.

Another programme is the launch of the township car wash scheme, here we place the municipal cars to be washed and with this will be able to practically support township economy and the spin off thereof.

So in essence if we bring together the theory of principles of economy as espoused by Alfred Marshall "***on economies of scale, we must make sure that supply and demand***" in our townships is promoted and this is by no means suggests that I am a neo-liberal but a realistic. Our township economy must be



Lesedi Local Municipality
1 HF Verwoerd Street
Civic Centre Building, Heidelberg
PO Box 201, Heidelberg, Gauteng, 1438
Tel: +27 16 492 0044
Fax: +27 86 601 9837
Email: mayor@lesedi.gov.za
www.lesedi.gov.za

Office of the Executive Mayor

reliable, cost considerate on goods that are needed and must have the ability to meet the demands of the consumers.

Once more I thank you for the opportunity and wish for constructive engagement and sharing of ideas. I will take the views here and were applicable will implement in Lesedi.

Let me conclude by making reference to what Karl Marx once said *“Our mutual value is for us the value of our mutual objects. Hence for us man himself is mutually of no value”*.

Lets work Together!!

Thank You.