

CITY OF CAPE TOWN

29 APRIL 2020

STATEMENT BY THE CITY'S MAYORAL COMMITTEE MEMBER FOR ECONOMIC OPPORTUNITIES AND ASSET MANAGEMENT, ALDERMAN JAMES VOS

Fight to ensure all SMMEs qualify for relief funding continues

As the Mayoral Committee Member responsible for the Economic Portfolio of the City of Cape Town, my team and I work with our Strategic Business Partners (SBPs) to find ways and measures to strengthen the City's economy. This involves recruiting new businesses, retaining existing ones, and helping businesses expand operations locally and globally. The department within the City tasked with this mandate is Enterprise and Investment and focuses on business support and investment facilitation, amongst others.

Any threat or risk to achieving these objectives and which stand in the way of our businesses achieving growth and creating employment will receive my fullest attention.

Therefore, I cannot condone or turn a blind eye to the most recent announcement yesterday by my national counterpart, the Minister of Small Business Development, Ms Khumbudzo Ntshavheni, that racial criteria will apply when applications for COVID-19 relief are considered by her department for Small, Medium and Micro Enterprises (SMMEs).

We have already engaged the National Department of Tourism about the unfair and exclusionary criteria for applications to the Tourism Relief Fund. The criteria applied for this fund discriminates against certain racial groups by accepting only BBBEE applications, despite the fact that all businesses have been affected by the coronavirus pandemic.

The City is currently considering declaring an intergovernmental dispute with the Department of Tourism. Executive Mayor, Alderman Dan Plato, has engaged the National Tourism Minister, Ms Mmamoloko Kubayi-Ngubane, to request a meeting to negotiate and put forward our appeal that all SMMEs be allowed to qualify for relief, no matter their race.

We remain hopeful that the Minister will take into account the plight of all businesses and their employees who are being negatively affected by this crisis, and that no discrimination be applied. An intergovernmental dispute will be our last recourse. However, we will not hesitate to pursue this option in these unprecedented times when millions of jobs and businesses are on the line.

Undoubtedly SMMEs form the backbone of the city's economy making up the majority of service providers for goods and services needed for the optimal performance and functioning of the high growth sectors in Cape Town.

The Small Business Institute estimates that approximately 98% of all registered businesses in the country are SMMEs. This demonstrates the significance of small businesses to the city's economic landscape and what it means to residents' livelihoods.

We will do whatever we can to support the numerous SMMEs who do not currently qualify for relief funding, purely based on their race. All SMMEs desperately need help to remain open, support their staff and get back to business.

Given the dire consequences these businesses now face, the application of race as a means to qualify for assistance will do more damage than good and should never have been contemplated as a means to qualify for relief from the national government during a state of disaster. SMMEs are often caught in a cycle of limited bargaining power and have to operate in a complex regulatory environment. This will only be further exacerbated by the application of unfair criteria for relief funding when many of these businesses face closure.

My next step is to get organised business formations to join our efforts to broaden the criteria used to decide which businesses do and do not get the help they desperately need.

To assist SMMEs and entrepreneurs, the City has established The Business Hub, an initiative by the Department of Enterprise and Investment. In formal communications with various national departments, we have offered our assistance to help administer any relief measures. This offer of assistance was made as we have over 11 000 registered businesses on our City vendor database and of those about roughly 10 000 are SMMEs. However, we have not received any feedback.

I will again write to Minister Ntshavheni in a last attempt to let sanity prevail and to call for these racial criteria to be scrapped.

We must do everything possible to convince those holding the purse strings in national government that the only way to get business back to work is for funding relief to be fair and free from discrimination.

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