

POLITICS

Gauteng Township Act compels municipalities to help 'flip the script' for entrepreneurs

New law aims to cut unemployment by smoothing the way for SMMEs to take township economies to the next level

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The Gauteng Township Economic Development Act aims to take the township economy to the next level by slashing red tape for entrepreneurs. Picture: 123RF/stockbroker

Municipalities will play a critical role in enabling the [Gauteng Township Economic Development Act](#) to transform townships into fully fledged commercial zones.

The province seeks to spend 40% of its procurement budget with township-based enterprises, in an attempt to cut unemployment by two-thirds, according to Mathopane Masha, the Gauteng department of economic development's director for inclusive economy.



Mathopane Masha, the Gauteng provincial government's director for inclusive economy. Picture: Supplied/GDED

Among other functions, municipalities can now introduce fines and penalties on vacant, undeveloped land owned by either organs of state or private individuals in townships identified by the Gauteng Spatial Development Framework for socioeconomic integration or economic consolidation.

“The proceeds of the said fines will be ring-fenced to fund infrastructure and projects, fulfilling the aims and objectives of the Gauteng Township Economic Development Act,” the framework states.

The legislation, which was unanimously passed by all political parties in the Gauteng legislature and signed into law in May, applies to every organ of state and, subject to section 39, every municipality within the province.

It compels municipalities to pass bylaws that substantially conform to the provisions of the act.

“Every municipality must ensure that its bylaws: (a) introduce building standards applicable to all areas in townships; (b) consider alternative building technologies to renovate or expand existing properties and for new buildings.”

The act cuts the red tape that small businesses have to contend with when trying to secure government funding. It also allows municipalities to consider any township-based enterprise that requires written consent, licence, permission, registration or any other authorisation as being authorised to trade.

This is on condition that there are no additional legislative prescripts prohibiting the business activity in question and that “the business operator demonstrates that he or she is the owner, occupier or has the permission of the owner to operate on the property in question”.

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Parks Tau, Gauteng’s MEC for economic development, has characterised the act as a game changer as it seeks to empower citizens and communities to partake in the formal economy without discrimination.

The act is framed by research collected from townships, identifying the type of businesses located there and how support should be structured to address their needs immediately.

This research has highlighted regulatory failure and its associated high costs, which are shouldered by township-based enterprises, as being obstacles to these businesses' growth. It also sheds light on how location often undermines the risk profile of small, medium-sized and micro enterprises (SMMEs).

In respect of taxi ranks, for example, the act compels municipalities to introduce a zoning overlay that confers commercial rights, as well as rights to build up to five storeys, within a 1km radius of the centre of the site. This is subject to bulk-services availability.

Municipalities are also mandated to enable investment by private-sector companies into last-mile broadband internet infrastructure in townships.

The act indicates that municipalities must do this by reducing the cost of wayleaves in the designated areas for companies willing to install and manage broadband services in these areas at affordable costs.

They must also allow for a bidding system for the use of street furniture (street lamps and associated) by companies seeking to offer broadband access to township communities.

“This enabling will be conditional upon the inclusion of local SMMEs in the installation and maintenance value chain and creation of local jobs,” the act states.

Gone are the days when individual SMMEs in townships struggled to meet contractual obligations in terms of procurement demand. The script has since been flipped thanks to procurement aggregation, where multiple enterprises in the township can now cluster together and supply as if they are individual entities, which allows the department to create opportunities, says Masha.

The province, through its proposed structural interventions in the act, aims to double the size of the Gauteng economy within a decade. To achieve this, in addition to other strategies, it aims to implement a BBBEE policy that could unlock about R17bn-worth of investment in township-based enterprises.

Zweli Zwane, the department’s director for BBBEE, says the BBBEE Act and the Gauteng Township Economic Development Act have the joint potential of taking the township economy to the next level – but this requires unwavering commitment from both public-sector institutions and the private sector.

“In the next few weeks, we will kick-start the process around BBBEE implementation,” he says. “As a province, we want to get to a point where we are classified as level 1 BBBEE; to reach that level, you need to be able to achieve certain targets, including legal and procurement obligations that gives us leeway into accessing more resources and opportunities as well.”

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